



Ca' Foscari  
University  
of Venice

## Master Degree programme

in Innovation and Marketing

Final Thesis

# Nike's pricing and marketing strategies for penetrating the running sector

**Supervisor**

Ch. Prof. Ellero Andrea

**Assistant supervisor**

Ch. Prof. Camatti Nicola

**Graduand**

Sonia Vianello

Matriculation Number 840208

**Academic Year**

2017 / 2018

## SUMMARY

<b>CHAPTER 1: THE NIKE BRAND &amp; THE RUNNING SECTOR .....</b>	<b>6</b>
<b>1.1 Story of the brand.....</b>	<b>6</b>
1.1.1 Foundation and development .....	6
1.1.2 Endorsers and Sponsorships.....	7
1.1.3 Sectors in which Nike currently operates .....	8
<b>1.2 The running market.....</b>	<b>9</b>
<b>1.3 Competitors .....</b>	<b>12</b>
<b>1.4. Strategic and marketing practices in the market.....</b>	<b>21</b>
<b>1.5 Nike’s strengths &amp; weaknesses .....</b>	<b>24</b>
<b>2.2 Nike’s messages and communication strategies .....</b>	<b>31</b>
2.2.1 The focus on weak categories and story-telling.....	31
2.2.2 Advertising, commercials and the “Just do it” slogan .....	33
2.2.3 Users’ involvement.....	37
2.2.3 Communication channels .....	41
<b>2.3 Research &amp; development: the “Breaking 2” experiment.....</b>	<b>44</b>
<b>3.1 Types of pricing strategies used by the brand .....</b>	<b>46</b>
<b>3.2 The EVC: Economic Value to the Customer.....</b>	<b>47</b>
3.2.1 The additional value.....	48
3.2.2 Factors influencing the perceived differential value.....	49

3.3 Prices' geography .....	51
<b>CHAPTER 4: CONSUMERS' ANALYSIS .....</b>	<b>57</b>
4.1 Purchase's decision process .....	57
4.2 Consumers in the running sector.....	60
4.3 Results of the survey .....	63
4.3.1 Sample's features.....	63
4.3.2 The relationship among the main variables.....	68
<b>CONCLUSIONS .....</b>	<b>77</b>
<b>APPENDIX.....</b>	<b>78</b>
<b>BIBLIOGRAPHY .....</b>	<b>89</b>

# INTRODUCTION

The idea of developing this thesis was born from my passion for sport.

I was sure that a lot of research had been already made about the running market in general and also about the competitors.

Being an amateur runner, I noticed how runners were divided about Nike: the major part of the people practicing the sport I talked with, was suspicious about the brand and I was too.

I thought it would have been really interesting to investigate this market, focusing on how Nike is positioned in it and how it is perceived by consumers.

The thesis is structured as a funnel: it will analyse the brand with an increasingly specific and deep approach.

In the first chapter I provide an overview of the brand, telling its history, describing its current situation and its strengths and weaknesses and briefly presenting the market in which it operates, in terms of competitors and marketing practices.

The second chapter is entirely dedicated to the marketing strategies of Nike, the real strength of the brand: in this section I will analyse the branding and communication strategies implemented by the brand, and the channels used for it, like social networks and TV/YouTube commercials, to mention the most important ones.

Furthermore, the chapter explains how research and development has been exploited by the company as an impactful marketing strategy, becoming a media phenomenon with the “Breaking 2” project.

The third chapter is dedicated to pricing, to investigate why the brand is able to set quite high prices, how these are set and what are the values and advantages provided by Nike’s products that justify and allow those prices.

The chapter will report, as last paragraph, the contribution of Arrondo et Al., who wrote an article about the fairness of brands in price setting, providing a very original statistical study about the variables that influence the “efficiency” of prices.

The essay somehow introduces the last chapter, that is about consumers' analysis, assessing their behaviors and preferences.

For the purpose I will make use of a survey I created and distributed to runners on the web, focused on the discovery of runners' habits both in training and in purchase decisions.

Once collected the data, I will try to make sense of them and to understand whether some variables could be related, influencing one another.

# CHAPTER 1: THE NIKE BRAND & THE RUNNING SECTOR

## 1.1 Story of the brand

### 1.1.1 Foundation and development

Nike is a multinational American company founded in 1964 by Phil Knight and his coach Bill Bowerman, that initially operated as a distributor and reseller of Japanese running shoes. The first name of the company was Blue Ribbon Sports, changed in 1971 in Nike, when the company started producing its own shoes and selling them in its own stores, thus needing a new identity.

The name was inspired to the goddess of victory, comparing the company to a sort of god able to make everybody winning and reaching personal goals. Together with the name, Carolyn Davidson, a design student, designed the “Swoosh” representing the wings of the goddess.

The first model of shoes produced by the company was born from an odd and brilliant idea of Phil Knight who dropped some rubber on the family’s waffle iron, creating a completely new surface for running shoes.

In 1977 the first Nike advertisement was launched, which didn’t show any Nike’s products and that delivered the payoff “There is no finish line”. In 1978 the “Nike Inc.” was founded and by 1980, the year the company also went public, Nike had gained the 50% of the sport shoes market.

In 1982 Nike launched the Air Force 1 shoes, that became even the subject of a Nelly’s song and that are still one of the flagship products of the brand.

In 1984 Michael Jordan, “His Airness”, signed with Nike one of the most important endorsement contracts of the sport history. Nike produced a pair of basket shoes designed exclusively for the player but less than one year later they started being sold in the market. 32 versions of the Air Jordans have been developed and created, the first 18 put on by Jordan for matches. Jordan has been, until around 2008, the testimonial of the Air Jordan’s commercials and the shoes had such a success that Air Jordan became a sub-brand of the company. From 1986, however, he wasn’t the only character of the commercials: a long series of A.J. funny spots gave birth to a really famous duo, composed by Mars Blackmon (interpreted by Spike Lee) and Michael Jordan.

In the meantime, in 1987, the first Air Max shoes came to life, starting a product line that’s still

successful today. The TV commercial launch was accompanied by the Beatle's song "Revolution": it was the first and only time a Beatles' song has been used for a TV commercial.

After many successful advertisements, in 1988 the famous and legendary slogan "Just do it" was coined to be used in a commercial involving Walter Stack running on the Golden Gate in San Francisco; since then, the slogan has become the payoff of the company.

From that moment, Nike's product lines, ranges and revenues started growing and expanding continuously, with the brand producing equipment for a lot of different sports and opening a huge number of stores, in addition to expanding the network of resellers. In 1990 the big Beaverton, in Oregon, headquarter has been founded.

In 1996 Nike signs a big endorsement contract with Tiger Woods and in the same year it opens its flagship store in Manhattan.

In 2002 Nike acquired Hurley, brand of surf apparel, while in 2003 Nike acquired the Converse brand for 309 MM \$ and this was also the year when for the 1<sup>st</sup> time international sales exceeded national ones. (Kicksonfire.com 2018; Wikipedia.org 2018, a; O'Reilly, 2014; Adbrands.net, 2017) <sup>1</sup>

### **1.1.2 Endorsers and Sponsorships**

Nike can be considered a leader also for its sponsorships, in particular in the football sector. It sponsors around 250 football clubs, 84 single football players, 24 football associations, 120 basketball players, 24 national basketball teams and 26 golf players (citing the most numerous). (Wikipedia.org, 2018, b)<sup>2</sup>

As endorsers Nike collaborates or have collaborated with names like: Serena Williams, LeBron James, Lacey Baker, Tiger Woods, the duo Michael Jordan & Spike Lee, Ronaldo, Cristiano Ronaldo, WalterStack, Bo Jackson, Agassi & Red Hot Chili Peppers, Agassi & Sampras, Carl Lewis, John McEnroe, Joan Benoit, Nelly, Kanye West.

Furthermore, some product lines bear the names of famous athletes: Cristiano Ronaldo's football

---

<sup>1</sup> The paragraph is based on information collected by different websites and sources: kicksonfire.com, 2018, *History of Nike*; Wikipedia.org (a), 2018, *Nike Inc.*; O'Reilly, 2014, *11 Things hardly anyone knows about Nike*; Adbrands.net, 2017, *History of Nike*

<sup>2</sup> The list of sponsorships is drawn from Wikipedia.org (b), 2018, *List of Nike sponsorships*

apparel and shoes; Neymar Jr. football apparel and shoes; Kevin Durant's basketball shoes; LeBron James' basketball shoes; Kyrie Irving's basketball shoes; Stefan Janoski's skateboard shoes.

In 2003 Nike signed an endorsement contract with LeBron James (for the Nike brand) and another one with Carmelo Anthony (for the Air Jordan brand). Recently, Nike has signed a lifetime sponsorship with Ronaldo, offering \$ 24 MM per year for the rest of his life. Media refer to Ronaldo as the new Jordan of football. Another lifetime sponsorship is the one signed with LeBron James. (Cola, 2017) <sup>3</sup>.

As reported in the 10-K form: "A significant amount of our demand creation expense relates to payments under endorsement contracts. In general, endorsement payments are expensed on a straight-line basis over the term of the contract. However, certain contract elements may be accounted for differently based upon the facts and circumstances of each individual contract. Certain contracts provide for contingent payments to endorsers based upon specific achievements in their sports (e.g., winning a championship). We record demand creation expense for these amounts when the endorser achieves the specific goal. Certain contracts provide for variable payments based upon endorsers maintaining a level of performance in their sport over an extended period of time" (s1.q4cdn.com) <sup>4</sup>.

### **1.1.3 Sectors in which Nike currently operates**

Nike is particularly famous for running, basketball, football (soccer), tennis and golf.

As said, it has become so popular not only for producing very good stuff, but also for surrounding itself with athletes of worldwide fame.

Other important sports covered by Nike are: training (of various types like gym, cross training, yoga, dance, fitness), American football, skateboarding, surfing (Hurley) and secondary products for sports like hiking (ACG line) and military boots. (Nike.com, 2018, a) <sup>5</sup>

Speaking of revenues and comparing the sales of the 2017 f.y. and of the 2018 f.y. we can state that

---

<sup>3</sup> Paolo Cola Paolo, 2017, *Cristiano Ronaldo come Jordan e LeBron: firma contratto a vita con Nike*

<sup>4</sup> S1.q4cdn.com (a), 2018, *Nike Inc. 10-K form*

<sup>5</sup> Nike.com (a), 2018



(see table from 10-k) for some sectors, revenues have decreased; it is the case of running, of the Jordan brand and training while the “golf” and “action sports” voices have been even omitted (and probably incorporated in the voice “others”).

Revenues have increased, instead, for basketball, football and sportswear. It seems that also the revenues from the category “others” have increased, but since 2 voices have been omitted, we can’t assess the real change of this category.

More in general, we can see that the total Nike brand wholesale equivalent revenues have increased of \$ 1,607 MM. (Nike Inc. 10-K form, 2018, b) (see Table 1).

## **1.2 The running market**

In the last decade, practicing sport has become a status-symbol. In past times, people practiced sports mainly to be fit, to have a dreamy body to exhibit.

Recently, sport has gained a new meaning: showing a good shape is not the only aim any more, while bragging for good results. People want to be the strongest, the fastest, the best. With the incredible growth in the use of social media platforms, people have started sharing their performance results with other users as trophies, while companies began to exploit this trend (or maybe they generate the trend themselves) to launch new challenges, new training programs and to gain endorsers and influencers who increase brands’ popularity and awareness.

Thus, sports changed from means to be beautiful to means of social recognition. They shifted from quite simple exercises and activities to extreme ones, where everyone wants to pass his own limits and those of the others.

For the running sector, this trend is really clear: watches with integrated GPS and heart-rate-readers have been a smash hit; they are directly connected with smartphone apps and in turn with social networks, to share immediately your results and performances.

Nike has literally ridden this phenomenon, first with its commercials showing people, also with physical diseases, going over their boundaries, but also with two apps dedicated to fitness and to running where people feel as part of a community and where challenges are launched by the brand. Satisfying consumers in the running sector (as in many other sectors) is increasingly difficult: they don’t look only for good shoes that guarantee a good performance, but for a bundle of features that make them feel the best runners. They look for technical aspects like cushioning, weight, stability;

they look for aesthetical aspects like colors, materials and shapes; finally, they look for social recognition, choosing a brand that is identified by the community as the best for all these aspects (or some of them).

When we speak of running we have to consider also collateral disciplines, like Triathlon and similar sports (Iron Man, or hybrid competitions like swim+run formula or cycling+run) or trail running. Some extreme sports are more recent than pure running and emerged exactly for the need of human beings to overcome their limits.

Another important growing trend are themed races: running as a sport had a boom in the last years, and even if a lot of people have strong motivation to practice it, some others find it boring. Thus, sport organizations started proposing themed races to make people experiencing more fun and socialization rather than competition: races that often are addressed to amateurs or even to people who don't practice the sport. Examples are the Spartan Race where in addition to running, participants have to overcome obstacles and to ace various trials (like hanging on ropes, running in the mud, climbing walls); or the Color Run where participants are sprinkled with coloured powders along the way; or again, races inspired to Christmas, to food, to women.

Among the themed races, we can consider even the charity ones: since runners are used to pay to join races, it is not difficult to convince them to pay, even slightly more, for running at charity events. And in tight connection with the need for social recognition, themed races are occasions for social-lovers to share their original experience on the social networks (Magazine.topsport.it, 2018) <sup>6</sup>.

The need for socializing is also reflected in the growth of "running crews", that organize group trainings. They can be composed simply by neighbors in a town, or they can have a very wide range of members, when they are created by sport associations and clubs. "A shared and widespread passion, linked with city life that is continuously growing. Running becomes a life-style without social distinctions" (magazine.topsport.it, 2015) <sup>7</sup>.

A lot of fashion brands have ridden this phenomenon, creating running-inspired apparel, like H&M and Armani. When this happens, it means that the running shoes and the running apparel have overcome their role of technical gear to become fashion items to be used in the free time. Thus, running and fashion inspire themselves reciprocally.

Istituto Piepoli made a research on the running sector and its consumers, and the results have been presented at a conference called "Runeconomy, le nuove frontiere del running" held by Fidal

---

<sup>6</sup> Magazine.topsport.it, 2018, *Al passo coi tempi*

<sup>7</sup> Magazine.topsport.it, 2015, *Il fenomeno del running*

(Federazione Italiana Atletica Leggera): the 46% of the people interviewed runs regularly and, of these, the 68% runs for health reasons while the 63% for pleasure and fun and only the 1% runs as a job. The 68% runs alone and the 19% with its partner.

Relevant products in terms of purchase are the shoes, technological products (like watches and heart-rate bands) and clothes. Compared to the previous year, in 2018 spending has increased of 12,6 %, while compared with 2016, it increased of 156,8%.

Furthermore, it emerged that buying running products online, allows to save money up to 75% (most of all for shoes), while up to 29,5% for technological products. (Raffaelli, 2018) <sup>8</sup>

The problem of the e-commerce is a really hot-topic nowadays. Retailers are really on their knees, in addition to be angry, since online shopping is quite destroying their activities.

