

# Sports Merchandise Marketing Analysis of Sports Brand Marketing Strategies Taking Nike as an Example

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## Abstract:

Since the 21st century, rising economic productivity has increased incomes, thereby shifting the focus of individuals and societies from basic needs to richer spiritual lives and healthier lifestyles. Global brands such as Nike, Adidas, and Under Armour have expanded their reach into the Chinese market, reflecting a broader societal acceptance of sports goods. The increasing prevalence of products such as Arc'teryx jackets and LULULEMON yoga wear reflects a shift in perspective on health and fitness. Consequently, the sports goods market has become highly competitive, with brands launching new products, expanding their offerings, and enhancing cost-effectiveness while maintaining quality. In order to succeed, sports brands must adopt superior quality, innovative thinking, and unique marketing strategies. This article employs SWOT and 4P analyses to examine Nike's marketing strategy and ascertain its customer appeal and high turnover. Additionally, it identifies shortcomings in Nike's approach and proposes solutions. Using Nike as a case study, the article investigates how sports brands can develop practical marketing strategies to secure a strong market position.

**Keywords:** Marketing strategy; SWOT Analysis; health awareness; 4P Analysis.

## 1. Introduction

Since the 21st century, with the continuous development of economic productivity and economic level, people's income has continued to reach new highs. People are no longer satisfied with ordinary material needs, and their pursuit of spiritual life is also increasing. They have a deeper understanding of the concept of healthy life. From the full participation in the 2008 Beijing Olympics to the 2022 Hangzhou Asian Games, the proportion of people participating in sports has increased year by year, reaching 440 million people, accounting for one-third of the total population. Especially in the COVID-19 era, a healthy body is particularly significant and critical for everyone. People are slowly beginning to be willing to pay for their own health, starting to try some sport programs they have never tried, buying some equipment they have never worn, and have a deeper understanding and cognition of the grasp and choice of sports brands. Due to the change in people's concept of sports consumption, sports brands from all over the world have begun to enter the Chinese market. There are many well-known brands such as Nike, Adidas, and Under Armour that have been deeply involved in sports goods for many years, as well as the explosion of Arc'teryx jackets and the popularity of Lululemon women's yoga clothes. Behind the explosion

of each sports product is people's gradual acceptance of sports goods, a new view of health, and willingness to improve their own physical fitness through various sports activities. Because of this, the competition in the sports goods market is particularly fierce. Each sports brand will do its best to launch their new products, expand their product lines and product categories, and further improve their cost-effectiveness while ensuring quality. It can be seen that a long-lasting sports brand requires good brand quality, innovative brand thinking and unique marketing methods. This article mainly analyzes Nike's marketing strategy through SWOT analysis, 4P analysis, finds that why Nike can attract many customers' attentions and create high turnover. Meanwhile, the article discovers the loophole in the marketing strategy of Nike and gives many corresponding solutions. Taking the Nike brand as an example, it analyzes how sports brands should formulate practical marketing strategies to help themselves occupy a favorable position in the fiercely competitive market environment.

## 2. SWOT Analysis of Nike

### 2.1 Strength

The Nike brand is a globally renowned sports brand and the number one selling sneaker company in the world.

Nike has a long history of branding and brand culture, Nike often sponsors all kinds of large and small sports events, which makes it has a lot of loyal brand supporters and followers. Nike occupies a very large market share in the market with its diversified product categories, such as soccer balls, golf clubs, tennis rackets, such as its online sneaker customization service has also gained a large number of consumers' favor. Regarding marketing channels, Nike has established a large-scale online and offline channel, through online and offline cross-selling, so that it can provide consumers with a diversified purchasing experience, so that consumers have an excellent consumer experience.

## 2.2 Weakness

The Nike brand is experiencing shortcomings in several areas. Primarily, an analysis of the Nike financial report reveals that the company's primary source of profit is derived from its sneaker products, while the performance of other product lines remains relatively stagnant. This is a concerning trend that could potentially impede Nike's future growth and diversification. Additionally, the emergence of domestic sports brands has positioned Nike products within the high-end price range, which has not been as competitive as it could be in comparison to some domestic brands such as Li Ning and Anta [1]. At the same price point and comparable quality, consumers are unlikely to select Nike as their preferred brand, potentially leading to a loss of brand loyalty. Furthermore, the Nike brand's publicity efforts have been inadequate, particularly in recent years. The proliferation of social media platforms has necessitated that sports brands employ novel short videos to engage with consumers and convey their brand narratives. For instance, prominent national brands such as Li Ning and Anta have utilized short videos to foster closer connections with consumers, thereby enhancing brand engagement. The link between the brand and the consumer is strengthened. Nike has not done as well or strategically as other brands in using short videos to promote their brands

## 2.3 Opportunity

Nike still has a lot of opportunities to capitalize on in terms of sales strategy. Even though Nike has lost some of its leading edge in terms of price, because it has a large reserve of quality consumers, Nike can go through the price adjustment and improve product diversification strategy to regain the attention of consumers. At the same time, Nike's deep brand culture has always influenced consumers' brand impression, strengthening the elaboration of the brand story and optimizing the relationship between the brand and consumers to increase consumers' desire and interest in purchasing.

