



Nike: Customer-Brand Relationship Strategy

BY:
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EXECUTIVE SUMMARY

The Nike brand as we know it today was created in 1971 when co-founders Bill Bowerman and Phil Knight sought to bring fashionable athletic shoes and clothing to athletes and non-athletes alike. Now worth over \$41 billion USD, the company is a design, production, marketing and selling powerhouse. Nike's current product lines include athletic footwear, clothing, equipment, and accessories.

In 2012, as part of its clothing and accessories line, Nike launched the now discontinued FuelBand fitness tracking watch. While the tracker initially allowed Nike to capture 10% of the fitness tracking market in 2013, the company determined that it wanted to bolster its digital tracking systems absent the watch platform. This was in part due to Nike's sense that the fitness watch market was becoming too saturated. So, in 2014, Nike halted production of its watch platform and began fortifying its digital capabilities through tracking applications such as Nike Training Club (NTC) and Nike Run Club (NRC). It then partnered with Apple to bring its digital advancements to an iWatch platform.

Since 2014, Nike has conducted extensive research and analysis of its customers and competitors within the fitness tracking industry. Based on its largely demand-based customer feedback, Nike has identified several gaps in current market offerings: 1). Customers are increasingly unwilling to pay subscription fees for their preferred Nike tracking apps because they must then be paired with a separately purchased watch or smartphone, 2). Industry customers want more technologically advanced tracking capabilities such as native GPS functioning and advanced algorithms for analyzing one's movement and heart rate, and 3). Customers want a watch whose primary focus is to work as a fitness tracker.

Nike's NikePact fitness tracking watch offers a solution to its customers' needs in a way that sets it apart from its top competitors. It embeds advanced technology on a Nike-owned watch whose greatest attributes are its fitness tracking capabilities.

CUSTOMER PERSONAS

A successful brand does not rely solely on the strength of a company's product or reputation; in fact, the brand must also be able to understand and empathize with its target audience. Such an understanding can allow a brand to attract, acquire, serve, and retain a greater number of customers. Using primary and secondary research to create customer personas is an important step Nike has taken to better understand what its audiences are looking for in fitness tracking capabilities.

Initial analysis has shown that consumers of the fitness industry are looking for a fashionable fitness tracking watch which offers the most advanced technology on a user-friendly platform. An outline of three customer personas is below:

Customer Persona #1:

Young female, moderately active

Customer #1 is an urbanite named Brianne. She walks or rides her bike to her office job every day and she works 40 hours per week. Outside of work, Brianne is a member of a local running club and attends a yoga class on the weekends. She likes to feel comfortable in her clothing and feels that athletic leisurewear helps her stay active. Brianne is trendy, has a close circle of friends, and enjoys spending time on social media sites like Instagram and TikTok.

Motivations and Characteristics:

- Likes stylish athletic wear
- Keeps up with latest trends
- Maintains an active lifestyle
- Enjoys tracking her daily activity levels with a fitness tracking watch
- Prefers fitness trackers which track her running and cycling mileage
- Wants a fitness tracking watch that can sync with her smartphone
- Is technologically savvy

Frustrations:

- Feels that current fitness trackers don't go far enough in allowing her to share her workout summaries with friends and family on social media
- Wants a tracking watch that can be more interactive with her gym's technology for more customized workouts



Age: 22-35 years

Income: \$35,000+

Education: Some college or Bachelor's degree

Occupation: Early professional

Marital status: Single, dating, or newly married

Customer Persona #2:

Middle-aged male, highly active

Customer #2 is a business professional named Dan. He works in Austin but lives in the suburbs. Last year, Dan completed his first triathlon and is now training for the city's upcoming marathon. He is label-conscious and sees prestige in his purchases. Dan and his family spend time with other sports-oriented families who they've mostly met through the children's sports teams.