Running Magazine conducted a research just on retailers to understand their feelings about the sales in 2017 (Barbieri, Turini, 2018, n. 1 e 2) <sup>9</sup>.

Of the 101 retailers interviewed only a half of them is satisfied, and the other half complains the online shopping is a non-competitive form of commerce. In particular, retailers complain the fact that e-commerce websites are able to discount new products just launched, thus stealing all the customers from the physical shops. What's worst, customers go to the stores to try the shoes and then buy them online at a lower price. Some retailers adopted the solution to do a well-structured foot analysis for the customers, who will pay it in case they won't buy the shoes, otherwise the foot-test will be discounted from the price. Some others, however, are considering to set a small price also for the try-on, discounting it from the shoes in case of purchase.

Fortunately, not all the retailers have been negatively affected, mainly those who have their own e-commerce website that increase their visibility and increase their revenues.

What emerges from the interviews is the importance of fidelity activities. Customers should understand the importance of having the opinion of an expert when choosing such a technical product like running shoes. But is it possible in a world where saving is becoming almost more important than the price itself? Seems like there's a saving-fever, such that the price moves to the background and what is important is seeing the percentage of reduction written in red, because we think we're having a great deal. Looks like we're becoming bulls who are attracted by red!

---

<sup>8</sup> Raffaelli M., 2018, *Lo shopping online dei runner cresciuto del 150% in due anni: i pro e i contro di una rivoluzione*

<sup>9</sup> Barbieri, Turini, 2018, *La carica dei 101*

(Dollars in millions)	Fiscal 2018	Fiscal 2017 <sup>(1)</sup>	% Change	% Change Excluding Currency Changes <sup>(2)</sup>	Fiscal 2016 <sup>(1)</sup>	% Change	% Change Excluding Currency Changes <sup>(2)</sup>
<b>NIKE, Inc. Revenues:</b>							
<b>NIKE Brand Revenues by:</b>							
Footwear	\$ 22,268	\$ 21,081	6%	4%	\$ 19,871	6%	8%
Apparel	10,733	9,654	11%	9%	9,067	6%	9%
Equipment	1,396	1,425	-2%	-4%	1,496	-5%	-3%
Global Brand Divisions <sup>(3)</sup>	88	73	21%	12%	73	0%	2%
<b>Total NIKE Brand Revenues</b>	<b>34,485</b>	<b>32,233</b>	<b>7%</b>	<b>5%</b>	<b>30,507</b>	<b>6%</b>	<b>8%</b>
Converse	1,886	2,042	-8%	-11%	1,955	4%	6%
Corporate <sup>(4)</sup>	26	75	—	—	(86)	—	—
<b>TOTAL NIKE, INC. REVENUES</b>	<b>\$ 36,397</b>	<b>\$ 34,350</b>	<b>6%</b>	<b>4%</b>	<b>\$ 32,376</b>	<b>6%</b>	<b>8%</b>
<b>Supplemental NIKE Brand Revenues Details:</b>							
<b>NIKE Brand Revenues by:</b>							
Sales to Wholesale Customers	\$ 23,969	\$ 23,078	4%	2%	\$ 22,577	2%	5%
Sales through NIKE Direct	10,428	9,082	15%	12%	7,857	16%	18%
Global Brand Divisions <sup>(3)</sup>	88	73	21%	12%	73	0%	2%
<b>TOTAL NIKE BRAND REVENUES</b>	<b>\$ 34,485</b>	<b>\$ 32,233</b>	<b>7%</b>	<b>5%</b>	<b>\$ 30,507</b>	<b>6%</b>	<b>8%</b>
<b>NIKE Brand Revenues on a Wholesale Equivalent Basis:<sup>(5)</sup></b>							
Sales to Wholesale Customers	\$ 23,969	\$ 23,078	4%	2%	\$ 22,577	2%	5%
Sales from our Wholesale Operations to NIKE Direct Operations	6,332	5,616	13%	10%	4,672	20%	22%
<b>TOTAL NIKE BRAND WHOLESALE EQUIVALENT REVENUES</b>	<b>\$ 30,301</b>	<b>\$ 28,694</b>	<b>6%</b>	<b>4%</b>	<b>\$ 27,249</b>	<b>5%</b>	<b>8%</b>
<b>NIKE Brand Wholesale Equivalent Revenues by:<sup>(6)</sup></b>							
Men's	\$ 17,114	\$ 16,041	7%	5%	\$ 15,410	4%	6%
Women's	6,915	6,644	4%	2%	6,296	6%	8%
Young Athletes <sup>7</sup>	4,906	4,838	1%	-1%	4,560	6%	8%
Others <sup>(8)</sup>	1,366	1,171	17%	13%	983	19%	21%
<b>TOTAL NIKE BRAND WHOLESALE EQUIVALENT REVENUES</b>	<b>\$ 30,301</b>	<b>\$ 28,694</b>	<b>6%</b>	<b>4%</b>	<b>\$ 27,249</b>	<b>5%</b>	<b>8%</b>
<b>NIKE Brand Wholesale Equivalent Revenues by:<sup>(9)</sup></b>							
Running	\$ 5,198	\$ 4,860	7%	5%	\$ 4,401	10%	13%
NIKE Basketball	1,494	1,292	16%	14%	1,378	-6%	-5%
Jordan Brand	2,856	3,098	-8%	-9%	2,753	13%	13%
Football (Soccer)	2,146	1,984	8%	5%	2,143	-7%	-4%
Training	3,126	3,080	1%	0%	3,150	-2%	-1%
Sportswear	10,018	8,988	11%	8%	8,129	11%	14%
Others <sup>(7)</sup>	5,463	5,392	1%	0%	5,295	2%	3%
<b>TOTAL NIKE BRAND WHOLESALE EQUIVALENT REVENUES</b>	<b>\$ 30,301</b>	<b>\$ 28,694</b>	<b>6%</b>	<b>4%</b>	<b>\$ 27,249</b>	<b>5%</b>	<b>8%</b>

FORM 10-K

Table 1: Nike's financial statement of 2018 (May 2017-May 2018)

### 1.3 Competitors

The main Nike's competitors in the running sector can be considered to be: Brooks, Asics, Hoka One One, Saucony, Mizuno, Adidas and New Balance.

Brooks Sports Inc. is a company founded in 1914 by Morris Goldenberg which produces athletic shoes and sports equipment for soccer and racing sports. Brooks originally produced sports shoes such as baseball and soccer cleats around the 1920s.

Brooks starts producing running shoes in the 70's, gaining trust from consumers very fast. In the

next years, it produces exclusively running shoes, specializing itself in this sector.

Speaking of brand image, Brooks seems to be more focused on quality and performance rather than status-symbol and recognition aspects. The brand presents itself as “discreet” and oriented to the satisfaction of people in terms of happiness (Fig.1).

An important marketing strategy adopted by the company is the “money back guarantee”: shoes can be tried for 90 days and then returned in case of dissatisfaction.

For what concerns prices, Brooks’ core shoes’ prices fluctuate between € 140 and € 170; the most expensive model, costs € 180.

The website works also as online shop (Brooksrunning.com, 2018; Instagram.com, 2018, a)<sup>10</sup>.

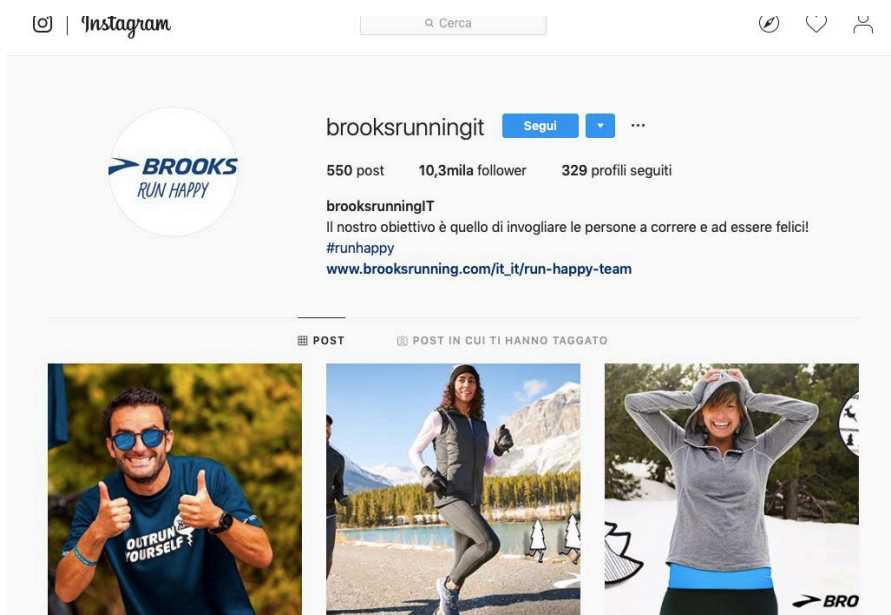


Figure 1: Brooks Instagram page

Onitsuka has been founded in 1949 as a company producing shoes for children. Its first sport products are shoes for basketball, tennis and volleyball. It is only in 1957 that it starts its production of running shoes (resold also by BRS). In the next decades, the brand produces any type of sport products and equipment we can imagine: soccer, swimming, baseball, triathlon, skiing, mountain, gymnastic, golf, fitness, trail, wrestling, shoes and apparel for everyday and some machines and

<sup>10</sup> Brooksrunning.com, 2018; Instagram.com (a), 2018, *Brooksrunning* page

accessories for many sports. In its history, it has founded a lot of apparel brands and tie-up brands. In the 80's it starts opening a huge number of stores, both of Onitsuka Tiger and of Asics and the ASICS Sports Museum. Today the Onitsuka Tiger monobrand stores are very few and concentrated in the extreme east of the world, while Asics stores are still widely present worldwide.

Currently the brand covers the following sports: running (road and track/field), training, wrestling, volleyball, tennis, baseball, fitness.

Asics presents itself as an innovating and very complete brand, focusing on technological R&D, sustainability, performance and community (Fig.2).

Among the marketing strategies, it developed the "I move me" project, in which a lot of brand ambassadors tell their stories about sport.

They also have a blog called "Frontrunner" managed by members selected by the company.

Asics, like Nike, developed and launched 2 smartphone apps: one for running and one for training. The brand provides the foot analysis in its stores and offers fidelity membership called "One Asics" and a guide for preparing for the marathon that can be downloaded from the website.

It also guarantees a discount of 20% for students.

They even provide a service that allows to print a bracelet called "pace-band" to be worn during the marathon to see if you're respecting your usual pace.

Asics' prices for the core models fluctuate between € 145 and € 200, with the most expensive model costing € 250; on average it has the highest prices (with respect to competitors) (Asics.com, 2018; Instagram.com, 2018, b) <sup>11</sup>.

---

<sup>11</sup> Asics.com, 2018; Instagram.com (b), 2018, *Asicseurope* page

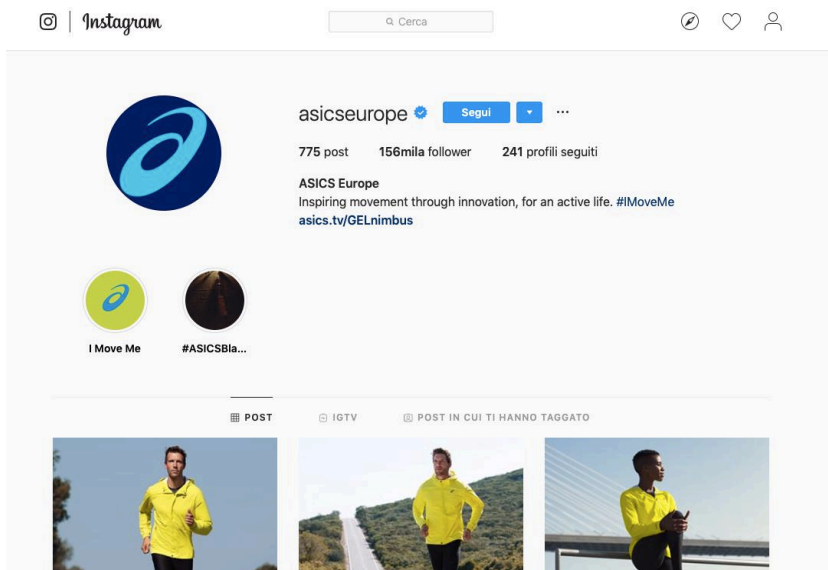


Figure 2: Asics Instagram page

Hoka One One is a French brand founded in 2009 by Nicolas Mermoud and Jean Luc Diard, 2 former Salomon employees who started prototyping running shoes for themselves and then for the market. The shoes were initially ideated for running downhill faster, for this purpose they designed shoes with an extra-cushioned sole, trying at the same time to make lighter shoes.

Currently they produce shoes for running (road, trail, track), hiking, recovery slippers and accessories.

The name, in Maori language, means “fly over the earth” and this well reflects the brand proposition, that is to create lighter cushioned shoes, that make running easier (Fig. 3).

In 2013 the company has been acquired by Deckers Brands (Wikipedia.org, 2018, c) <sup>12</sup>.

With respect to the other brands, the website tells very little about the brand’s philosophy, successes and history.

It has a blog and the website works as an online shop.

It is clear that it is a new brand..

The prices for the core models fluctuate between € 130 and € 160 (Hokaoneone.com, 2018; Instagram.com, 2018, c) <sup>13</sup>.

<sup>12</sup> Wikipedia.org (c), 2018, *Hoka One One*

<sup>13</sup> Hokaoneone.com, 2018; Instagram.com (c), 2018, *Hokaoneone\_eu* page

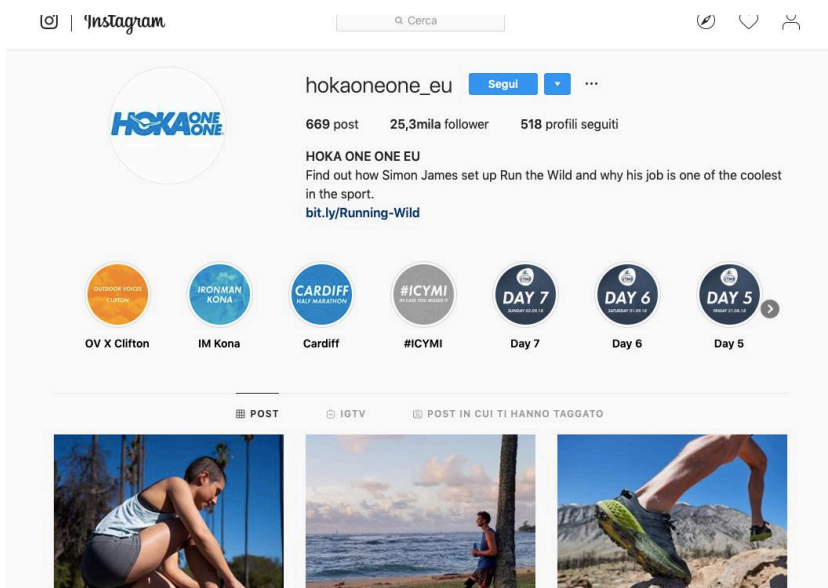


Figure 3: Hoke One One Instagram page

Saucony starts its story at the beginning of the 20th century.

