

## MIDDLE EXAMINATION

SUBJECT : Principles of Marketing  
LECTURER ; ANANDA SABIL HUSSEIN, Ph.D  
NATURE : Take Home  
DURATION : 24 hours



1. What brands and products do you feel successfully “speak to you” and effectively target your age group? Why? Which ones do not? What could they do better? (Answer max 150 words)
2. In what extent you agree or disagree that a quantitative marketing research is better than a qualitative marketing research in addressing customer satisfaction (Answer max 150 words)
3. Discuss what is the difference between consumer and business market. Explain how a consumer in consumer market makes a purchase decision. Give an illustration (Answer max 150 words)
4. Read the following case study. Upon the completion of reading the case study answer the two questions provided. Each question should be answered maximum 250 words each

## Marketing Excellence

>> Nike



Nike hit the ground running in 1962. Originally known as Blue Ribbon Sports, the company focused on providing high-quality running shoes designed for athletes by athletes. Founder Philip Knight believed high-tech shoes for runners could be manufactured at competitive prices if imported from abroad. Nike's commitment to designing innovative footwear for serious athletes helped it build a cult following among U.S. consumers.

Nike believed in a "pyramid of influence" in which the preferences of a small percentage of top athletes influenced the product and brand choices of others. From the start its marketing campaigns featured accomplished athletes. Runner Steve Prefontaine, the first spokesperson, had an irreverent attitude that matched the company's spirit.

In 1985, Nike signed up then-rookie guard Michael Jordan as a spokesperson. Jordan was still an up-and-comer, but he personified superior performance. Nike's bet paid off—the Air Jordan line of basketball shoes flew off the shelves and revenues hit over \$100 million in the first year alone. As one reporter stated, "Few marketers have so reliably been able to identify and sign athletes who transcend their sports to such great effect."

In 1988, Nike aired the first ads in its \$20 million "Just Do It" ad campaign. The campaign, which ultimately featured 12 TV spots in all, subtly challenged a generation of athletic enthusiasts to chase their goals. It was a natural manifestation of Nike's attitude of self-empowerment through sports.

As Nike began expanding overseas to Europe, it found that its U.S.-style ads were seen as too aggressive. Nike realized it had to "authenticate" its brand in Europe, so it focused on soccer (known as football outside the United States) and became active as a sponsor of youth leagues, local clubs, and national teams. However, for Nike to build authenticity among the soccer audience, consumers had to see professional athletes using its product, especially athletes who won. Nike's big break came in 1994 when the Brazilian team (the only national team for which Nike had any real sponsorship) won the World Cup. That victory transformed Nike's image in

Europe from a sneaker company into a brand that represented emotion, allegiance, and identification. It also helped launch Nike into other international markets over the next decade, and by 2003, overseas revenues surpassed U.S. revenues for the first time.

In 2007, Nike acquired Umbro, a British maker of soccer-related footwear, apparel, and equipment. The acquisition helped boost Nike's presence in soccer as the company became the sole supplier of uniforms to over 100 professional soccer teams around the world.

Nike focused its efforts on international markets, especially China, during the 2008 Summer Olympics in Beijing. Although Nike's rival, Adidas, was the official sponsor of the Olympic Games, Nike received special permission from the International Olympic Committee to run Nike ads featuring Olympic athletes during the games. In addition, Nike sponsored several teams and athletes, including most of the Chinese teams and 11 of the 12 high-profile members on the United States men's basketball teams. That year, sales in the Asian region grew 15 percent to \$3.3 billion and Nike's international divisions grew to 53 percent of the company's revenue. Some believed Nike's marketing strategy during the Olympics was more effective than Adidas's Olympic sponsorship.

In addition to expanding the brand overseas, Nike successfully entered new athletic footwear, apparel, and equipment product categories by using endorsements from high-profile athletes and consumer outreach programs. The Nike Golf brand, endorsed by Tiger Woods, has changed the way professional golfers dress. Tiger's powerful influence on the game and his Nike emblazoned style have turned the greens at the majors into "golf's fashion runway." In addition, Nike has used the superstar to help build its relationship with consumers. In 2009, it launched a Tiger Web Talkback session at [nikegolf.com](http://nikegolf.com), where fans could ask questions and hear Tiger talk about golf. The session was part of a nationwide Nike Golf consumer experience day, which included equipment demos, long-drive contests, and in-store specials.