Motivations and Characteristics:

- Works out 5-6 times per week
- Uses exercise to decrease stress
- Doesn't mind paying higher prices for clothing or gear that enhances his workouts
- Is technologically savvy but doesn't spend much time on social media
- Feels that fitness trackers are integral to monitoring and improving his athletic performance
- Likes the multisport functionality of his current fitness tracking watch

Frustrations:

- Feels that current fitness tracking capabilities are not accurately measuring the GPS location of his longer runs
- Needs a 100% waterproof fitness tracking watch that can accurately track his swimming distances

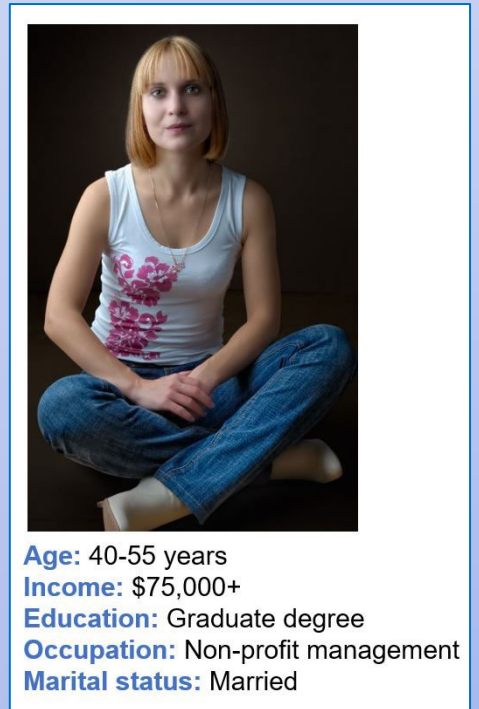


Age: 40-55 years
Income: \$95,000+
Education: Graduate degree
Occupation: Upper management
Marital status: Married

Customer Persona #3:

Middle-aged female, moderately active

Customer #3 is a successful mother named Leigh. She has lived in Bend, Oregon for 20 years. Leigh's two children are in college, and she stays in touch with them via FaceTime and email. Leigh and her husband enjoy hiking in the nearby mountains. On frequent occasions, they like to have dinner outdoors in Bend's eclectic downtown area.



Motivations and Characteristics:

- Works out 3 times per week
- Is active outdoors
- Is willing to pay more for name brands
- Stays motivated to complete her workouts by using a fitness tracker
- Wants a fitness tracking watch that can turn real-time tracking statistics into visual charts and graphs

Frustrations:

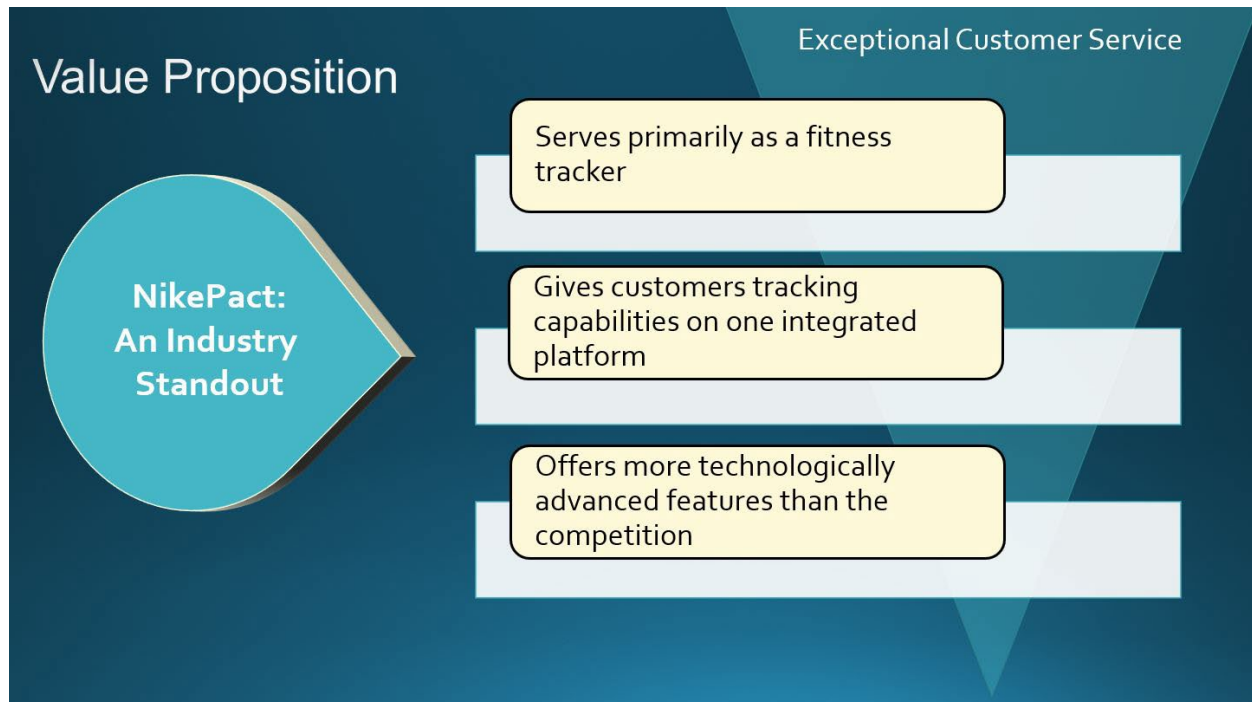
- Wants a fitness tracking watch that will accurately measure her heart rate without needing a chest strap monitor
- Is worried about the privacy and security of fitness tracking wearables which have wireless syncing capabilities to smartphone apps