A.R. Hyde founded a shoe company in Massachusetts in 1910 producing sport shoes and ice skates, adding in the 40's baseball and bowling shoes.

During World War II it produces boots for the American Army and after that, boots for NASA.

In 1968 Hyde acquired the S.S.M.C. and starts producing running shoes for a little group of runners, until 1977, when a magazine reveals it, assigning the brand a prize.

From that moment, the fame of the company in the running and sport sectors grows, launching some important and famous models. It is only in 1998 that the company changes name in Saucony, taking it from the Saucony Creek streaming near the factory, in Pennsylvania.

The name, however, was coined by the Native Americans who lived there and in their language it means "Waters that stream with lightness" and this was particularly suitable for the brand, such that it adopted as a logo a wave representing the river.

Today Saucony is specialized in the production of technical running shoes (trail, road, track), fitness shoes, and the "originals" line of everyday shoes.

Saucony uses two payoffs: the most used is "We who run" which aims at making customers feeling part of a community; the other one is "Run your world", a stimulus to create the world you desire, while running. It can be compared to the Nike's slogan "Just do it" (Fig. 4).

It also developed an app for running (with customized trainings, like the competitors' ones) and a



survey to be filled for consumers to know which are the best shoes for their needs.

The website works as online shop only for some countries (it doesn't, for example, for Italy).

Prices for the core models fluctuate between €120 and € 170 (Saucony.com, 2018; Instagram.com, 2018,d) <sup>14</sup>.

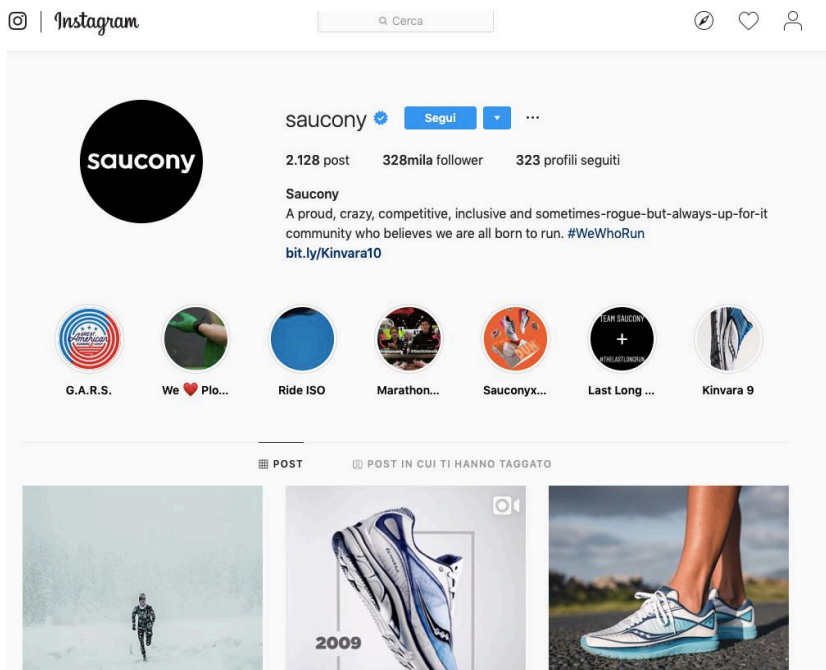


Figure 4: Saucony Instagram page

Mizuno is a corporation founded in Osaka in 1906 and since its foundation, it has always been an athletic products maker. Originally, it imported golf and baseball gear produced in US. Dissatisfied of these products, it started producing the products itself, working together with local manufacturers.

In 1935 Mizuno's golf-club showroom was the biggest in the world.

From the 60's Mizuno started signing sponsorships with very relevant athletic personalities, like the track and field runner Carl Lewis, the All Blacks rugby team and others; the company grew establishing new factories in France, Germany, Scotland and China.

Among the gear produced by Mizuno in its history, appear even ski and gliders.

In 1977 Mizuno golf clubs have been collected in the American Golf Hall of Fame and in the next years Mizuno became famous also for organizing Golf Tournaments.

<sup>14</sup> Saucony.com, 2018; Instagram.com (d), 2018, Saucony page

Currently, Mizuno offers gear for running, tennis, golf, football, volleyball, handball, judo, rugby, netball and padel.

Mizuno's peculiarity is that you can't shop products from the website, neither it has an official online shop.

The slogan is "Reach beyond: the only limit is you", again similar to Nike's "Just do it" and to Saucony's "Run your world" (Fig. 5).

Since there isn't an official shop online, I collected prices from other online sellers and they seem to fluctuate between € 140 and €190 (Mizuno.it, 2018; Instagram.com, 2018, e) <sup>15</sup>.

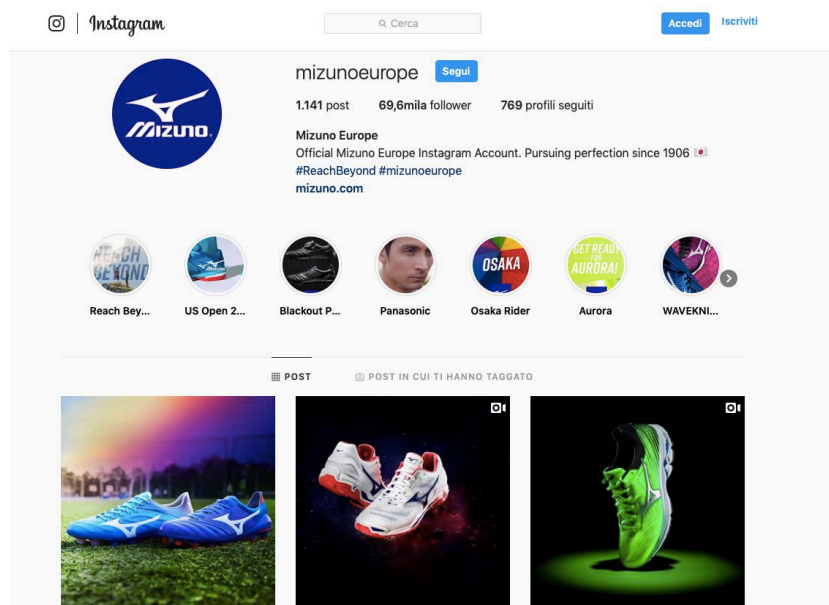


Figure 5: Mizuno Instagram page

Adidas was founded by the Dassler brothers (Adolf, Rudolf and Zehlein) in 1924 with the initial name of "Gebruder Dassler Schuhfabrik", with the aim of producing the best possible equipment for athletes. They had an early success, sponsoring the gold medals Lina Radke in 1928 and Jesse Owens in 1936.

From 1949 the company changed its face: after an argument between Adolf and Rudolf, the brothers separated and Adolf continued the activity, while Rudolf founded the brand Puma. Adolf founded the "Adi Dassler adidas Sportschuhfabrik" operating with 47 employees and registering a

<sup>15</sup> Mizuno.it, 2018; Instagram.com (e), 2018, *Mizuno europe* page; Maxisport.com, 2018; Nonsolosport.it, 2018; Cisalfasport.it, 2018

shoe with the 3 stripes, a detail that would have soon become the distinctive mark of the brand. It is with the miracle of 1954 that Adidas has its first real success: the German team won the football World Cup wearing Adidas' shoes.

In 1967 Adidas created the "Franz Beckenbauer tracksuit" thus starting producing apparel.

From 1970 Adidas started producing even soccer balls for the FIFA World Cups, calling them "TELSTAR" because they were black and white to be better visible on television.

In 1972, when Germany hosts Olympic Games, Dassler decided to change logo introducing the trefoil.

In 1978 Adi died and his son Horst went on command of the company.

In 1984 Adidas put a computer inside the shoes providing statistics to athletes, creating a revolutionary technological innovation, while in the 2000s it defined new divisions and collaborations (Yamamoto, Stella McCartney, Y3, Porsche).

Adidas can be considered Nike's main competitor in terms of revenues, even if not in terms of popularity of its running shoes.

Adidas made a partnership with Runtastic, the famous app that tracks your running trainings; it created a community operating in the biggest cities of the world (in the case of Italy, only in Milan) where people can join group-workouts receiving precious advices to improve their performance, their shape and their health and it is totally free; Adidas also has a blog, that mixes sport subjects with business ones.

The weakness of this brand is that, even if running shoes are of high quality and appreciated, the commitment to this sport is not clear (Fig. 6).

Prices for the core models fluctuate between € 139,95 and € 179,95 with the most expensive model costing € 199,95 (Adidas.it, 2018; Instagram.com, 2018, f) <sup>16</sup>.

---

<sup>16</sup> Adidas.it, 2018; Instagram.com (f), 2018, *Adidas* page

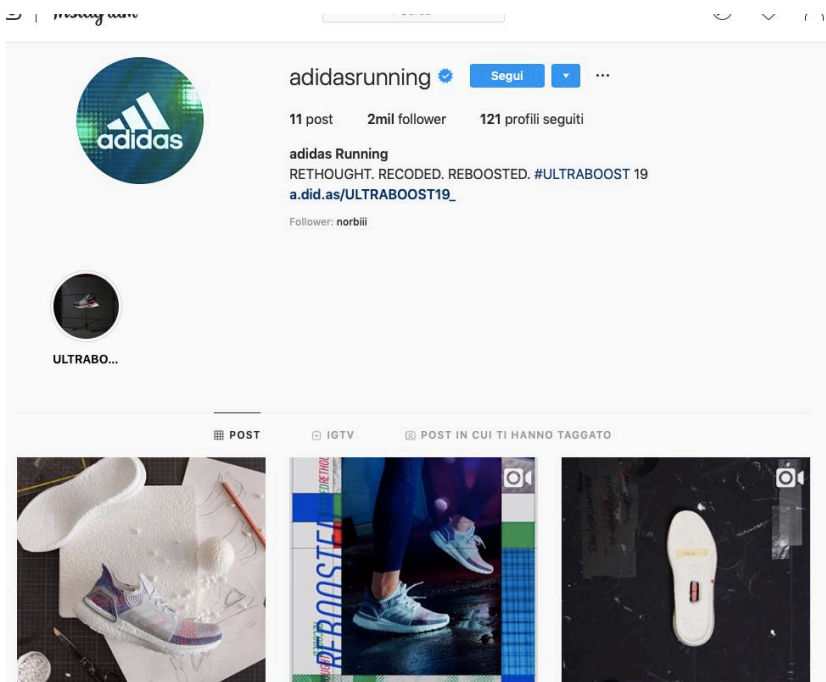


Figure 6: Adidas Instagram page

New Balance was founded in 1906, originally producing arch supports. It is in 1938 that New Balance starts producing running shoes. In the 60's it introduces a new feature: shoes were available not only in different sizes, but also in different widths to be suitable to every type of foot.

Even if the brand has always produced shoes and apparel for different sports, like tennis or football, it always focused on running.

Today New Balance offers shoes for running, soccer, tennis, cricket, trail running and hiking, fitness, skateboard and everyday shoes.

The philosophy of the brand is to provide good shoes that satisfy consumers, without the presumption to become the best or the biggest (Fig. 7).

The website works as e-shop.

The prices of the core models fluctuate between €120 and €180 (Newbalance.it, 2018; Instagram.com, 2018, f) <sup>17</sup>.

<sup>17</sup> Newbalance.it, 2018; Instagram.com (f), 2018, *Newbalance* page

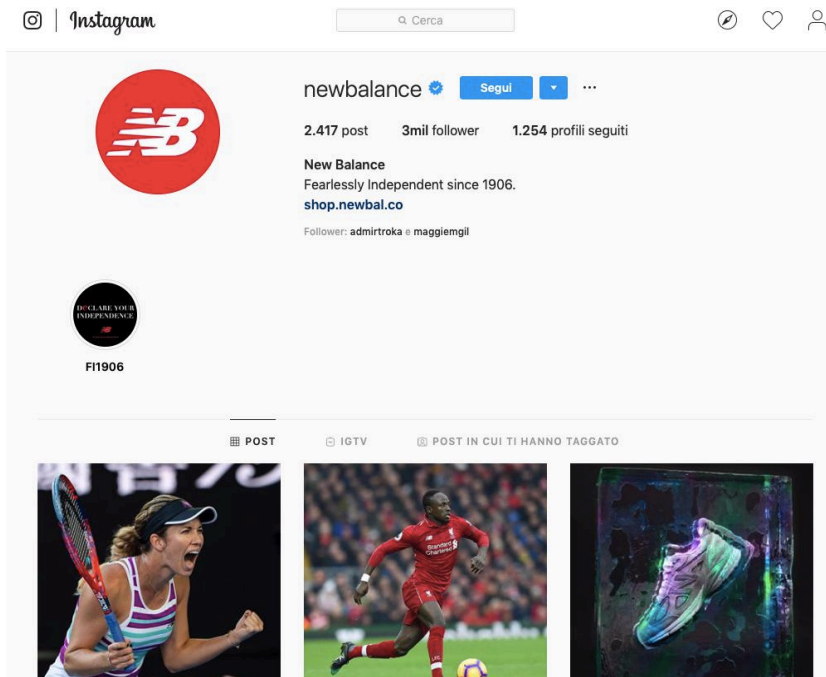


Figure 7: New Balance Instagram page

#### 1.4. Strategic and marketing practices in the market

To understand how the brands producing running shoes have success, seduce and satisfy consumers, we must investigate the strategic moves and activities they put in practice.

Below, the strategies used by the majority of the brands will be presented <sup>18</sup>.

The first category is story-telling, a strategy for conveying information and messages that had a real boom in the last decade. It seems to be really effective in terms of trust and credibility: information and messages are presented in the form of a tale, instead of listing them with a cold and scientific approach. For example, companies exploit user-generated-content as a proof of consumers' satisfaction, showing interviews or, even better, social networks content where the users praise the brand and its products. Another example, is when the brand wants to speak about social and environmental responsibility: you won't see only the CEO of the company (or any manager) explaining the firm's achievements, but they will be, more likely, illustrated directly by the people

<sup>18</sup> This paragraph is based on personal knowledge about marketing strategies, learnt in the "Branding & communication" exam and on the observation of the competitors websites and Instagram pages.

who most benefitted from them, like factories' workers living in poor countries and receiving fair economic and health treatments, or scientists working at environmental sustainability programmes telling how the company respects the minimum requirements or how it takes care of the planet minimizing its wastes or pollution impacts.

This leads us to the second category of strategies put in practice by the companies: the sustainable activities implemented by firms. These can take the form of environmental sustainability like reducing CO2 emissions, reducing water wastes, using recycled or biodegradable materials or using renewable energies; or they can take the form of social sustainability promoting fair labour conditions to employees, but also improving the well-being of whole communities where the factories are located, or sustaining charity associations, both external and founded by the companies themselves.

The third category is user involvement. User involvement is extremely important both because it makes consumers feel listened and put in the centre, and because it allows to gain visibility through word of mouth and user generated content. User involvement is achieved in many different ways: offering an app where users receive train programmes, precious advices, news, where they feel part of a community and share opinions and results. Or companies can implement a lot of initiatives like sport events, online or offline challenges and contests (for example men vs. women km collection; best picture of users running; etc), or other types of occasions to share some time and information with the users.