In tennis, Nike has aligned with Maria Sharapova, Roger Federer, and Rafael Nadal to push its line of tennis clothing and gear. Some called the famous 2008 Wimbledon match between Roger Federer and Rafael Nadal—both dressed in swooshes from head to toe—a five-hour Nike commercial valued at \$10.6 million.

Nike teamed up with seven-time Tour de France champion Lance Armstrong not only to sell Nike products but also to help Armstrong's LIVESTRONG campaign. Nike designed, manufactured, and sold over 70 million yellow LIVESTRONG bracelets, netting \$80 million for the Lance Armstrong Foundation. It also featured Armstrong's message of survival, willpower, and giving in a series of Nike commercials.

To promote its line of basketball shoes and apparel, Nike continues to feature basketball superstars such as Kobe Bryant and LeBron James. In addition, it formed a partnership with Foot Locker to create a new chain of stores, House

of Hoops by Foot Locker, which offers only basketball products by Nike brands such as Converse and Jordan.

Recently, Nike's lead in the running category has grown to 60 percent market share thanks to its exclusive partnership with Apple. Nike+ (Plus) technology includes a sensor that runners put into their running shoes and a receiver, which fits into an iPod, iTouch, or iPhone. When the athlete goes for a run or hits the gym, the receiver captures his or her mileage, calories burned, and pace and stores it until the information is downloaded. Nike+ is now considered the world's largest running club.

In 2008 and 2009, Nike+ hosted the Human Race 10K, the largest and only global virtual race in the world. The event, designed to celebrate running, drew 780,000 participants in 2008 and surpassed that number in 2009. To participate, runners register online, gear up with Nike+ technology, and hit the road on race day, running any 10K route they choose at any time during the day. Once the data is downloaded from the Nike+ receiver, each runner's official time is posted and can be compared to the times of runners from around the world.

Like many companies, Nike is trying to make its company and products more eco-friendly. However, unlike many companies, Nike does not promote its efforts. One brand consultant explained, "Nike has always been about winning. How is sustainability relevant to its brand?" Nike executives agree that promoting an eco-friendly message

would distract from its slick high-tech image, so efforts like recycling old shoes into new shoes are kept quiet.

Today, Nike dominates the athletic footwear market with a 31 percent market share globally and a 50 percent market share in the United States. Swooshes abound on everything from wristwatches to skateboards to swimming caps. The firm's long-term strategy focuses on basketball, running, football, women's fitness, men's training, and sports culture. As a result of its successful expansion across geographic markets and product categories, Nike is the top athletic apparel and footwear manufacturer in the world, with corporate fiscal 2009 revenues exceeding \$19 billion.

### Questions

1. What are the pros, cons, and risks associated with Nike's core marketing strategy?
2. If you were Adidas, how would you compete with Nike?

**Sources:** Justin Ewers and Tim Smart, "A Designer Swooshes In," *U.S. News & World Report*, January 26, 2004, p. 12; "Corporate Media Executive of the Year," *Delaney Report*, January 12, 2004, p. 1; Barbara Lippert, "Game Changers: Inside the Three Greatest Ad Campaigns of the Past Three Decades," *Adweek*, November 17, 2008; "10 Top Nontraditional Campaigns," *Advertising Age*, December 22, 2003, p. 24; Chris Zook and James Allen, "Growth Outside the Core," *Harvard Business Review*, December 2003, p. 66; Jeremy Mullman, "NIKE: What Slowdown? Swoosh Rides Games to New High," *Advertising Age*, October 20, 2008, p. 34; Allison Kaplan, "Look Just Like Tiger (until you swing)," *America's Intelligence Wire*, August 9, 2009; Reena Jana and Burt Helm, "Nike Goes Green, Very Quietly," *BusinessWeek*, June 22, 2009.

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