VALUE PROPOSITION

The above customer data and aggregated personas will allow Nike to propose the value of its NikePact watch to a clearly defined target audience. In this way, Nike can surmise that it must

market its watch to both casual and serious athletes of varying ages who are dissatisfied with standalone subscription-based fitness tracking applications as well as with watches which do not serve primarily as motivating fitness trackers – such as the trackers made by top competitors Fitbit or Garmin.

The proposed value of the NikePact watch is demonstrated in the chart below:



BRAND IDENTITY

According to authors Don Schultz et al, “brand identity refers to those associations that the brand manager hopes or intends to establish through various promotional and communication activities.” Such activities work to guide a brand’s self-identification. In turn, a company defines itself by being able to identify, articulate, and portray its core values, personality, and attributes. Nike defines itself as a sports brand which promotes values such as personal ambition and a winning mentality. Further, its promise “to bring inspiration and innovation to every athlete in the world” is reflected visually through its iconic logo, trademark, typography, and packaging. Nike’s strategic and relatable messaging helps create those positive associations which Nike customers have long held with the brand. An outline of the key components of Nike’s brand identity are outlined below.

Values

Nike espouses the core values of welcomed diversity, social responsibility, and strong environmental stewardship. The company's advertising and outreach campaigns seek to project these values to current and potential customers to bridge the distance between Nike's brand identity and its customers' brand image. Some examples of such value-driven campaigns are included here:





Environmental Stewardship

Personality

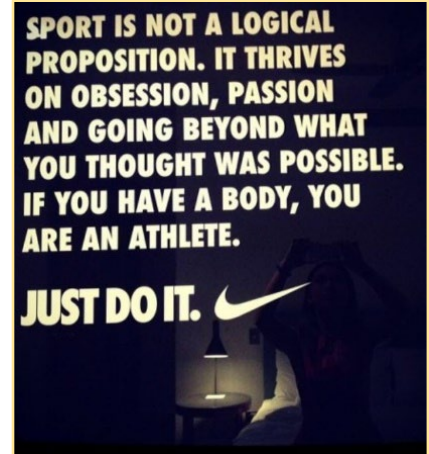
Nike's slogan "Just Do It" captures the essence of the brand's personality. Nike personified is a male or female of any age who aspires to be their best self. They exude confidence and are just as inspired as they are inspiring. This person also leads a healthy and active lifestyle.

Nike's efforts to portray its personality are multi-faceted. The brand uses both its messaging and its promoted imagery to tell a consistent story about who they are, where they've come from, and where they're going. Nike also chooses inspirational spokespeople to reflect the person that the company seeks to embody. As of February of 2020, several of the top-most influential Nike-sponsored U.S. athletes on social media included:

- Mike Trout (MLB)
- Odell Beckham Jr. (NFL)
- Serena Williams (WTA)
- Blake Griffin (NBA)
- Russell Wilson (NFL)
- Tiger Woods (PGA)

Attributes

Once current and potential Nike customers understand the brand's values and personality, they can attribute key concepts as emerging from Nike's core. Nike's co-founder Bill Bowerman once stated: "If you have a body, you are an athlete." With this mantra, Nike customers are encouraged and inspired to strive to achieve new personal bests both on and off a playing field. A popular Nike advertisement which embodies this element of the brand's identity is shown here.



CUSTOMER ENGAGEMENT PLAN

Customers who are highly engaged with a brand are more likely to make purchases, to advocate for others to make the same purchases, and to stay loyal to the brand itself. Customer engagement is the nexus between when a solution is offered and when that help is accepted.