The final aim is of course to gain visibility among the customers who become subconsciously brand ambassadors, but also to collect precious data about users' habits and preferences.

Often from a simple User Generated Content creator, a consumer becomes an influencer.

Users' involvement can take place through different channels: physically with meetings and events, or virtually through the company website, the social networks or the apps. Events can be sponsored by brands or even entirely organized by a company: in this case they are branded events. They are very important both for the visibility and the commitment of a brand.

The fourth category is research and development. This category of activities cannot, of course, be considered as a mere marketing activity since it doesn't aim only at selling more products, but simply at developing new and best ones. However, R&D achievements have always been emphasized as

one of the strongest competitive advantages for running shoes, and are often present in story-telling content, showing how technological and scientific improvements have been achieved.

In the case of running shoes, innovation is really catchy for the runners, who are always looking for the best shoes that push their performance over their limits.

Sponsorships and endorsements are the fifth category of strategies used by sport brands. These two forms of marketing are particularly suitable for the sport sector, because consumers can identify and associate themselves with big personalities.

In the last years, a new form of endorsement emerged: the influencers. Influencers can be similar to testimonials when they become really famous and when they are paid to wear or use something. In other cases, they can be simply provided with some products by brands, without being paid. Furthermore, they usually endorse a lot of brands that can also be competitors.

Influencers got a foothold because of their higher credibility with respect to “stars”. Making exception for the most famous influencers, the minor ones are considered to be normal people, who intentionally choose to use and support some products and their brands.

Co-branding is the sixth category. In the sport sector, co-branding partnerships usually concern materials, for example the use of special fabrics for the upper or special materials for the lower surface. Nike holds a strong partnership with Apple for sport watches and devices which started around 2006.

The seventh category is the “Money back guarantee” formula. Some brands are so sure about the quality of their products, that refund consumers in case of dissatisfaction.

The last category is customers’ membership. This type of marketing activity is largely used because it allows to gain two advantages: it conveys a message of exclusivity to the consumer, giving access to “private” promotions or previews; furthermore, it allows to collect data about consumers, that are so precious today.

“NIKE is the largest seller of athletic footwear and apparel in the world. Important aspects of competition in this industry are:

-Product attributes such as quality; performance and reliability; new product innovation and

development and consumer price/value.

-Consumer connection and affinity for brands and products, developed through marketing and promotion; social media interaction; customer support and service; identification with prominent and influential athletes, public figures, coaches, teams, colleges and sports leagues who endorse our brands and use our products and active engagement through sponsored sporting events and clinics

-Effective sourcing and distribution of products, with attractive merchandising and presentation at retail, both in-store and online.” (Nike Inc. 10-K Form, 2018)

## 1.5 Nike’s strengths & weaknesses

It is interesting to understand what are the strengths and weaknesses of the current strongest sport brand in the world. Of course, we expect to identify a lot of strengths and only few weaknesses.

The SWOT analysis assesses the company’s internal factors (strengths and weaknesses) and external factors (opportunities and threats) <sup>19</sup>.

As I said, the strengths of the brand are many, without any doubt.

Nike surrounds itself with experts and people of excellence, selecting always the best people to work with. This allows the brand to have people of high competence in all the sectors, like R&D (including both scientific innovation and design), marketing, financial assessment and management. Having factories all around the world, and in particular in developing countries, it has easy access to the resources it needs, including low-cost labour force. It designs and sells (and produces, even if often farming out) shoes and products for a lot of sports and uses a “make to stock” logistic approach that allows for high speed in selling and shipping, with high efficiency in the available stock (Bhasin, 2018, a)<sup>20</sup>

Nike’s biggest strength, however, can be considered to be its very powerful brand reputation that well reflects the brand image. Some Nike’s commercials can be considered as among the most powerful in modern history and they made a good deal of the brand’s fame.

---

<sup>19</sup> Paragraph based on: Michaelmarketingworld.com, 2018, *L’analisi SWOT di Nike*; De Luca, 2017, *Analisi SWOT: cos’è e a cosa serve*

<sup>20</sup> Bhasin (a), 2018, *SWOT analysis of Nike*



We could say the brand to have no weaknesses except for the running sector. The fact that Nike produces such a wide range of products sometimes calls into question its commitment in producing high quality stuff, mainly for the running shoes. The other running brands, produce shoes only for running and similar sports, focusing themselves on few categories. Seems like Nike wants to swallow all the sectors, covering every sport and playing an important role in the fashion industry.

Another weakness, is the notable relying of the brand upon resellers: these could decide, in case of strong increases in price sensitivity, to transfer the price pressure onto Nike.

Another aspect that could be considered as a weakness, is the huge dimension of the brand.

In fact, when a company has stores and factories worldwide, economic factors like trade protectionism, taxes in general and exchange rates can negatively affect the brand. Reporting what said by Nike itself in its 2018 10-K form: "...risks of doing business abroad, such as the implementation of, or potential changes in, foreign and domestic trade policies, increases in import duties, anti-dumping measures, quotas, safeguard measures, trade restrictions, restrictions on the transfer of funds and, in certain parts of the world, political instability and terrorism. Companies in our industry are facing trade protectionism in many different regions, and in nearly all cases we are working together with industry groups to address trade issues and reduce the impact to the industry".

Since weaknesses and threats (and strengths and opportunities) often go together, we can consider what just said above as a small PEST analysis (politics; economics; society; technology). Taxes, protectionism and exchange rates can be positive or negative external factors affecting the financial well-being of the company. Other factors are social ones, for example when Nike has been in the middle of a scandal for the unfair conditions of some workers in developing countries' factories (in general, in the internet age, bad opinions spread such fast that sometimes they can negatively affect a brand irreversibly). Technological factors can positively affect the company introducing improvements mainly for R&D and production, but also in terms of software for management and administrative activities. Technological factors will be, on the other hand, a threat when competitors have access to better technologies than you.

Another opportunity, is the core of the thesis itself: understanding how Nike, the world's leader in the sport industry, can exploit its knowledge, resources and greatness to gain approval in the running sector.

We can say that Nike has the capability and the means to exploit all the opportunities present in the environment, and it is doing it quite well.

## CHAPTER 2: NIKE'S MARKETING STRATEGIES

When speaking of marketing strategies, the first thing coming up in a “marketer” mind is the marketing mix, also called the “4 P’s model”. It is a quite simple framework that allows to have a generic, but complete overview of a brand and its strategy (Bhasin, 2018, b) <sup>21</sup>.

The first component of a marketing strategy is product. Nike started as a reseller of running shoes and soon was producing its own. Today the product portfolio is really wide, mostly in terms of sports variety but also in terms of brands owned by Nike Inc. In terms of products categories it offers shoes, apparel and tools/accessories.

The second component is price: Nike uses a pricing approach based on the value (in terms of generic benefits provided to consumers, not exactly on quality). We will deepen the price component in the third chapter.

The third component is promotion. Everyone who barely knows Nike could state that in terms of promotion, Nike is the best company not only in its sector, but in the world. Or at least, it is one of the most famous!

Promotion includes a lot of different activities like advertising, sales, sales incentives, public relations. We will see more in detail how Nike implements these activities.

The last component is place. For place, we mean the “touchpoints” where consumers can have a contact with the brand and its products. They can be the website, that works as online-store, the physical official stores or resellers. Nike has a big number of own-stores, but most of all it relies on resellers, that are really numerous. Resellers, of course, do not sell all the same products: when considering running shoes, big chains and malls usually have slightly older models and are not specialized in selling technical running shoes, like smaller retailers are. “Nike shoes are carried by multi-brand stores and the exclusive Nike stores across the globe. Nike sells its product to about 20,000 retail accounts in the U.S. and in almost 200 countries around the world. In the international

---

<sup>21</sup> Bhasin (b), 2018, *Marketing mix of Nike*

market, Nike sells its products through independent distributors, licensees and subsidiaries[...] Nike receives footwear from more than 140 factories located in 13 countries across the globe. Outsourcing of the manufacturing helps the company in keeping its operational cost low and at the same time focus its competencies on sales and marketing activities to drive the sales” (Bhasin, 2018, b).

Precise data about Nike’s stores in the world are provided in the 10-K form (Fig. 8-9):

### United States Market

For fiscal 2018, NIKE Brand and Converse sales in the United States accounted for approximately 42% of total revenues, compared to 46% and 47% for fiscal 2017 and fiscal 2016, respectively. We sell our NIKE Brand, Jordan Brand, Hurley and Converse products to thousands of retail accounts in the United States, including a mix of footwear stores, sporting goods

stores, athletic specialty stores, department stores, skate, tennis and golf shops and other retail accounts. In the United States, we utilize NIKE sales offices to solicit such sales. During fiscal 2018, our three largest customers accounted for approximately 21% of sales in the United States.

Our NIKE Direct and Converse direct to consumer operations sell NIKE Brand, Jordan Brand, Hurley and Converse products to consumers through various digital platforms. In addition, our NIKE Direct and Converse direct to consumer operations sell through the following number of retail stores in the United States:

<b>U.S. Retail Stores</b>	<b>Number</b>
NIKE Brand factory stores	220
NIKE Brand in-line stores (including employee-only stores)	31
Converse stores (including factory stores)	112
Hurley stores (including factory and employee stores)	29
<b>TOTAL</b>	<b>392</b>

Figure 8: physical channels through which sales took place in 2018 f.y., in US (I remind that Nike’s fiscal year goes from May 2017 to May 2018)

### International Markets

For fiscal 2018, non-U.S. NIKE Brand and Converse sales accounted for approximately 58% of total revenues, compared to 54% and 53% for fiscal 2017 and fiscal 2016, respectively. We sell our products to retail accounts, through our own NIKE Direct operations and through a mix of independent distributors, licensees and sales representatives around the world. We sell to

thousands of retail accounts and ship products from 62 distribution centers outside of the United States. During fiscal 2018, NIKE’s three largest customers outside of the United States accounted for approximately 13% of total non-U.S. sales.

In addition to NIKE and Converse owned digital commerce platforms in over 45 countries, our NIKE Direct and Converse direct to consumer businesses operate the following number of retail stores outside the United States:

<b>Non-U.S. Retail Stores</b>	<b>Number</b>
NIKE Brand factory stores	664
NIKE Brand in-line stores (including employee-only stores)	65
Converse stores (including factory stores)	61
<b>TOTAL</b>	<b>790</b>

Figure 9: physical channels through which sales took place in 2018 f.y., in the rest of the world. In both cases a brief description is provided.

## 2.1. Branding strategies

The brand identity is the “goal-reputation” a brand aims to achieve in the mind of consumers, the ideas and values it wants to be associated to.

The brand image, on the other hand, are the real and current ideas and perceptions consumers have about the brand <sup>22</sup>.

Brand identity and brand image can be very different, most of all in case of a new brand. When they perfectly (or almost) overlap, it means that the brand is really strong, is able to communicate its value and to generate certain feelings in the consumers. When a brand is able to create an image that reflects the identity, we speak of a strong brand equity: brand equity is often considered a company’s asset and calculated in monetary terms to be introduced in the financial statement. The reason for the introduction of this voice, that is of growing importance, is the fact that a company cannot be considered only in terms of income and sales: they could be very high in the short run, depending on a lot of factors. But when a brand has a strong brand equity, it means that it receives a recognition from consumers that allows to maintain a competitive advantage in the long run more probably.

That said, I think we all agree on the strength of Nike in terms of brand equity: the brand not only has the highest market share of the sport industry (that, as just said, is a mere economic fact), but it receives an unprecedented recognition for a sport brand. Wearing Nike products, for consumers, is not like wearing other brands’ products: the difference is that, for many, Nike is a lifestyle.

I’m not saying that the other brands are not able to create an emotional appeal, but that they are not able to create that sensation of a lifestyle. This is how Nike differentiates itself. And this, does not mean that everybody appreciates Nike: but even those who don’t choose the brand and its products, if asked, would recognize the power of the brand and the resonance it has among consumers. Being identified as a lifestyle brand, makes a company much stronger than a company with a big market share but with a weak image.

A brand strategy for building the identity involves a lot of decisions on how to market the products. Crucial choices are usually brand naming, brand sponsorship, brand portfolio and brand architecture.

---

<sup>22</sup> Paragraph based mainly on personal knowledge, acquired from the books: Laforet, 2010, *Managing brands*, McGraw Hill; Branding & Communication 2 – Create; 2017, McGraw Hill

Brand naming includes the establishment of a name, a logo, a tagline and a design system. As I explained in the history of the brand, the name “Nike” was inspired to the goddess of victory, as it is the logo, a “swoosh” that represents the wings of the goddess. Before the famous tagline “Just do it”, coined in 1988, in 1976 “There is no finish line” was the payoff used by the company, coherent, all in all, with the philosophy and identity of the company.

The design system stayed consistent too, with minimal changes in the logo (see fig. 10) (thelogocreative.co.uk, 2018) <sup>23</sup> and in colors, using mainly black, white, bright red and orange.



Figure 10: Evolution of Nike's logo

Brand sponsorship is extremely important for a sport brand: being associated with the teams, athletes and events you sponsor identifies who your brand is. Nike sponsors the best and most famous athletes and teams: when you sustain winning teams and athletes, their victories become yours!

Brand portfolio is a source of competitive advantage in the market. The rule “more is best” shouldn't be abused of, but of course, the more sectors you operate in, the higher the advantage and the smaller the risk you run by covering a small portion of the market.

Brand portfolio is the totality of brands a company owns and the brand architecture defines how they are structured.

Nike's brand portfolio is composed by Nike, Jordan, Hurley and Converse.

Nike is the corporate brand, while the other three can be considered as self-standing umbrella brands (Nike itself is an umbrella brand).

Neglecting these three (we're not interested in them), Nike's brand architecture is composed by Nike Sportswear, Nike Lab and Nike SB that can be considered as family brands, because they

---

<sup>23</sup> Thelogocreative.co.uk, 2018, *Nike logo evolution, the \$ 35 Swoosh*

represent the main products' categories. The Jordan brand is a "hybrid" since it was born as a family brand, but it became a self-standing one.

Until the last year the company used also the Nike Performance label to identify the most technical products, now it has been incorporated in the Nike Sportswear brand.

Nike Sportswear includes, thus, almost all the sports and types of products. Single sports don't have "personal" brands, while shoes have. There are some kind of range brands that identify the shoes' models and their variations. For the running shoes, e.g., there is the "Zoom" range brand that take its name from the foam used for the sole, or the "React" that uses another technology for the sole. Everyday iconic shoes have a lot of variants: let's think to "Airmax", a range brand with around 10 sub-variants that in turn have other variants. (see fig. 11) (Nike.com, 2019, b)



**Nike Air Max 270 SE**  
Scarpa - Donna  
161 €

*Figure 11: in this picture you can see an example of the Airmax brand architecture. All the shoes fall under the family brand "Nike sportswear". Air Max is the range brand, 270 is the sub-range brand, while the entire name "Airmax 270 SE" is the single product brand.*

NikeLab is a brand born to collect all the collaborations (co-branding) Nike makes with other brands, designers and artists. "Showcasing Nike's interaction and collaborations with the brightest innovators in sport, design and culture, NikeLab sparks discovery through unique collections and limited editions of Nike's latest performance and sport style innovations" (Nike.com, 2019, c) <sup>24</sup>.