## 2.4 Threaten

In recent years Nike's development in China has not been smooth, there are many unstable factors, such as the rise of domestic sports brands make Nike's sales began to shrink, and there is a lot of pressure on competition among peers. After the epidemic, China's domestic economic downward pressure increased, many consumers began to practice the concept of consumer downgrading, which also impacted Nike's sales program. Uneven development of online and offline, online development thanks to the Internet has become the main channel for consumers to buy products, and online stores have been unable to guarantee the authenticity of the products and the quality of the problem, while the offline stores because of the online suction and thus lose a lot of traffic, resulting in a large number of retail stores closed down, and the development of this trend will continue to make the consumer to lose confidence in the brand as well as the degree of loyalty.

## 3. 4P Analysis

### 3.1 Product

First of all, from Nike's own product line, its overall product category coverage is very comprehensive, basically covering more than 90% of the sports goods on the market, compared to other sports brands is a sufficient advantage. The best approach for businesses to build brands is to recognize the trend toward differentiation, generate new categories, grow existing ones, manage several categories under several brands, and finally build a brand tree [2]. At present, Nike is mainly sports equipment, covering soccer, basketball, tennis, track and field, of which footwear, sports apparel and sports equipment are the main categories, in which the market share of footwear is the highest, Nike's deep and long history of sneaker development has made it in the field of sneakers more experienced than the same category of sports brands, the quality and technological content are very good. For example, in the sneakers created Max Air, Nike Flyknit and other innovative technology makes the sneakers can provide consumers with a better experience, fully protect the consumer's body in the intense sports to reduce unnecessary injuries.

However, Although Nike's product line is relatively comprehensive, but out of the footwear, other products lack the corresponding competitiveness [3]. In 2023, according to statistics, 68% of Nike's marketing data are from footwear sales, while sports equipment sales only accounted for 4%, it can be seen that Nike's sales performance only rely on the sneaker business to support, and this is an unbalanced and unhealthy sales ratio. In today's economic environment under the background of the downturn, the decline of the sneaker business will directly lead to Nike's overall sales performance will also be greatly affected.

## 3.2 Price

Nike's pricing is characterized by its pricing range is very wide, take Nike's most successful sneakers as an example, Nike has both small hundreds of yuan of low-end products, but also thousands of high-end series of products [4]. For consumers, this means that consumers with different levels of consumption can find the right pair of shoes for themselves in Nike's sneaker category. For some professional sports enthusiasts, they are also willing to spend a higher price to buy Nike top products, to enjoy the latest sports technology to bring them help and improve, Nike can therefore get from it to the rich profits. However, too wide a price range also has certain disadvantages, in the minds of most consumers, Nike has always belonged to a high-end brand, whether it is its long history of the brand, or its not low pricing. In recent years, with the downward trend of the global economy and weak consumer spending, Nike has lowered costs and increased profits by making consumers spend the same amount of money, but they are not buying the same high-end products they have in mind. This will make the consumers of Nike's overall brand impression to produce changes, there are high-end brand into low-end brand. The change in consumer brand image is very important for the brand. Brand image is proved to have its strategic role in marketing.

Management and brand image management is a unique part of creating the product's marketing mix [5]. Its excellent communication assists customers in determining the needs that the product can meet [6]. It can be communicated in a way which can make it stand different from the competitors in the market [7]. So when consumers use the same price to buy a low-end product, and Nike has lost its competitive advantage at the same price, people will start looking for alternatives and gradually abandon Nike.

## 3.3 Place

Nike is mainly composed of two channels, online and offline, in terms of sales channels. In terms of offline channels, Nike has more than 1,000 retail stores around the world, and at the same time, Nike has also reached cooperation with dealers, such as Jingdong, Toubao, Shengdao and other companies, which greatly satisfies the consumer's offline shopping experience. On the online side, Nike was the first sporting goods company to open online shopping, and its sales profits have skyrocketed in the past decade. It has reached 11.741 billion dollars in 2022 alone, substantially ahead of other sports brands.