In his 2013 article, "Rethinking Marketing Strategy for the Digital Age," Greg Satell demonstrates a path-to-purchase business model which both begins and ends with the customer. Within the framework of an awareness, sales, and advocacy loop, Satell defines six strategic categories through which a brand can collaboratively interact with its customer as that customer moves along the path to purchase. A visual demonstration of Satell's model is below. An analysis of each element – including a map to specific customer-brand touchpoints – will follow.



AWARENESS

Nike will begin its customer-brand engagement plan by strategically placing the NikePact fitness tracker into targeted advertisements and market-related discussion forums.

Nike will release its NikePact fitness tracking watch for the first time in October 2020. Previous research has shown that Nike's target customers for this product are adult men and women of varying incomes who place a high value on fitness and who exercise regularly. These customers frequently purchase Nike athleticwear but do not yet know what the NikePact is or what it has to offer.

Marketing Strategy #1: ATTENTION

Customer-Brand Touchpoints:

To catch and hold customer awareness of the NikePact watch, the Nike brand will widely distribute its message through the latest iterations of artificial intelligence. AI technology can assist Nike with distribution methods such as automated ad buying. With this technique, Nike can provide quicker, more efficient, and more broadly reaching messaging about its NikePact watch than could previous advertising distribution methods. The company will want to gain competitive market advantage by showcasing how its watch's tracking and analytic technology surpasses that of leading competitors such as Fitbit or Garmin. Nike will want to advertise that its watch pairs easily with any smartphone in a way that the Apple iWatch cannot.

Nike can likewise incentivize potential NikePact customers by keeping them highly engaged as they envision themselves using the fitness tracker. Nike can again make use of artificial intelligence to send personalized emails to members of its target audiences. The company can further rely on tactics such as familiarity heuristics by creating 360-degree videos in which consumers can envision themselves using the watch.

Marketing Strategy #2: EVALUATION

Customer-Brand Touchpoints: As advertising of the NikePact tracker begins to permeate the fitness tracking market, Nike will want to ensure engagement with – and feedback from – its target audiences. To this end, the company can again use artificial intelligence to better facilitate social media and website chat platforms. Using AI in this manner will ensure 24/7 customer service and engagement, thereby providing Nike with a steady flow of respondents' comments, reactions, and suggestions.

Nike can stand out from its competition by engaging likely NikePact customers early and often. An additional means of ascertaining the opinions of Nike's fitness tracker audiences is to engage the use of key influencers. By providing social media and online opportunities for customers to respond to an influencer's posts, blogs, vlogs, or podcasts could be an innovative approach to hearing prospective customers' concerns and suggestions.

SALES

Moving within the path-to-purchase model shown above, Nike will market towards its previously identified target audience of young and middle-aged men and women of varying incomes. It will review which products those customers typically buy, where and when they buy those products, and how customers pay for and receive their purchases. By considering their target audience's buying behavior, Nike can continue with its customer-brand engagement plan by parlaying its conceptual advertising methods (above) into an analysis of its key NikePact marketing objectives. The company can analyze its sales objectives by looking at the recency and proximity of its customers' purchases.

Marketing Strategy #1: RECENCY

Customer-Brand Touchpoints: Understanding its target audience's recent purchases within and outside of the company can assist Nike in employing predictive analyses of further touchpoints in the customer-brand relationship. While Nike can ascertain many point-of-sale preferences based on in-store and online customer purchases, it must rely on a broader swath of information to understand when and how non-Nike customers are consuming sports and fitness products across the industry. To identify buying patterns and predict future purchasing behavior, Nike can make use of data mining, predictive modeling, artificial intelligence, or social listening. Information generated through these means can paint a customer picture that goes deeper than Nike's original customer personas.

Marketing Strategy #2: PROXIMITY

Customer-Brand Touchpoints: Nike can establish customer-brand touchpoints through its stores, retailers, online sites, or strategic partnerships. To this end, mobile technology can have a huge impact. As Nike customers shop online, in a Nike store, or at an associated retailer, they are likely to make use of mobile technology. An example of this comes in the form of geotagging. Nike can offer its customers the opportunity to tag their shopping location on social media as they browse through stores or make purchases. As a deeper dive, Nike can make use of hashtags such as #NikePact, #MyNike, or its NikePact campaign tagline, #TrackYourPower. In addition to location tags, the brand can make use of geolocation marketing to find out which sorts of brick and mortar stores and sites are most frequented by potential NikePact customers. Finally, Nike can interact with customers inside and nearby its stores using beacon technology to help guide them towards the location and product that works best for them.