Nike SB is the line dedicated to skateboard shoes and apparel.

A particular category of range brands can be considered to be those lines dedicated to sport teams

---

<sup>24</sup> Nike.com (c), 2018 (NikeLab section)

and players. These fall under the brand Nike Sportswear but they bear the names of teams and athletes, like the apparel lines customized with football teams names and emblems or the line “CR7” dedicated to Cristiano Ronaldo.

The fact that the brand NikeLab has been created for gathering all the projects of collaboration, underlines how much co-branding is important for the company.

Co-branding allows for partnerships that generate a lot of visibility because if made with brands of strong reputation, it creates a connection and association with them.

The most famous co-branding partnership is between Nike and Apple. It started in 2006, when the two brands (or better, Apple) developed a small tracker to be put in a hole inside the shoes for tracking the activity, able to communicate with Apple’s iPod. This was quite a revolution for the world of running.

Recently, with the launch of the Apple Watch, the performance can be tracked directly with the watch, which communicates with the Nike’s smartphone apps. They also created Nike’s branded belts.

Other co-branding examples are the collaboration with Supreme, Carhartt, Swarovsky, The ten, Playstation, A Cold Wall, Stüssy, and others.

## **2.2 Nike’s messages and communication strategies**

### **2.2.1 The focus on weak categories and story-telling**

Nike is strongly committed to the reduction of differences among people. It is really evident from its commercials and advertising campaigns. As minor endorsers, Nike avails itself mainly of women, often disabled or discriminated for their religion or race. In general, it shows people who “made it”, who conquered results that seemed out of reach, like fat people or terminally-ill people.

It shows how they made it telling their stories, leaving the brand totally apart and presenting them as heroes.

<<In fact, Nike’s ads rarely, if ever, mention their products at all. What their ads do, and do well, is induce emotion in the consumer through “emotional branding”. Each ad is carefully crafted to evoke particular feelings and needs in the consumer that can only be satisfied by Nike products. It does

this by playing up the traditional narrative of a who works hard to overcome adversity, ultimately emerging victorious against a terrible foe.

But it isn't a literal enemy being fought in this case. Nike takes the analogy to a level far more relatable: the 'terrible foe' is the voice in your head that tells you, "You can't". To that, the organization says: "Just do it.">> (Islam, 2017) <sup>25</sup>.

The spirit of the company is to motivate athletes through its messages. Nike's philosophy is that anyone equipped with a body can be, no doubt, an athlete. The focus of the communication strategy, thus, remains that of helping consumers to do what they love, at best (Serra, 2018)<sup>26</sup>.

To make some examples, in 2009 Nike launched a challenge between men and women. The real and final aim was to push users to download the Nike Run Club app, but also to actively involve users and to make women show their pride and superiority to men.

Another example is the recent Italian Campaign "Nulla può fermarci" (Fig.12) (Nike.com, 2019, d), that translated means "Nothing can stop us" entirely dedicated to women. The campaign aims at giving voice to women, providing different experiences to involve them. In particular, users can make a guided-run session using the NRC app, with the voice of Bebe Vio in the background. Bebe Vio is a famous and young disabled fencer, who has become very popular in Italy for her strength and for facing life with positivity and a little bit of irony.

Another example is the commitment to Muslim women: Nike ads portray them practicing sports, wearing the exclusive Nike-branded hijab.

Other discriminated categories are "protected" by Nike's advertising.

"Find your greatness" is a famous series of commercials launched in 2012 to instill the idea that everyone of us can realize a dream and that everyone of us has something that makes him/her special. The commercials show people of different races, sometimes disabled, and children. They show a fat boy running alone and very slowly (Fig.13) (Dailymail.co.uk, 2012)<sup>27</sup>, a little boy missing his arms playing baseball, a muslim women team playing football, a female boxer and many others. The message is not only that of overcoming preconceptions and stereotypes, not only to consider

---

<sup>25</sup> Islam, 2017, *Nike's brilliant marketing strategy*

<sup>26</sup> Serra, 2018, *Nike: come lanciare un brand di successo planetario*

<sup>27</sup> Dailymail.co.uk, 2012, *Revealed: The 200lb 12-year-old star of Nike's controversial new ad... and how he is now hitting the gym to lose weight*



every human in the world identically, but also to feel unique, because sometimes we can do extraordinary things without almost realizing it.



Figure 12: "Nulla può fermarci" campaign

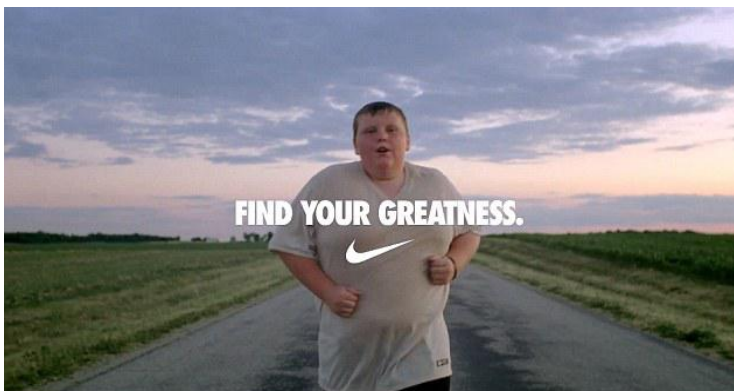


Figure 13: "Find your greatness campaign"

## 2.2.2 Advertising, commercials and the "Just do it" slogan

For its advertising campaigns and commercials, Nike collaborates with the Wieden + Kennedy agency since 1988, when the first "Just do it" commercial has been created.

From this fellowship, brilliant and impactful projects have been realized, making Nike one of the most famous brands in the world in terms of media's audience and success.

The "Just do it" slogan has become so famous, that it gained a recognition as strong as the Nike's swoosh.

I will present some of the most famous commercials, that usually end with the “just do it” slogan.

The first commercial born from this partnership, was exactly the 1988 “Just do it”, framing the 80-years-old athlete Walter Stack running on the Golden Gate in San Francisco.

From that moment, epic commercials have been launched, that basically built the image and identity of the brand. As I said, the secret of this type of advertising is to exclude the products putting the characters and their stories in the middle.

The “Just do it” slogan and concept underlies the whole Nike’s communication strategy, that is based on an idea of heroism. It is all consistent: the swoosh inspired to the Nike goddess and the heroes that have to win a battle and some enemies. The enemies are the obstacles that lead us to give up our goals: they can be physical ones, like disability, or psychological ones, like laziness or simply the thought “I won’t succeed”. Nike puts itself as a means to overcome obstacles and win our battle (Johnson, 2017) <sup>28</sup>.

From 1988 Michael Jordan and Spike Lee started a long series of commercials for the Air Jordan shoes. Michael Jordan is (and he was also at that time) the most famous basketball player in the world, while Spike Lee was an almost unknown actor.

In the commercials, Michael Jordan interprets himself, while Spike Lee interprets the “over-caffeinated” Mars Blackmon, a wild-eyed fanatic of Jordan and of the shoes he wears.

The most used phrase in the commercials is “It’s gotta be the shoes!” said by Mars, meaning that the reason why Jordan is such great at basketball is due to the Nikes.

Jim Riswold, the copywriter at Wieder + Kennedy, stated “I guess the spots worked for a number of reasons. It was the first time humor ever made its way into a Nike’s spot. But more importantly, I think it demystified and humanized Jordan. They were a counterpart to the Jordan we saw on sports reports every night” and “Most important of all: it celebrated the fan and there was no bigger Jordan’s fan than Mars Blackmon” (Russ Bengtson, 2017) <sup>29</sup>.

“Back in the late 80’s and early 90’s, Nike gave the whole sneaker game a lesson in the importance of marketing. As if it wasn’t enough that Michael Jordan was well on his way to becoming the greatest basketball player ever, his sneakers were becoming legendary in their own right. Besides

---

<sup>28</sup> Johnson, 2017, *Nike brand strategy: emotional branding using the story of hero*

<sup>29</sup> Bengtson, 2017, *How Nike discovered Mars Blackmon and teamed with him Michael Jordan*

Mike's on-court success and the fact that the Air Jordan line of sneakers was on another level of style and design brilliance from anything else on the market, there was some marketing genius at work creating a mystique around Michael and his kicks in a way that had never been executed so brilliantly within the realm of athlete endorsements.

Joining Michael in many of these promotional endeavors was Spike Lee (a.k.a. Mars Blackmon), at the time an up and coming film director with a passion for Air Jordan sneakers. The two-man team of Spike and Mike partnered up for a series of commercials and print ads for the sneakers that were not only successful at the time, but have become infamous as some of the most effective and enduring ad campaigns of all time" (Aaron Kr., 2009) <sup>30</sup>.

"Bo Knows" is a funny commercial campaign starring Bo Jackson, an American athlete, the first ever covering the role of both professional baseball and football player in the same year.

Nike didn't lose the occasion of exploiting this fact, starring the athlete in 1989 and 1990 for the "Bo knows" commercials. One of the most famous, frames "a lot of" Bo Jacksons gathering themselves step by step, each of them clothed for a different sport, including a Bo Jackson driving a Formula 1 car and a Bo Jackson riding a horse, and they say to one another "Nice shoes!".

Another famous one, shows athletes practicing their sports and when framed they state "Bo Knows..." and the sport they do (YouTube, 2019).

The campaign was launched to advertise the Nikes "Air trainer", cross-training shoes that could be used for different sports (Nicekicks.com, 2019) <sup>31</sup>.

Who better than a double athlete could be the testimonial for them?

"If you let me play" was launched in 1995, and is dedicated to young girls. This spot is really an avantgarde for that period. Little girls speak of all the advantages that derive from being free of playing and practicing sports, like "I'll be more self-confident", "I will have less probability to have breast cancer", "I will suffer less depression", "I will be more likely to leave a man who beats me", "I will be less likely to become pregnant before I want to" and "I will learn what it means to be strong". The commercial touches really hot topics, that were not widely and openly discussed at the

---

<sup>30</sup> Aaron Kr., 2009, *Michael Jordan + Spike Lee – Vintage Nike/Air Jordan Ads*

<sup>31</sup> Nicekicks.com, 2019, *Bo Jackson shoes*

time, and they are made extremely impactful by being pronounced by children.

In the same year, a hot and latent topic is touched: homosexuality and HIV. The commercial starring Ric Munoz not only spreads the message that even ill people have to strive for their dreams, but also that gender barriers can be overcome through sport and tolerance.

Agassi and Sampras starred “NYC Street tennis”, a spot launched in 1995. In the commercial, Agassi and Sampras, the famous rival tennis players get down from a taxi and open a huge tennis net that encumbers an entire street in NY and start playing a match entertaining all the people around. The message is that sport is not only about enemies and wars to win, but also about fun and sharing.

“Unlimited you” is a commercial launched in 2016 during the opening of the Olympic Games in Rio, where a lot of athletes (of bigger and smaller fame) are engaged (Macleod, 2016)<sup>32</sup>. The commercial starts showing people trying to learn a sport, without being very good at it. Every time a person is framed, the voice of Oscar Isaac says what he/she will become. The second part of the spot shows the athletes doing extreme performances or crazy sport experiments and it takes a very funny turn, because the external voice tries to make people reasoning and stop doing those crazy activities, but no one listens to him. The meaning is that even if you look like a loser or clumsy, with Nike’s products you can realize your dreams without any limits (Pietropoli, 2016)<sup>33</sup>.

Last year, 2018, Nike has been at the centre of a debate for its commercial “Dream crazy: don’t ask if your dreams are crazy, ask if they’re crazy enough”. The spot stars, as others, a lot of discriminated athletes, like a child fighter who has no legs, or a guy who lost 120 pounds, beat a brain tumor and finished an ironman. But the payoff of the commercial is pronounced at the end, by Colin Kaepernick, now ex-player of the National Football League.

It all started with Kaepernick kneeling during the American national anthem, followed by other players. The reason for this behavior, was a protest against the oppression and discrimination to which Afro-americans are subject (Barlaam, 2016)<sup>34</sup>

---

<sup>32</sup> Macleod, 2016, *Nike unlimited you*

<sup>33</sup> Pietropoli, 2016, *Tu, senza limiti*

<sup>34</sup> Barlaam, 2016, *Nike, il Nuovo testimonial è Kaepernick (l’atleta più odiato da Trump)*

The practice has also caused a reaction in the American president, Donald Trump, who offended the players doing it. The result has been that Kaepernick doesn't play football anymore and that Nike decided to become a defender of the player. But it's not all. The spot caused a lot of opposition dividing America in half. A movement of opponents launched the hashtag #boycottnike protesting against its position and posting images of Nike's products being burnt or thrown in the trash.

This campaign is an example of what is called "viral marketing": viral marketing produces (generally consciously and on purpose) a type of content that strikes users, who immediately start spreading it. The resonance of the message and of the content can be positive or negative, as you can imagine, affecting the brand in a more or less impactful measure. In extreme situations it leads to a serious decline of the company.

### **2.2.3 Users' involvement**

Users' involvement is another marketing technique widely used by Nike.

The aim is to reach more consumers, to create a deeper connection, making them feeling the protagonists.

The touchpoints for this marketing technique are mainly the apps created by the brand and the social networks: the Nike official app, used mainly as a shopping platform, the Nike Run Club App and the Nike Training Club that work most of all as activity trackers, as communities for the members and as platforms for launching campaigns and events.

In far 2009, Nike launched a very funny challenge: the Men vs. Women competition; the goal for both genders was to gather more km than the other. The challenge was launched when Nike wanted consumers to approach its new technologies created in partnership with Apple: the Nike+ app that tracked the performance through a small detector to be put inside the shoes.

The campaign touched the point of gender differences and rivalry, but not under a war-like perspective, but rather with a childish point of view. The related commercial, in fact, was extremely funny and hilarious: it framed women and men running in the city, trying to obstruct and slow down one another (Fig. 14) (Gould, Ramey, Butcher, 2009) <sup>35</sup>.

