

Advertising Practices: The Case of Nike, Inc.

Nur Hamizah Ahmad Zawawi¹, Wan Rasyidah Abd Razak²

Master Student, Faculty of Business Management and Information Technology, Universiti Sultan Azlan Shah, Bukit Chandan, 33000 Kuala Kangsar, Perak Darul Ridzuan, Malaysia.

Abstract: Nike, Inc. is a well-known company that produce branded sport shoes and quality sportswear that has been admired by everybody for their brand. Brand management of Nike, Inc. has play an important role to the company as they are successful in capturing brand minded of consumers in all levels. Although at first Nike, Inc. faced tremendous critics from public about their inconsistent attitude which constantly changing their plans as they wanted, suddenly they realized that they need to come out with something to encounter the perception of public by introducing “Just Do It” campaign which give the spirit of doing something without hesitate. At the time being, Reebok, the biggest competitor of Nike, Inc. trying to compete with them in term of sales but Nike, Inc. has proved that their “Just Do It” campaign has been successfully implemented. The “Just Do It” campaign has become one of the advertising methods by the Nike, Inc. in order to promote their brands until now.

Keywords: Advertising, Brand Promotion, “Just Do It”, Marketing, Nike, Inc.,

I. INTRODUCTION

In this era of competitive market, businesses are struggling compete each other in order to be on the top of the world. Advertising is an important tool that can helps business to be known and remembered by consumers. Remziye (2014) defined that advertising is communication tools that activate and attract the consumers to purchase goods and services which it can be informative and persuasive in nature. Businesses and non-businesses organization are using this advertising method to get acknowledgement and attention from their customers. While, according to Kotler and Keller (2016), “Advertising can be cost-effective way to disseminate messages, whether to build a brand preference or to educate people. Even in today’s challenging media environment, good ads can pay off.” Through advertising, people can be educated by providing the good information and knowledge to be shared for betterment in future. There are several objective of advertising that has been classified by Kotler and Keller (2016), whether they aim to inform, to persuade, to remind, or to reinforce. Advertising can be made through newspapers, television, direct mail, radio, magazines, outdoor, yellow pages, newsletters, brochures and also telephone (Kotler and Keller, 2016).

There are a lot of advantages of implementing the advertising method in order to promote and to market either for business or non-business purposes. For business purpose, some of their advantages are to promote and market the goods or services provided by the business. Remziye (2014) state that, “Advertising helps to publicize and promote their products to the public thereby helping to improve sales. Depending on the nature of the product, advertising uses the right media to get the message across to consumers”. Besides that, sales of the goods and services can be increased as reported by Smriti (2014) that “advertisement facilitates mass production to goods and increases the volume of sales. In other words, sales can be increased with additional expenditure on advertising with every increase in sale, selling expenses will decrease.” In addition, by advertising, businesses can meet their competition in the market with their competitors that produce the same products. Demand of the goods and services can be determined through advertising because some of the goods and services are seasonal demand and need to be identified so that the producer will allocate enough supply for equivalent demand (Vivek, 2011).

NIKE, Inc. is a global well-known company that producing sports apparel and athletic shoes. They have been in the market for a long time. Nike, Inc. also used the advertising method in promoting their products to consumer of all over the world. At the critical time of global economic crisis, the company had make the huge investment in advertising and brand promotion in order to maintain and sustain their image (Tianbai, 2009). The most famous advertisement campaign done by Nike, Inc. which is “Just Do It” has boomed their sales and their brand name to be one of the top of the world as the producer of the sports apparel and athletic shoes.

II. BUSINESS BACKGROUND

According to official website of NIKE, Inc., NIKE, Inc., was consolidated on September 8, 1969, and has been occupied with the plan, advancement, advertising and offering of athletic footwear, clothing, hardware, accessories and administrations. Their main headquarter is in Beaverton, Oregon and has employed about 62,600 employees as of May 31, 2015. They are operating with the incorporate of North America, Western

Europe, Central & Eastern Europe, Greater China, Japan and Emerging Markets. According to The Editors of Encyclopedia Britannica (2016), Nike, Inc. was called Blue Ribbon Sports before this in year 1964 to 1978 and has been founded by a track-and-field coach of University of Oregon, Bill Bowerman and his former student Phil Knight. The Editors of Encyclopedia Britannica (2016) state that, “They opened their first retail outlet in 1966 and launched the Nike brand shoe in 1972. The company was renamed Nike, Inc., in 1978 and went public two years later.”

In addition to that, NIKE, Inc.’s brands include: NIKE Brand, Jordan Brand, Hurley and Converse. Nike, Inc. mention in their 2015 Annual Report (2015) that:

“We focus our NIKE Brand product offerings in eight key categories: Running, Basketball, Football (Soccer), Men’s Training, Women’s Training, Action Sports, Sportswear (our sports-inspired lifestyle products) and Golf. Basketball includes our Jordan Brand product offerings and Men’s Training includes our baseball and American football product offerings. We also market products designed for kids, as well as for other athletic and recreational uses such as cricket, lacrosse, tennis, volleyball, wrestling, walking and outdoor activities.”

Although Nike, Inc. is an athlete footwear product, however there are large percentages of the Nike, Inc. consumers buying the products for leisure and casual purpose. That’s how Nike can easily expand their target market to all aged categories due to the sports casual fashion style. Therefore, Nike, Inc.’s product can easily accepted by all.