ADVOCACY

As long as consumers make comparative buying decisions based on their perceptions of their own prestige or social advancements, word of mouth advertising will continue to play an important role in business marketing. In the digital age of the 21st century, advocacy marketing

can lead social media users to share both satisfactory and unsatisfactory experiences with their online friends and followers. Such advocacy is a valuable shared media outlet for businesses like Nike who are looking to entice more consumers to buy its products. Regarding the NikePact watch specifically, brand advocates can help spread information about the product's launch and can encourage consumers to advance their own social standing by having an innovating fitness tracker created by the recognized and respected Nike brand. Consumers, for their part, can create valued social exchanges and community-based conversations that will advance Nike's campaign through word of mouth support.

Marketing Strategy #1: VALUE EXCHANGE

Customer-Brand Touchpoints: Nike can enhance its customer-brand relationship by providing customers with the chance to offer brand and product feedback and reviews which portray the value those customers are receiving from the company. To solicit these customer insights, Nike can again use artificial intelligence to generate guided conversations through social media messaging and audio or textual chatbots. Nike can also guide customers to rate the value they receive from products such as the NikePact by engaging them through means such as online, in-person, or app-generated quizzes or polls. Finally, Nike can create customer-brand touchpoints through conversations generated on its website.

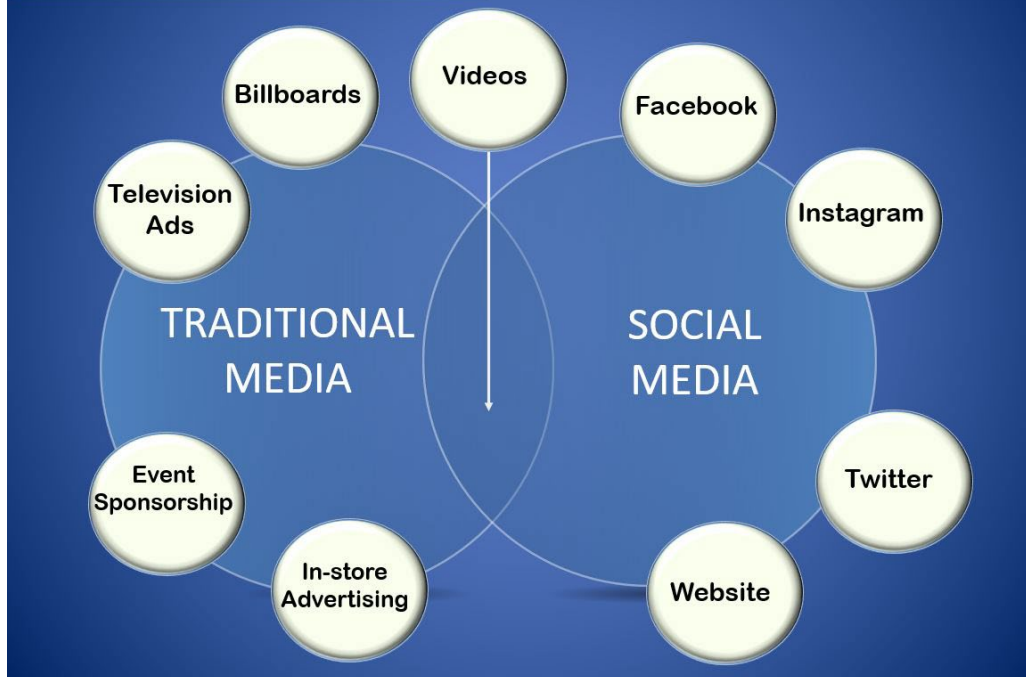
Marketing Strategy #2: COMMUNITY

Customer-Brand Touchpoints: In addition to promoting the NikePact watch for its technology and capabilities, Nike can also create a sense of community among like-minded customers who enjoy leading a healthy lifestyle and maintaining overall fitness. Nike's market advantage with the consumer community comes from its reputation as a trustworthy authority in the sports equipment and apparel industry. By generating and facilitating positive discussions about its consumers' shared values, the company can become a welcomed member of this fitness community. In addition to online conversations, Nike can continue to put out NikePact messaging through sponsored, unifying events such as college or professional sporting events, CrossFit or training programs, or group racing events such as marathons or triathlons.