---

<sup>35</sup> Gould, Ramey, Butcher, 2009, *Nike ad analysis*

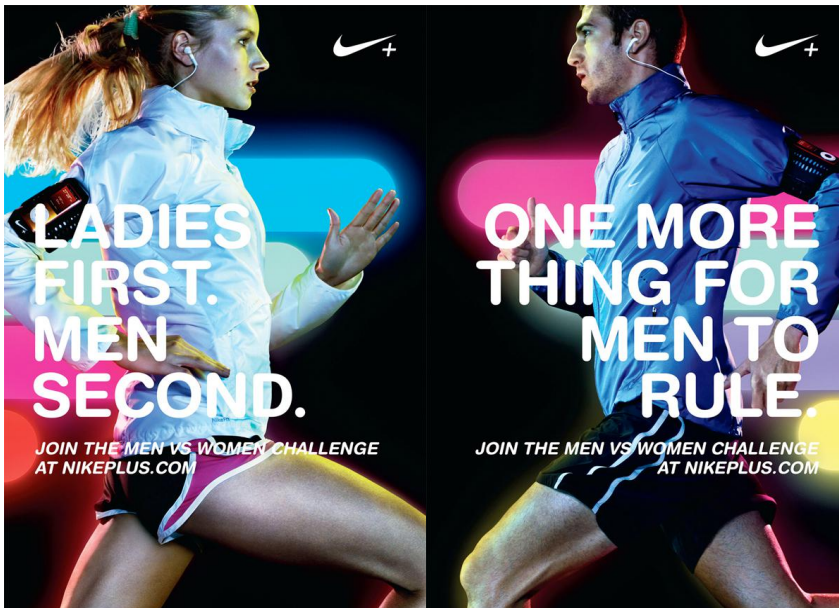


Figure 14: Adv for the Men vs. Women challenge

Among the latest user involvement projects we can mention the “Unlockings” that are product releases made exclusive for the members.

These initiatives create in the consumer a sensation of scarcity and of exclusivity at the same time, with limited editions of shoes been launched in few pieces, for short periods of time. Often, they are sold out in few days.

An example is the Vaporfly 4% release, bound to the running of a minimum distance, an initiative launched in the summer of 2018: the condition to unlock the shoes was to run at least 42 km (the distance of a marathon) within 10 days (Palazzolo, 2018) <sup>36</sup>.

At the moment of the launch of the shoes, in fact, the brand has created a strong aura of mystery and exclusivity, since the shoes were developed for the famous project “Breaking 2”, that I will speak about in paragraph 2.3.

When released for the first time, the shoes went like hot cases, and once sold out, they could be bought only by those who resold them at a really higher price.

The second launch took place in November 2018, at the condition of running or walking at least 300 m. Quite a risible bound compared to the previous 42 km one.

The main reason for this marketing practice was, sure, to generate more traffic on the app and maybe to test the market before definitely releasing the shoes for everyone (since they have a really

<sup>36</sup> Palazzolo, 2018, *Vaporfly Flyknit: il challenge di Nike per assicurarsela in anteprima*

high price: € 252).

Now, in fact, the shoes are available on the website just like the others.

The challenge of this month, February 2019, is the unlocking of the “Zoom Vaporfly 4% Flyknit Gyakusou”, a limited edition of the Vaporfly 4%, bound to the completion of 42 km in 2 weeks (Fig.15).

This marketing technique can be defined as a “reward for a non-purchase behavior” (Langrock, 2018)<sup>37</sup> and it is really effective, because nowadays consumers are increasingly smarter and used to marketing and promotions: they don’t want to be pushed to the purchase, but they want to feel free to choose without being assailed.



Figure 15: The Vaporfly 4% Gyakusou challenge on the NRC app

I’ve already mentioned the “Nulla può femarci” project, an initiative entirely dedicated to women. Let’s see more in detail how it generates user involvement.

The campaign provides for a series of events, where sport and sharing are protagonists. From

---

<sup>37</sup> Langrock, 2018, *Customer engagement love story: Nike*

February 13<sup>th</sup> to March 3<sup>rd</sup>, 4 events will take place.

The first one in Rome, at the Nike's store, with two famous athletes that will provide advices and fun.

The second one, in Milan, offers the possibility to have a training session with some female trainers, at the rhythm of the music.

The third one, again in Milan, is an event dedicated to women and basketball.

The fourth and last one, is a "virtual event": a running session to be executed with the NRC app, guided by the voice of Bebe Vio, the famous Paralympic fencer.

The NRC App works as a tracker and as a community: performances are encouraged with rewards (the unlockings), with motivational incitements and with the possibility to share your results with the other members or on the social networks <sup>38</sup>.

Another form of user involvement can be considered to be the "Nike iD" products.

Many shoes models can be personalized, choosing colors, patterns, materials and signs, to offer a unique product to the user, created on his/her taste and needs, but also a different experience of purchase.

"Communicating content about brand experiences through various social media channels empowers consumers to become "brand ambassadors". They further act as an influential part in a brands' reputation (Gensler et al, 2013). User-generated content can be transmitted in several formats such as text, audio, image or video messages [...] In regards to Nike, the brand shows the successful creation of a strong relationship with its online brand community demonstrated by an active customer engagement. The platform encourages its brand community members to post photos of their workout on different social media sites by offering templates and animating hashtags. In that way, sharing goals, struggles and achievements with either friends or strangers motivates Nike+ users themselves as well as other brand community members. Additionally, they spread information about Nike and its products and act as stealthy brand ambassadors.

Particularly on Instagram, Nikes' brand community members transfer their experiences in form of individual images under a collective hashtag #nikerunning or #nikeplus. Thereby they express their commitment to both, the brand and the brand community. The results of Nikes' winning concept

---

<sup>38</sup> Information collected from the Nike Running Club app



are more than 5k daily posted images reaching around 8 million followers on Instagram and Twitter with the use of the online brand community's hashtag #nikerunning" (Lobensommer, 2017) <sup>39</sup>.

### 2.2.3 Communication channels

Nike is present (much present!) on the most important channels. These include above-the-line traditional channels like print advertising and TV commercials, below-the-line channels like sales promotion, personal selling, direct marketing and public relations, and web media channels: Instagram, Facebook, Twitter, YouTube, Pinterest and, of course, the brand's website (Fig. 16)<sup>40</sup>.

Since traditional channels are less used at the moment, I want to focus on the web channels that are much more interesting for the dynamics they are able to create between the companies and the consumers.

Social media, in particular, are really effective since they allow to reach a huge number of consumers, actively involving them at the same time.

Nike has a lot of profiles on the social media, according to the different sports <sup>41</sup>. The most important ones are the Nike official page, the Jordan page, the Nike Football page, the Nike Run Club page, The Nike Sportswear page and the Nike Women one.

Nike's official Instagram page is among the most followed inside the social network, with 84,6 million followers at the moment, 37 million followers for the Nike Football page, 17 million followers for the "jumpman23" page, dedicated to the Jordan brand and 5,5 million followers for the Nike Run Club one.

Nike's official page is dominated by athletes' pictures and what you can immediately notice is the mix of races among them.

In the "highlight stories" section, are placed those dedicated to the current endorsers of the brand, 5 women and a man, who are not famous worldwide. They are exactly the histories of the heroes

---

<sup>39</sup> Lobensommer, 2017, *Successful brand community on social media, a Nike case*

<sup>40</sup> Keller, 2016, *How Nike became successful and the leader in the sports product market*

<sup>41</sup> Cole, 2018, *How Nike uses Facebook and Instagram*

who worked it out (the already mentioned theory of the hero) (Instagram.com, 2019, g) <sup>42</sup>.

The Nike Running page, on the other hand, is more focused on products without however neglecting the athletes and their lives, that are the protagonists of the highlight stories.

The Instagram pages aim at generating a lot of users' involvement, pushing for the creation of User Generated Content (UGC) and in general trying to create engagement mainly through the stories' tools (the possibility to ask questions to the brand or to vote and give an opinion about a subject).

The Facebook pages register a different trend: the Nike's Football page has more likes than the general Nike official page. The former, in fact, reveals at the moment 44 million followers compared to the 32,5 million of the general Nike page, while the Nike Run Club page registers almost 17 million followers.

The Facebook pages, however, are rarely updated, to give a measure, the last posts have been published between August and November 2018.

The YouTube channel is much important for collecting commercials and other types of content.

In Italy, for example, commercials have not been launched on TV during the last year and YouTube is the best way to spread them.

Finally, the website is the most important channel from the commercial point of view. It is the "place" where all products are presented, like the shelves of a shop.

It is the channel used to communicate the new collections, the next launches, initiatives, sales promotions and so on.

Not to be forgotten, mobile apps allow to have the website (including the e-commerce part of it) in a simpler and more immediate form, furthermore allowing for a customization by setting preferences.

Speaking of relationships and engagement towards consumers, it is interesting to assess what are the main "touchpoints" through which the company, one way or another, is able to establish a contact with them.

Among the most important ones, are still the points of sales: the owned ones and those of the resellers. These are still crucial for companies producing sport products, because the physical approach is fundamental for a consumer to decide whether a product satisfies all his needs or not. Shoes are really complex in terms of choice and purchase. In addition to be extremely comfortable, they need to have many features to fit consumers' necessities. This is why they will never choose a

---

<sup>42</sup> Instagram.com (g), 2018, Nike page

pair of shoes without previously having put them on (unless they have a lot of money to waste). Basically, this is the reason why gaining loyal customers is so important in the e-commerce era: once the customer is used with your products and appreciate them, he will buy them also online. Mono-brand stores have to be exemplary: they must be provided with highly prepared personnel and make the customers living a good experience. Especially nowadays, customers have great expectations from stores and shops, where products have (more or less) higher costs with respect to e-shops.

Another important touchpoint is print and TV advertisement: these are still impactful for the consumer even if sport companies are disinvesting in these types of channels, probably for the cited reason of a too passive engagement of the consumer.

Web channels are very huge touchpoints today, the reasons have just been told.

In particular, the mobile app NRC is a heap of functionalities: provides for updates about promotions and initiatives, allows to track your run and have metrics about it and allows to be part of a community of runners.

Touchpoints are also the consumers themselves: through word-of mouth and UGC they become “earned media” for the company (in contrast with owned media that are those curated by the company and paid media that are those promoting the brand for payment).

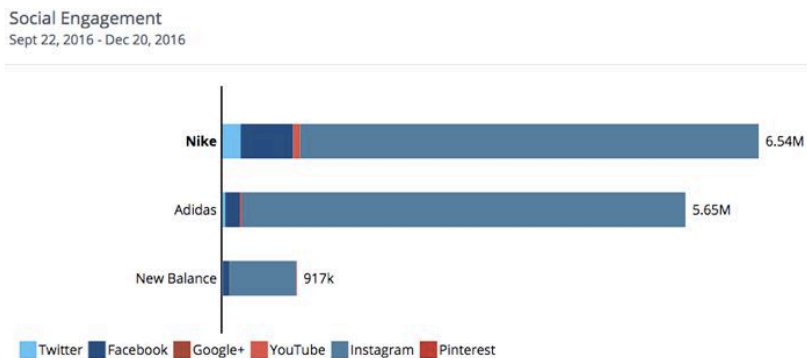


Figure 16: social engagement generated by the main media channels, also compared with Adidas and New balance

## 2.3 Research & development: the “Breaking 2” experiment

“Breaking 2” is an experimental project realized by Nike to take the marathon record under the 2 hours. It was announced in December 2016 and three on-the-top runners have been chosen, to be trained and studied for the mission. The whole project has been narrated by a National Geographic short film <sup>43</sup>.

The three athletes selected were Eliud Kipchoge, Zersenay Tadese and Lelisa Desisa.

Eliud Kipchoge, class 1984, from Kenya, was the defending Olympic champion at that time, winner of the 2016 olympic marathon in Rio De Janeiro, with the record of 2:04:45 (Wikipedia.org, 2018, e)<sup>44</sup>.

Zersenay Tadese, class 1982, from Eritrea, holded the world record in the half marathon (58:32, in 2010) and his personal record in the whole marathon was 2:10:41.

Lelisa Desisa, class 1990, from Ethiopia, holded the personal record in the whole marathon of 2:04:45.

Nike developed specific shoes for the project, named “Vapor Fly Elite 4%”, to be used on the Monza automobile racetrack.

The shoes have been developed for professional runners, who run at a certain speed.

“Science proves it: the Nike’s Zoom Vaporfly 4% is the most efficient marathon shoe Nike has ever sold. Laboratory tests demonstrated how these shoes are able to save up to 4% of energy, compared to the Zoom Streak 6, the latest and quickest shoes launched by Nike” (Nike.com, 2018, e).

The shoes are provided with the ZoomX foam, an extremely light and responsive material and with an internal carbon layer for extreme push.

The preparation of the athletes for the challenge took around two years, during wich laboratory tests were conducted on the three runners, from breathing analysis, to feet landing, nutrition, hydration, VO<sub>2</sub> and oxygen consumption tests, lactic acid production analysis.

The race took place on May 6<sup>th</sup>, 2017, at 5:45 a.m., at the Monza automobile racetrack. The location has been chosen because of its low altitude, that allows to consume less oxygen, for its “flatness” (smallest changes of incline) and for its “straightness” (lowest amount of slopes).

The three athletes run behind a group of pacers, that were changed regularly and who run in an

---

<sup>43</sup> Nationalgeographic.com, 2017, *Breaking2*

<sup>44</sup> Wikipedia.org, 2018, *Breaking2*

arrow-shaped line-up, in order to reduce the air friction, while ahead, the pace car defined the rhythm with a green laser casted on the street to show the speed to be maintained.

For all these reasons, the race and its result can't be recognized as an official record.

Kipchoge, as expected by the scientists, has been the best, finishing the race in 2:00:25. Only 25 seconds over the goal. It is an achievement that is going to stay in history.

Around 13 million people watched the attempt live on Twitter, YouTube and Facebook . "The term #Breaking2 generated 84,459 mentions on social media from 6 to 8 May alone, as reported by media monitoring tool Meltwater, and notched up a further 140,029 mentions across Twitter, Instagram and Facebook during the six months between the announcement of the record attempt and the date of the race" (Charlotte Rogers, 2018) <sup>45</sup>.

The National Geographic's documentary lasts almost an hour: it is really engaging, and it takes you inside the mission, from the beginning until the end. It is also touching, when showing the stories of the three athletes and their families, all coming from poor African countries, who made themselves from nothing, and became athletes simply because they had to run lot of kilometres just to go to school or simply to save themselves from poverty.

The latest output of the Nike's R&D department, are the Nike Adapt BB, new technological basketball shoes that will be soon available in the market. These innovative shoes lace themselves thanks to a small engine put inside them and to a sensor that feels when they are tight enough. Laces can also be adjusted pressing two buttons placed in the sole, and the shoes can be charged through a wi-fi wireless dock station.

The shoes communicate with a smartphone app: it allows to change the color of the buttons' lights, to monitor the battery of the shoes and to personalize the the lacing engine (Nike.com, 2019).

---

<sup>45</sup> Charlotte Rogers, 2018, *Nike on how setting an "audacious goal" helped the brand work differently*

## CHAPTER 3: NIKE'S PRICING STRATEGIES

The science of pricing states that even objectively identical products are able to command different prices. This is partly true for Nike. The brand, in fact, is such appreciated that users buy running shoes to use them for everyday outfits: for this type of users, Nike could command a higher price. It can't, however, do it because of the users to which shoes are intended (the runners), since much of them, mainly in Europe, don't trust completely the brand and would not pay prices higher than average ones.

The reservation price is the maximum price a consumer is willing to pay for a product. It is different for every single consumer and for every product and it can be different also for similar products of the same category (for example one can have a reservation price for Mizuno and another one for Brooks). Thus, for what said above, the reservation price for Nike's running shoes is higher if we consider also the users who would buy the shoes for casual wearing.