III. “JUST DO IT” CAMPAIGN BY NIKE, INC.

“Just Do It” advertising campaign implemented by NIKE, Inc. has changed the brand perception of NIKE where people valued the brand even more and consumer willing to pay more in order to own the products by NIKE due to their quality, style and reliability. Center for Applied Research (n.d.) states that after the “Just Do It” campaign, the NIKE brand become stronger compared to other giant company such as Coca-Cola, Gillette and Proctor & Gamble. The “Just Do It” campaign was named after a meeting of Nike’s advertising agency, Dan Weiden and Kennedy with the employees of NIKE. As they are having the meeting, Den Weiden admiringly told the NIKE’s employees like, “You Nike guys, you just do it.”, as reported by the Center of Applied Research (n.d.). Odimp (2012) explained that the logo ‘just do it’ an important message that gives the ideology that whatever people want to do, they can just do that without having to consider the effects on others, whether it is good or bad.

As reported in 2015 Annual Report by Nike, Inc., (2015):

“Because NIKE is a consumer products company, the relative popularity of various sports and fitness activities and changing design trends affect the demand for our products. We must, therefore, respond to trends and shifts in consumer preferences by adjusting the mix of existing product offerings, developing new products, styles and categories and influencing sports and fitness preferences through extensive marketing.”

As they (Nike, Inc.) realized that their consumer are demanding design that follow the trends and always updated in term of styles, Nike, Inc. decide to introduce the slogan of “Just Do It” as a campaign that advertise more on their brands and products with the help of hiring some famous top athletes to exhibit the “Nike looks”. Some of top athletes that been chosen by Nike are Cristiano Ronaldo, Neymar Jr., Eldrick Tont Woods (Tiger Woods) and many more.

Previously, Tianbai (2009) mention that Nike, Inc. are using professional athletes to increase their demand and popularity through word-of-mouth of the public figures about their products as their initial product advertising strategy in late 1970s and in 1980s, Nike, Inc. is moving towards expanding their target market to the teenagers instead of focusing only for athletes and sportsman. When Nike brand become stronger than before, Nike, Inc. observed that not only teenagers and sportsman as their target market, but also young and middle-aged people who become more preferred to the sports world since economy nowadays become much tougher and thus they need sports as their stress-reliever. Through the development of expanding the target market, Nike, Inc. advertising strategy become much easier as they have stand on their brand name which known by worldwide.

IV. COMPETITORS OF NIKE, INC.

The main competitors for Nike, Inc. in sportswear business sector: Adidas, Reebok, Puma, Fila and Under Armour (Mahdi, Abbas and Mazar, 2015). These competitors are also producing good and quality sportswear products which consumer can easily switch to any similar brands due to any factors. But, among those 5 other brands, Adidas was the most biggest competitor for Nike, Inc.. As mention by Hitesh (2017), “Adidas is one of the topmost Nike Competitors. One of the key advantages of Adidas is that it operates via both – the Adidas brand and also has a strong subsidiary in Reebok.” Hitesh (2017) also added that the combination of both advantages in Adidas gives a strong valuation to Adidas and it contributes as a top competitor of Nike.

V. OBJECTIVES OF THE CASE STUDIES

The objective of this case study is to:

- To observe how Nike, Inc. encounter their brand management through advertising.
- To study the practices implemented by Nike, Inc. in order to compete with other competitors
- To understand the importance of advertising management in business.
- To acknowledge the advertising technique used by Nike, Inc..
- To appreciate the success-fulness of Nike, Inc. in advertising their brand name through campaign.

VI. ANALYSIS ON ADVERTISING METHOD FOR NIKE, INC.

Based on the case study, it is found that Nike, Inc. has successfully implementing the “Just Do It” campaign by the increasing number of sales boomed right after the campaign implemented. As has been reported in the NIKE, Inc. Sustainable Business Performance Summary, and “NIKE, Inc. has recorded revenues of \$30,601 million during the financial year ended May 2015 (FY2015), an increase of 10.1% over FY2014 The operating profit of the company was \$4,175 million in FY2015, an increase of 13.5% compared to FY2014. The net profit of the company was \$3,273 million in FY2015, an increase of 21.5% over FY2014”. This has been proved that, Nike, Inc. has successfully implementing a campaign that give positive impact to their brands and also indirectly promote their brand through this advertising method.

Furthermore, advertising strategy used by Nike, Inc. has won the heart of audiences by promoting their brands by using famous sportspersons as the image of Nike, Inc. under the campaign “Just Do It”. As we can see, consumers are easily attracted to certain brands by seeing what their idol or public figures wear. This is because consumers tend to buy and attracted to up to date trending fashion and lifestyle. Nike, Inc. has used this strategy as a weapon to influence the mind of consumers. Plus, decision of choosing sportspersons like Cristiano Ronaldo, Neymar Jr., Eldrick Tont Woods (Tiger Woods) to advertise their brands contribute to huge amount of profit invested. These sportsperson grants to the advertising and marketing strategy for Nike, Inc. and therefore bring the Nike brands to the eyes of the world.

VII. CONCLUSION

In conclusion, advertising practices of Nike, Inc. has brought their brands to the higher level compared to other similar brands. In addition, the great representative by Nike, Inc. plays strong position in capturing the confidence of consumers towards the brand itself. The perfect timing of implementing the “Just Do It” campaign also is one of the factors of Nike, Inc. successfulness. Based on the observation done, Nike’s advertisement rarely focused only on the product itself. But, they are focusing to the person who wears the product with the casual jokes and interesting ads. The clever marketing strategy done by Nike, Inc. has proved that business without marketing is just a business without soul. Thus, advertising in marketing strategy does give huge impact that contributes to brand promotion and products acknowledgement that lead to corporate reputation to businesses. It is recommended to every business to learn and observe how Nike, Inc. manages their strategy on marketing through the advertising practices in order to be strong and stable brands like them.

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