MEDIA

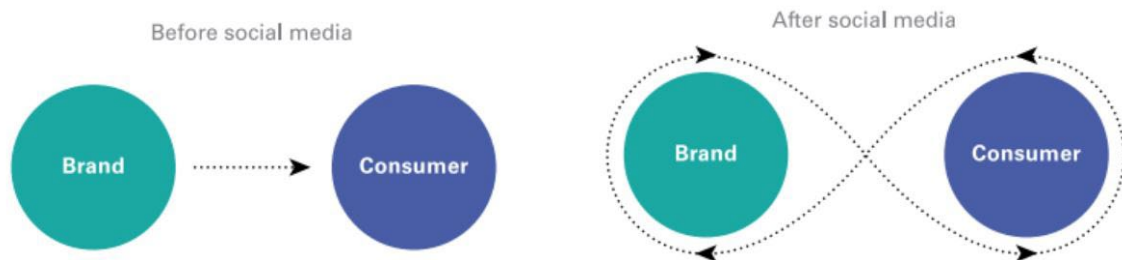
An integrated media approach which addresses each path-to-purchase strategy will be advertised via traditional indoor and outdoor media platforms as well through the rapidly developing social media realm. An overlapping strategic media plan is shown below:

Strategic Media Plan



MESSAGE CONTENT

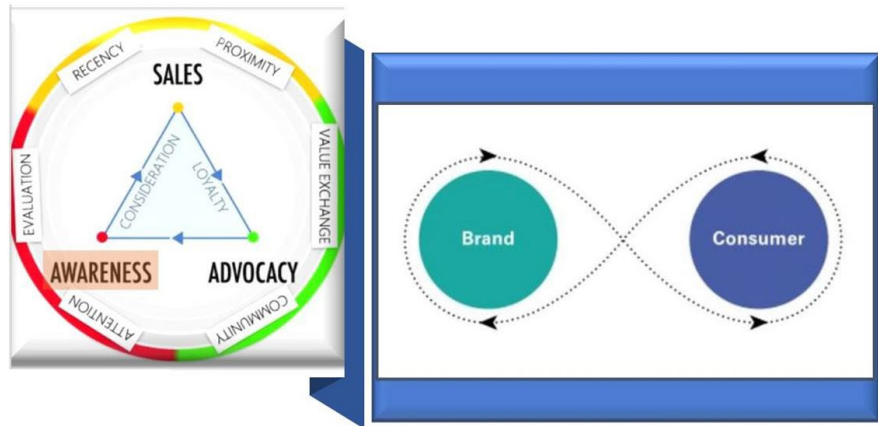
In her book, *Designing Brand Identity*, Alina Wheeler discusses the necessary brand-customer interactivity that exists in the digital age of the 21st century. Her graph representing the importance of today's branding is shown below.



Using Wheeler's model alongside Greg Satell's three-pronged path-to-purchase graphic, we can begin to formulate a plan for the message content of Nike's NikePact watch.

AWARENESS

The awareness element of Nike's NikePact brand-customer campaign will focus on attracting customers' attention and allowing them to assess the value in purchasing the product. It will create initial touchpoints between each party in order to start a conversation about the NikePact and its capabilities.



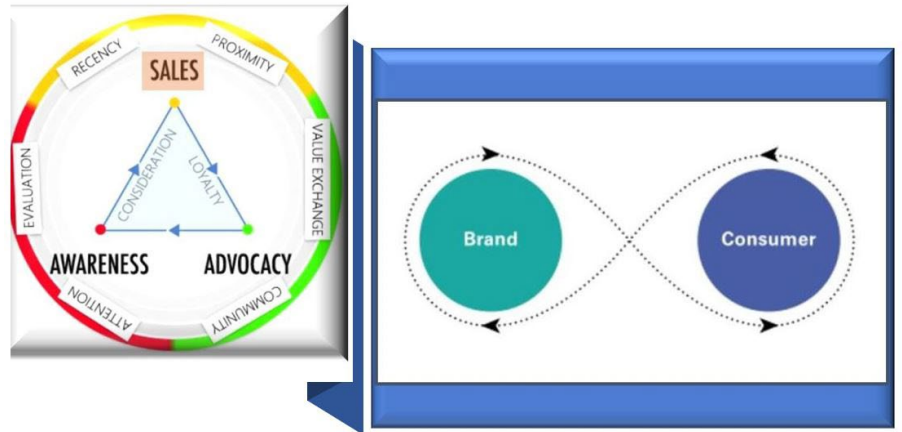
Message content in this phase will include:

- Video advertisements
- Story telling
- Taglines
- Nike website and social media channels
- Sponsorships
- Influencers
- Hashtags
- Interactive chat platforms
- Messenger bots and Chatbots
- Promotion of the brand experience

Media used to complete these objectives will include: YouTube video marketing and platform SEO; personalized emails; Facebook videos and broadcasts; Instagram advertising; paid television advertising; and outdoor advertisements.

SALES

As customers pass into the purchase phase of their cyclical brand interaction, Nike will analyze where and how customers are making their purchases. The brand will observe positive and negative customer interactions at this stage and will search for potential missed opportunities.



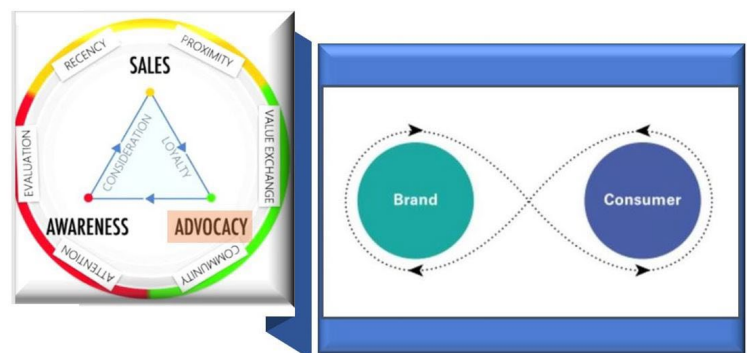
Message content in this phase will include:

- In-store retailer displays and advertising
- E-commerce sites
- Call to action incentives and promotions
- Brand/location geotagging
- Promotion of brand experience

Media used to measure customer engagement and to analyze the NikePact sales objectives will include geotagging and analysis platforms such as Twitter, Facebook, Instagram, Flickr, and YouTube. Nike can also make use of geolocation apps and gaming such as Foursquare, Google, or Yelp.

ADVOCACY

When a company's current customers become brand ambassadors, the pitch behind a product's performance and experience becomes even more credible. Customers are likely to pay attention to peer advocacy as they begin their own cycle through the path-to-purchase loop. This, in turn, can strengthen the level of trust between the brand and its target audiences and can help the brand move ahead of its competition. A sense of community will be established.



Message content in this phase will include:

- Customer service
- Message content sharing options
- Incentives and promotions

- VIP benefits
- Communication of the brand experience

Media used to complete these objectives will include television advertisements, sporting event sponsorships, outdoor advertising, or in-store advertising. Customer-brand exchanges will be established via the company's website-based chat feature (Nike Chat), incentivized surveys, and social media platforms such as Facebook Messenger, Instagram, Twitter, Tumblr, LinkedIn, or other social media community discussion boards.

The campaign will capture customers' stated pride and commitment to health, fitness, and fashion. It will demonstrate how this technologically advanced watch can provide an enhanced, easy-to-use fitness tracking option that offers customers a fitness experience that is unparalleled by Nike's leading competitors.

LONG-TERM RELATIONSHIP BUILDING

Nike can capture and hold its customer base through the push and pull communication models we've seen thus far. As the company launches its NikePact brand, it has the opportunity to push out information to increase customers' knowledge of the company, its product, and the product experience. At this point, current and potential customers can become aware of the NikePact watch while simultaneously envisioning a Nike brand image that they can recall as they move within Greg Satell's path to purchase model. Nike can bolster its image and product awareness through effective advertising and marketing, direct person-to-person customer service, and sales promotions and incentives. Two-way customer-brand communication begins here.



As customers begin to engage with the NikePact, the brand can get involved with the conversation those customers have created. Common platforms for this "pull" communication strategy include social networking sites, blogs, podcasts, event marketing, and the Internet itself.

As part of this push and pull dynamic, Nike can build long-term relationships with new and current customers by always allowing them to *experience* the brand. Nike should work to understand how *customers* see the company and to then engage those customers in a way that lets them know that they are valued. Finally, Nike needs to listen closely to customers' feedback and to answer their every concern.

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