Furthermore, some contexts change consumers' reservation price, like the environment, time of purchase, dollar value of the purchase, items being compared (for example buying the shoes on the official Nike's website vs. buying them on Zalando's; or buying in a Nike's store vs. buying in a mall). This framing phenomena change what is called the reference price (Vohra et al., 2012) <sup>46</sup>.

### 3.1 Types of pricing strategies used by the brand

In studying the pricing strategies adopted by the brand I decided to consider only those used for the B2C channel, since the B2B one was too hard to be investigated.

There are 4 macro-categories of pricing strategies, divided according to the objectives a company wants to reach: discrimination pricing strategies (versioning, two-part tariff, bundling, geographical pricing); positioning pricing strategies (skimming, penetration, premium, economy); dynamic pricing strategies (non-linear pricing).

Nike sets prices that are quite in line with those of the competitors and we can suppose it uses the

---

<sup>46</sup> For the whole chapter: Vohra et al., 2012, *Principles of pricing – An analytical approach*. The source has been used both for a theoretical analysis and for applying it to the Nike case.

following strategies:

-Intertemporal skimming pricing: consumers assign different values to products, according to the moment in which they buy them. A brand new product is chosen by early adopters, who are willing to pay a high price to be the first using it. Thus, the new product with its high price gains the segment of the “early adopters”; as time passes, there will be a period when the “early majority” adopts the product too and this diffusion of the product maximizes profits. After that, the period of decline starts, when the late majority buys the product and the prices decline, until the product “dies” with the “laggards”. This process well adapts to the product’s life cycle of running shoes. Focusing on Nike, in the third and fourth stages (late majority and laggards) shoes are no more sold by Nike (on website or stores) but usually only by resellers. In these stages, in fact, new versions or new models are released, and space and visibility must be given to them. Before removing the old models, these are discounted and when the new models are enough, the old ones are taken off. This technique is not used in its “pure” form: it is a hybrid of skimming and market pricing: companies set high prices for the core models, that are however quite homogeneous. No brand set prices too higher than the others (even if Asics, Adidas and Nike are the only ones selling shoes with a price over € 200).

-Promotional pricing: it is implemented by the company both through coupons to increase the sales for short periods (usually granted for members who subscribed, to be used for purchases on the official app) and through discounts in the maturity stage of the product, as mentioned above.

-Geographical pricing: collecting the prices applied to every country, and converting them in dollars, we can see that sometimes prices are very different from those applied in USA. The different prices could result as price discrimination but they could also depend on the costs for the company to sell them, like transport costs, custom fees and other taxes. We will see better in paragraph 3.3.

-Premium pricing: as said above, Nike, Asics and Adidas are the only brands selling shoes with a price over € 200. This is a form of premium pricing, because the shoes to which the highest expenses of R&D were allocated, are the most expensive but also the best performing ones.

## **3.2 The EVC: Economic Value to the Customer**

To better understand how to match the final price with the reservation price, a company can assess the “Economic Value to the customer” (EVC), that is, understanding all the factors that contribute to the price definition, or better, that are considered by consumers to be worth of a certain price.

Usually it is assessed by observing the additional value a product provides compared to a competitor's reference product, or sometimes compared to products of the same company (for example the new version of some shoes with the old ones, or with the other models offered). Choosing the right reference product depends on how the choice is framed by the buyer.

### **3.2.1 The additional value**

A model provides us 6 steps to be followed in the definition of the additional value of a product ("Steps on value pricing") (Vohra et Al., 2012). We will consider five of them.

The first step is to identify sources of possible savings (direct costs savings; convenience; superior performance; reduced risk). Nike does not provide direct costs savings (maybe for retailers, but we don't have these data because we focus on the final user). It doesn't provide convenience either, because its prices are, more or less, in line with the competitors'. It probably offers a superior performance, since its shoes are ideal for races. They don't reduce any risk for the user.

The second step is to determine the product usage: who is the user and what is the usage situation. In this case the strength of Nike's running shoes is that they are used also as everyday shoes.

The third step is to measure the economic value: in our case it cannot be quantified (because this step refers to an evaluation of the costs savings and revenues provided to the customer).

The fourth step is to divide up the savings. The seller can keep more of the surplus when there are only few alternative options for the buyer (not the Nike's case), when the seller has a strong reputation and when there are many intangibles that cannot be quantified: the last two points perfectly describe Nike, because Nike has the strongest reputation in the sport sector and in addition to a good performance, it provides a strong status-symbol. The demand of a certain good is characterized by an elasticity: it can be elastic or rigid. When the demand is rigid, it means that a price increase affects only little the demand (vice versa if the demand is elastic). Usually, the demand for a good is rigid when it has few substitutes or when the price of the good is really small compared to the income.



In the case of the running shoes, they can be considered technical products but with an emotional component at the same time: a price increase, therefore, should be quite big to make consumers switching their favorite brand.

The last, fifth, step is to communicate the value: and Nike does it better than anyone else.

These were the steps that companies should follow for an assessment of the additional value and of the price.

### **3.2.2 Factors influencing the perceived differential value**

Another useful practice, is to analyse the perceived differential value's influencing factors. Which means, all the factors that finally convince the users to buy or not. They are 9.

The first one is the degree of products' uniqueness (functional or perceptual): this is usually embodied in brand equity, and it is very strong for Nike, mainly the perceptual uniqueness (because for the functional one it is in line with the technical attributes offered by the other brands). The product is made unique or at least distinguishable thanks to small or big differences; these could be technical features, brand's reputation, perceived quality. The power of the brand in the market is proportional to the degree of differentiation the company is able to offer. In the short term the company sets prices as a monopolist and the market reacts to those prices according to the demand function for a certain good (made more or less unique by the degree of differentiation). In the long term, competition forces the company to a new differentiation strategy and effort, to maintain the market power.

The second one is the knowledge of available alternatives: if research costs are low, this knowledge is bigger; e-commerce, for example, reduces the time required for research, furthermore increasing the willingness to spare of the customers. In the case of running shoes, it depends on the user: expert runners will have a wide knowledge about alternatives and technical aspects.

In the case of Nike, specialized retailers usually do not suggest the purchase of the brand to consumers, and this could lead them to not deepen their knowledge about the brand.

The third one is the degree of product complexity which translates into difficulty in comparing different products. Expert runners want highly technical products, but the specific features must be easily explained to make all the customers understand them.

The fourth one is the urgency of the purchase. Usually, we can say the consumers don't feel it when they're looking for new shoes.

The fifth is the nature of the purchase environment and degree of confidence in the purchase. For example, luxury stores reduce price sensitivity and in general the retail environment should provide greater confidence than e-commerce environment. This raises, again, the recent debate I already talked about: the problem that consumers go to the stores to try the shoes (moment of confidence) to buy them online later.

The sixth is the dollar value of the purchase: the higher the cost of the product, the more difficult the purchase (in relation, of course, of the buyer's income/richness). Usually consumers, when buying running shoes, are very attentive to make the right choice: if the shoes give pain or are uncomfortable, they would be a complete waste of money.

The seventh is the proportion of the product's cost to the total cost incurred. This is very little applicable to running shoes, where the other expenses almost do not exist, except for apparel or potentially races enrollments.

The eighth is how much of the cost is the customer's responsibility: price sensitivity is lower if the costs are shared with third parties.

Finally, the ninth is the uncertainty about product's quality.

### 3.3 Prices' geography

As said before, Nike applies, let's say, different prices in almost every country.

I made a collection of all the prices applied around the world (doing it by switching the country on the website) for the core models: Zoom Pegasus Turbo, Zoom Fly Flyknit, Pegasus 35, Zoom Fly SP, Zoom Fly, Epic React Flyknit.

As expected, the prices collected and then converted in dollars, are different. This choice is certainly due both to the varying standard of living and to the different costs sustained by the company to trade all over the world.

From table 2 you can see the average prices for the six models in dollars and the average markup with respect to the US price. The average markups are always positive and the highest one is applied on the Fly model (around \$ 44).

The countries where a markup of over 20% is applied are Switzerland, Norway, Denmark, Finland, Brasil, India, Saudi Arabia, United Arab Emirates, Egypt, Morocco.

This makes quite sense, in fact according to some ranks (Rocco, 2018; verafinanza.com, 2017)<sup>47</sup> of the standards of living in the world, we usually find in the top 20 (and in decreasing order) Switzerland, Norway, Denmark, and Finland. The other countries are ranked as quite low-cost for living, but it is because they are countries where there's a lot of poverty but at the same time those who are rich are extremely rich. And the shoes are addressed to the latter.

---

<sup>47</sup> Rocco, 2018, *Il costo della vita nel mondo, la mappa dei paesi dove si vive con meno*; Verafinanza.com, 2018,

Colonna1	TURBO	FLY FLYKNIT	PEGASUS 35	FLY SP	FLY BASE
Italia	206,34	183,54	137,94	172,14	194,94
UK (sterline)	206,3355	180,5355	135,3855	167,6355	193,4355
Svizzera (franco)	230	200	150	190	215
Svezia (corona svedese)	203,39	181,39	131,89	170,39	192,39
Norvegia (corona norvegese)	221,88	197,88	143,88	180	209,88
Portogallo	205,2	182,4	136,8	171	193,8
Germania	205,2	182,4	136,8	171	193,8
Francia	205,2	182,4	136,8	171	193,8
Spagna	205,2	182,4	136,8	171	193,8
Danimarca (corona danese)	217,4925	194,9925	149,9925	179,9925	209,9925
Belgio	205,2	182,4	136,8	171	193,8
Grecia	204,06	181,26	135,66	174,42	192,66
Finalndia	225,606	199,386	148,086	187,986	213,066
Irlanda	205,2	182,4	136,8	171	193,8
Olanda	205,2	182,4	136,8	171	193,8
Austria	205,2	182,4	136,8	171	193,8
Russia (rublo)	194,85	172,35	127,35	161,85	184,35
Turchia (lira turca)	152,982	143,982	104,382	98,982	149,382
US (\$)	180	160	120	150	150
Canada	182,4	163,4	117,8	152	174,8
Brasile (real)	215,973	188,973	148,473	161,973	188,973
Australia (\$ australiano)	184,6	163,3	127,8	156,2	156,2
Hong kong (\$ hongkong)	181,87	151,97	116,87	151,97	151,97
India (rupie indiane)	223,93	223,93	153,93	202,93	237,93
Indonesia (rupie indonesiane)	174,834	157,674	118,734	150,414	
Nuova Zelanda (\$ neozelandese)	188,5	169	130	162,5	182
Giappone (yen)	173,016	153,792	115,344	144,18	
Arabia Saudita (riyal saudita)	234,63	213,03	156,33	188,73	226,53
Emirati Arabi (dirham)	223,83	202,23	148,23	188,73	215,73
Egitto (sterlina egiziana)	271,544	241,864	181,384	243,544	256,424
Marocco (dirham marocchino)	217	193,9	144,9	196,9	204,9
Sudafrica (rand sudafricano)	188,9965	167,9965	146,9965	160,9965	181,9965
Cina (yen cinese)	209,85	175,35	134,85	175,35	175,35
<b>AVERAGE PRICES IN \$</b>	204,712409	182,452288	136,988106	170,842833	193,816113
<b>AVERAGE MARKUP</b>	24,7124091	22,4522879	16,9881061	20,8428333	43,8161129

Table 2: Prices have been collected from the website, converted in dollars and compared with the prices applied in US. The last rows show the average price for each model and the average markup with respect to the US prices.

### 3.5.1 Pricing in the running sector: the contribute of Arrondo, Garcia, Gonzalez

A very interesting contribution to pricing research in the running shoes market is given by Arrondo et al.

They studied the Spanish online market of running shoes during 2016 (in particular between February and June) using a statistical approach to develop a hedonic price model. The model estimates the maximum price consumers are willing to pay, based on 2 main variables: the brand and the bundle of features of the single model (Arrondo et al., 2018, a)<sup>48</sup>.

The brands considered are Adidas with 28 models, Asics with 35 models, Saucony with 15 models, 25 for Nike, 16 for Brooks, 29 for Mizuno, 18 for New Balance and 5 for Reebok.

The features considered are lightness, cushioning, flexibility, response, stability and grip (Table 3).

The real aim of this statistical model, is to assess the “product efficiency” in terms of over-pricing. Assessing the bundle of features offered by a certain model of shoes, and the brand’s equity, is determined, case by case, how much a pair of shoes is overpriced (that is, how much those shoes are inefficient).

“What began as a comfort and a functionality matter has turned into a technological product. Innovation is crucial, since brands are constantly seeking to improve the technical features of their models [...] The purchasing decision for experienced runners should consider the different trade-offs between the shoe’s attributes, given the selling price [...] Runners’ perceptions about the different brands are also critical to model their willingness to pay. Brand name confers the product an implicit guarantee of quality and incorporates the image that companies build through marketing efforts such as promotion. Furthermore, a brand may be chosen simply because it helps displaying certain status to the buyer, which is known as a recognition effect. In this paper, we use the term “customer-based brand equity” to refer to the combination of these effects on the willingness to pay for branded products. [...] Customer-based brand equity as the differential effect of brand knowledge on consumer response to the marketing of the brand. This differential effect exists when the consumer reacts differently to the branded product than to a similar (same technical features) unnamed version of the product” (Arrondo et Al., 2018, b)

---

<sup>48</sup> The whole paragraph is based on and reports the results of the research by Arrondo, Garcia, Gonzalez, 2018, *Estimating product efficiency through a hedonic pricing best practice frontier*

		Mean	Min	Max	SD
Attributes	Lightness	8.08	5	10	1.01
	Cushioning	8.32	3	10	1.11
	Flexibility	7.81	5	10	0.86
	Response	7.97	5	10	0.84
	Stability	8.09	5	10	0.99
	Grip	7.91	4	10	0.89
Prices	Price1 (February 2016)	93.5	38.6	190	28.2
	Price2 (June 2016)	87.1	29.9	160	24.5
		Mean Price1	Min Price1	Max Price1	SD Price1
Brands	Adidas (28)	99.7	38.6	180	37.3
	Asics (35)	89.4	42.7	134.9	20.6
	Saucony (15)	100.7	76.5	133.9	14.3
	Nike (25)	105.2	67.0	190	33.5
	Brooks (16)	111.7	79.9	160	21.9
	Mizuno (29)	76.7	51.9	112.2	20.0
	New Balance (18)	85.4	52.9	150	26.4
	Reebok (5)	75.6	57.5	99	16.5

Table 3: Descriptive statistics of the data

	Coefficient	SD	t
Lightness	0.007	0.028	0.24
Cushioning	0.064	0.025	2.54**
Flexibility	0.058	0.026	2.17**
Response	0.050	0.30	1.65*
Stability	0.070	0.025	2.74***
Grip	-0.045	0.028	-1.59
<i>Brand dummies</i>			
Adidas	2.697	0.401	6.71***
Asics	2.679	0.389	6.88***
Saucony	2.779	0.403	6.89***
Nike	2.714	0.422	6.43***
Brooks	2.834	0.404	7.01***
Mizuno	2.524	0.397	6.36***
New Balance	2.544	0.410	6.21***
Reebok	2.522	0.403	6.26***

\*\*\* Significance level 0.01.  
\*\* Significance level 0.05.  
\* Significance level 0.1.