However, Nike's online platforms continue to have issues, even in spite of the more impressive sales results. However, as mobile devices have become more commonplace and the information age has arrived, consumers are finding it difficult to discern the information they require from the vast amount of data. In addition, there is a serious infor-

mation overload, and as related information technology is being replaced, consumers may even actively or passively create "information barriers" to separate the information, making it impossible for advertisements to effectively reach users. As a result, users are not properly reached by advertising messages [8]. This also means that Nike needs a better sales strategy to improve online sales performance, and now the hottest is through the short video, in the form of live with fire to sell products, such as TikTok, jitterbugs and other hottest short video platforms, the user can go through the introduction of live anchors to buy the product, which is also thanks to the flow of support. Many traditional sporting goods companies have begun to shift to the emerging live streaming approach to chase higher sales to drive the whole industry chain to continue to run. Nike has spent a lot of time and experience in this area of live selling, but the benefits are not high.

The Greater China area was the only one to have negative growth in the third quarter of the fiscal year 2022, with revenue of \$2.16 billion, a 5% year-over-year decline. This information comes from the financial report for the third quarter of that fiscal year. The only area where growth was negative throughout the quarter. Footwear saw a 4% reduction, apparel saw an 11% decline, and instruments saw an 8% decline [9].

## 3.4 Promotion

In terms of publicity and promotion, Nike also has its own unique brand advantages. First of all, it is a unique retail store model, the most famous is the core circle of Shanghai Nanjing East Road Shanghai 001 store, which is currently Nike global store area of the largest store. Nike has heavily invested in enhancing the experiential flagship store, aiming not only to facilitate consumer purchases but also to deepen each visitor's understanding and affinity towards the brand. This approach fosters greater loyalty and devotion, likening the store to a sacred space for Nike enthusiasts, where the brand's ethos is profoundly appreciated. At the same time, Nike often cooperate with some sports stars to launch sneakers, such as LeBron James, Kevin Durant and Irving and a host of superstars, the celebrity effect will bring unlimited possibilities for the brand, the old fans will be more loyal to the brand, and those new fans will be because of the celebrity halo and take the initiative to buy the same kind of products in order to express the love of the celebrity [10]. This transformative relationship reinforces Nike's position in consumers' minds and its unique value.

## 4. Suggestions

### 4.1 Adopt a Flexible Pricing Strategy

Due to the rise of national brands, many of Nike's prod-

ucts have lost their competitive advantage against the same price range, and consumers will not put Nike's products in the first place to consider when comparing the same price, but rather go to choose some of the more cost-effective, relatively good quality of national brands of sporting goods. Nike should adopt a flexible pricing strategy to cope with the complex and changing market environment. As Nike's current pricing principle is fractional pricing, such as some uniform pricing such as 699, 999, 1299 and so on, so that consumers will lose interest in the product due to price. It is possible to reduce the price of some products to attract some of the consumers and increase the price flexibility of the products.

## 4.2 Online Sales Channels and Improve After-sales Service Experience

Nike's current online sales channels are still dominated by Nike's official website as well as SNKRS app, an online merchandising platform for Nike. But with the rise of short-video platforms, there is a need to broaden the channels to the track of live streaming with goods to bring the distance to consumers closer. That can make consumers feel the charm of the brand by shooting some promotional videos with Nike culture and use the traffic effect of the short video itself to become a loyal follower of the brand. At the same time to help Nike become a window of multicultural communication, Nike as a medium to introduce the world to different cultures around the world, reflecting Nike's great inclusiveness and improve the brand image. Additionally, Nike can use integrated digital platforms, leverage AI recommendation algorithms to provide consumers with a customized user experience and increase user engagement by enhancing mobile client programs. In addition, the membership system can be optimized by organizing regular and diverse member activities, such as new product unveilings and early trials of high-tech products, in order to increase the brand loyalty of users and make Nike a part of their lives [11].

## 5. Conclusion

Overall, this paper mainly through the introduction of Nike brand development era, economic background to draw out in the new environment in the Nike as a sports company giant in the product marketing what are the strengths and weaknesses, and specifically through the SWOT and 4P method to carry out a specific research and analysis, concluded that the Nike in pricing, publicity, and sales channels there are certain problems. As a high-end brand, Nike needs to flexibly adjust the price of its products to expand its consumer base, and at the same time, strengthen the publicity of the brand concept as well as

sponsor a series of sports activities to increase the brand's exposure, and develop the positive effect of the fan economy on the brand. In addition, further development of online sales channels, the use of short videos to expand the breadth of sales channels. The brand's marketing program is integrated with the context of the times, so that the brand to constantly adapt to the complex and changing market environment can make the brand have sustained vitality. Overall, this paper also has certain limitations and shortcomings, the future can be further explored through other perspectives of Nike's marketing strategy, such as in the shoes of technological innovation and diversified product line development, etc. At the same time, this paper for the development of domestic sports brand product marketing strategy has a certain role in promoting the development of domestic sports brands, guiding the domestic sports brand how to deepen the connection between the consumers.

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