Table 4: Hedonic price model estimation

They discovered that an important variable connected to prodpriceuct efficiency is the experts' evaluation; in fact, taking as independent variable the experts' evaluation and as explicative variable the products' prices efficiency, it emerged that they are positively correlated.

	Coefficient	SD	t
Efficiency	0.279	0.031	8.85***
<i>Brand dummies</i>			
Adidas	-0.139	0.027	-5.14***
Asics	-0.145	0.028	-5.22***
Saucony	-0.162	0.027	-5.85***
Nike	-0.150	0.028	-5.34***
Brooks	-0.171	0.029	-5.91***
Mizuno	-0.119	0.028	-4.20***
New Balance	-0.135	0.028	-4.71***
Reebok	-0.128	0.028	-4.58***

\*\*\* Significance level 0.01.  
 \*\* Significance level 0.05.  
 \* Significance level 0.1.

Table 5: Experts' evaluation and product efficiency

The study highlights interesting facts, for example the fact that inefficient products have a higher tendency of undergoing price discounts, and connected with that, when experts' make a positive judgement on a product, it will be less likely to undergo price reductions.

The results show that the 6 attributes of the features' bundle have, more or less, the same weight on the price, even if lightness and grip resulted as not significant. The most important is stability, the least one is lightness (table 2).

"There is no single attribute dominating pricing. It is indeed the attribute mix what determines final prices [...] An important finding of this paper is that, as we were able to confirm, the market adjusts dynamically in order to reduce price inefficiency via price adjustments" (Arrondo et Al., 2018, c).

Even the weights of the brands are more or less the same, with Brooks being the most expensive and Reebok the least one (Table 4).

Speaking of efficiency indexes, that is a measure of the price-quality mix, Saucony is the best brand while Nike is the worst (Table 6).

		Average	SD	Min	Max
Brand	Adidas (28)	0.832	0.102	0.606	0.954
	Asics (35)	0.864	0.055	0.718	0.938
	Saucony (15)	0.875	0.036	0.789	0.930
	Nike (25)	0.824	0.134	0.423	0.946
	Brooks (16)	0.860	0.075	0.654	0.924
	Mizuno (29)	0.858	0.067	0.683	0.939
	New Balance (18)	0.848	0.102	0.503	0.927
	Reebok (5)	0.859	0.084	0.711	0.912

Table 6: Product efficiency per brand

Price drop coefficients describe how much an increase of 1% in the level of product efficiency, makes prices fall in June (with respect to February). We thus expect that the least efficient brands will undergo the highest discounts (Table 7).

	Coefficient	SD	t
Efficiency	-0.520	0.116	-4.47 <sup>***</sup>
<i>Brand dummies</i>			
Adidas	0.523	0.099	5.23 <sup>***</sup>
Asics	0.505	0.103	4.90 <sup>***</sup>
Saucony	0.569	0.107	5.30 <sup>***</sup>
Nike	0.446	0.099	4.50 <sup>***</sup>
Brooks	0.465	0.105	4.42 <sup>***</sup>
Mizuno	0.483	0.103	4.70 <sup>***</sup>
New Balance	0.504	0.103	4.88 <sup>***</sup>
Reebok	0.469	0.115	4.06 <sup>***</sup>

\*\*\* Significance level 0.01.  
\*\* Significance level 0.05.  
\* Significance level 0.1.

Table 7: Price drop and product efficiency

The data collected thus confirm the fact that Nike's running shoes are little appreciated and could be better in terms of price/quality relationship.



## CHAPTER 4: CONSUMERS' ANALYSIS

### 4.1 Purchase's decision process

The consumption process is composed by different stages: the consumer perceives a need, he looks for possible solutions, takes into consideration few alternatives and then he chooses the product to buy. After that, he experiences and uses the product, producing some feedbacks from this consumption for future purchase.

The purchase process is influenced by a lot of factors, such as social ones, marketing activities, situational factors and psychological ones (Lumsa.it, a) <sup>49</sup>.

Social influencers include tighter ones, like family and friends, and wider ones, like social classes, associations, experts and so on. The tighter influencers are usually the most influential, even if in the case of the fashion and sport industry the category of "far" influencers prevails, since people give a huge importance both to technical advices from experts and to the social recognition provided by some brands and products.

Marketing influencing factors can be considered to be product's features (differentiation, design, functional aspects), product's price, communication strategies, distribution strategies.

Situational factors include the physical environment, the social environment (persons involved and their roles), temporal environment (season, special days, moment of the day); role of the buyer (purchases for himself or third parties?), recent conditions (temporary inclinations and feelings).

Psychological factors can be grouped in 2 categories: product knowledge and product involvement. Product knowledge is the set of information stocked in consumer's memory about products' categories, shapes, brands, models and purchase environments. It obviously influences the type of product chosen, but also the speed of the purchase process. Product involvement, on the other side, is the degree of importance and interest the consumer assigns to the product (Fig. 17) (Lumsa.it, b) (in case of a high degree of involvement, the consumer will tend to acquire a strong product knowledge). A high level of product knowledge slows the decision process down.

---

<sup>49</sup> Lumsa.it (slides), *Il comportamento d'acquisto del consumatore e delle organizzazioni*

## Tipologie di comportamenti d'acquisto



Figure 17: Needs are characterized by the level of involvement they generate in the purchase process (high/low), and by the difference perceived among brands (high/low)

Let's see more in detail the 4 stages of the decision process.

The first stage is need recognition: which type of need we feel, how much complex it is, how it could be fulfilled and in how much time. The need can be very basic, like "I have an iPhone 5S that is now obsolete and I strongly desire an iPhone X" so as soon as I have the money I buy it, without considering any alternatives. In another case, I could need a pair of shoes for my graduation day, thinking "I still don't have the dress, and I don't know if I want classic heels, boots or some ballet flats".

Need recognition for running shoes could be quite easy if consumers would consider only the technical aspects of the need and if they were open to advices. But many of them are affected by emotional factors during their choice, like the aesthetical dimension or the social recognition a particular brand provides. In general, however, we can say that this stage is quite rational.

Maslow's pyramid (fig.18) (Lumsa.it, c) lists the types of needs a person can feel, from the most basic and rational ones to the most complex. Considering running shoes, they are from a point of view, a basic need because you can't run without; on the other hand, they can be considered as a social and personal need, because today running is an occasion for social contacts (physical or virtual) and for self-esteem.

## Gerarchia dei bisogni: la piramide di Maslow



Figure 18: Needs' hierarchy pyramid by Maslow

The second stage is alternatives' research and evaluation: in this stage the consumer draws information from different sources like internal ones (things found out on the media, things already experienced, first impressions) and external ones (word of mouth, experts' advices, marketing messages, situational factors).

In this stage, often, a lot of alternatives are taken into consideration, but only for the time necessary to collect basic information about them and to select the most relevant ones.

In the internet era, alternatives evaluation has become very fast. You can gain more information from internet rather than in a shop, losing less time and being less under pressure.

And it will be even much faster when a runner is loyal and attached to a brand, and limits himself to only buying it.

The third stage is the purchase decision: after a certain time of research (more or less deep, and with the possibility of reconsidering alternatives previously discarded), the consumer takes his decision and buys the product. The consumer, before choosing the product, assesses risks (time losses, money losses, opportunity losses, energy losses) and advantages (product's functional value, aesthetic and recognition value, additional services) deriving from the product.

This stage is the most difficult for the consumer. I just said that he assesses the risks linked with the

purchase and as we know from many economics books, consumers are much more influenced by risk's aversion rather than by the advantages provided.

The last stage is the consumption and evaluation stage, when the consumer experiences the product and produces feedbacks (that can be contrasting or congruent with possible previous ones). This stage is fundamental, and usually more important than the previous ones, since the real satisfaction of the consumer is created in this phase.

## 4.2 Consumers in the running sector

Some aspects about the market trends in the running sector have been already explained in the paragraph 1.2. Now I want to focus more on data and about the runners' habits.

In Italy, the 51% of the population practice this sport at least once a week while the 17%, 2-3 times a week (Patucchi, 2017, a) <sup>50</sup>.

From an international research commissioned by Brooks Running in occasion of the Global Running Day, it emerged that the 56% of the runners are self-taught and run alone, the 17% go with friends and the 15% with relatives. Focusing on Italy, the research reveals that when the runner enters the running loop, he changes from "sunday-runner" to "real athlete" and he begins to take running shoes with him when travelling (95%), to change diet (31%), and 6 in 10 share their performances on the social networks while the 35% take regularly a selfie before, during or after the run (Ansa.it, 2018) <sup>51</sup>.

Other data come from the European Running Business Conference of Frankfurt, and in particular from a ranking of the states where running is more practiced, measured through the level of participation to recognized races (Table 8) (Patucchi, 2018, b)<sup>52</sup> :

---

<sup>50</sup>Patucchi (a), 2017, *Running "partito di maggioranza", il 51% degli italiani corre almeno una volta al mese*

<sup>51</sup> Ansa.it, 2018, *Running, la corsa è la nuova ricetta per autostima e creatività*

<sup>52</sup> Patucchi (b), 2018, *Italiani runner "naif": corriamo in tanti, ma gareggiamo in pochi. Colpa anche della burocrazia*

EU28 member state	Runners (% of population)
Denmark	31
Germany	25
Belgium, France, Luxembourg	19
Netherlands	18
Austria, Finland, Sweden	15
Slovenia	12
Estonia, Hungary, Ireland, Malta, Poland	10
Other EU28 member states	<10

Source: Scheerder & Breedveld

Table 8: percentage of people practicing running in European countries

Other data collected by the same institution show what are the most popular sports in the main European regions, showing that Belgium, Denmark and Germany are the most “running countries” (Tale 9) (Patucchi, 2018, b):

Country / Region	1	2	3	4	5
Denmark	Walking	Running	Fitness	Aerobics	Swimming
England (UK)	Gym	Swimming	Football	Cycling	Athletics / running
Finland	Walking	Cycling	Gym / weight exercise	Cross country skiing	Jogging
Flanders (Belgium)	Running	Recreational cycling	Swimming	Fitness	Walking
France	Swimming	Cycling	Pétanque / bowling	Walking & trekking	Running / jogging
Germany	Cycling	Running	Fitness	Swimming	Gymnastics
Italy	Fitness / aerobics / gymnastics	Football	Swimming	Cycling	Running / jogging
The Netherlands	Swimming	Cycling	Fitness / aerobics	Running	Walking
Northern Ireland (UK)	Swimming / diving	Walking	Exercise bike / running machine / spinning class	Jogging	Dance
Poland	Cycling	Jogging / walking	Swimming	Football	Volleyball
Spain	Swimming	Football	Cycling	Fitness	Mountaineering
Switzerland	Cycling	Hiking / walking	Swimming	Downhill skiing	Running / jogging

Source: Scheerder et al.

Table 9: most-practiced sports in the EU

Another useful and interesting data-collection has been made by Strava, an app used by runners worldwide (Dawson, 2018, a) <sup>53</sup>.

Data concern 2017 and 36 million athletes from 195 countries.

Run, bike-riding and walking are the top-3 sports practiced by women, with 90 thousand runners, 50 thousand cyclists and 9 thousand walkers. Among female runners, the 38% run (on average) half marathons, the 25% whole marathons, the 21% 10 km. Men prefer cycling, that is at the first place (382 thousand), followed by running (243 thousand) and swimming (21 thousand). The 37% of men run half marathons, the 32% whole marathons and the 17% 10 Km.

Another interesting fact is that a growing number of people run for commuting. “Run commuting is a global trend, though. In 2018, Strava saw an increase of 56.8 percent in the U.S. compared to 2017. That’s 1,315,499 more people off the road, equalling a carbon offset of 18.2 million pounds of CO<sub>2</sub>. Globally, that number grows to 104.8 million pounds, thanks to 21,781,323 people commuting to work on by running” (Dawson, 2018, b)

Speaking of ages (Table 10), Strava has discovered that the longest average runs are taken by runners in their 40’s (40-49 segment), both for men and for women. At the second and third place, are female runners in their 30’s and 50’s, while for men, 50’s runners are the second and 30’s runners the third ones.

Run Totals Distance



Table 10: Sex and age data of the Strava’s users

<sup>53</sup> Dawson, 2018 (a), *How do your runs measure up to the 240 million others logged in strava last year?*

Finally, for average speed and duration, these are the results:

Run Totals Speed & Duration		
<b>Speed</b>		
Global	Avg Mile Pace	0:09:48
	Men	0:09:15
	Women	0:10:40
<b>Duration</b>		
Global	Avg Duration per Run	0:49:49
	Men	0:50:49
	Women	0:48:48

Table 11: average speed and duration of the Strava's users

### 4.3 Results of the survey

Through a survey, I collected some data on runners' habits, in the first part, and on consumers' opinions about Nike in the second one. As you will see, the second part is focused on pricing and it provides for a test asking to choose priced alternatives and asking opinions about quality and price. The survey was created in 2 languages, Italian and English, to be distributed to a wider sample. It was spread mainly on the social networks and on few running forums, to target people who practice the sport.

The Italian version reached 143 respondents, while the English version reached 98 respondents. As foreword, the English version has been submitted to runners' groups where a big part of them practice trail running. This is a reason why their answers must be considered slightly differently. (Survey's questions in Appendix, section a).

#### 4.3.1 Sample's features

Among the respondents, the major part of the Italians (50,3%) and of the foreigners (55%) is aged between 36 and 50 years (Fig. 19) (data consistent with the Strava's research presented in paragraph n. 4.2), they are full-time workers and they dedicate to free-time, on average, few hours a day (35,7% of the Italians) or few hours a day plus the day-off or the weekend (32% of the Italians,

49% of the foreigners) (Fig. 20)

Thus, for those who think that running is only for young people who have a lot of free time, this is not true: running is a sport with a strong psychological component, that often requires a certain maturity to be carried on with resolution.

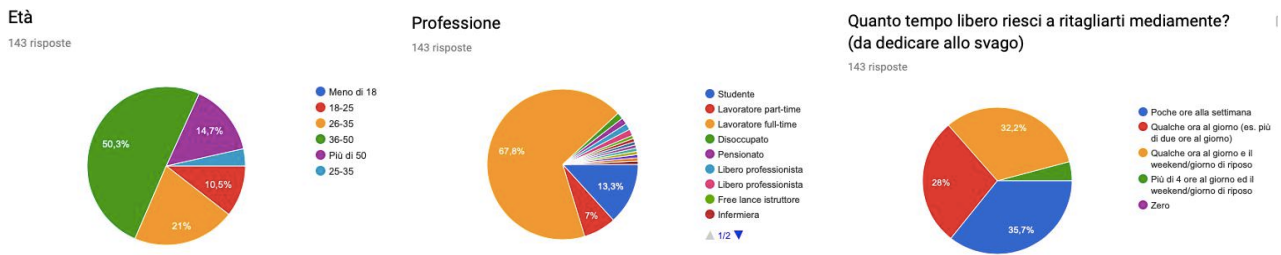


Figure 19: Age, profession and free time of Italian respondents

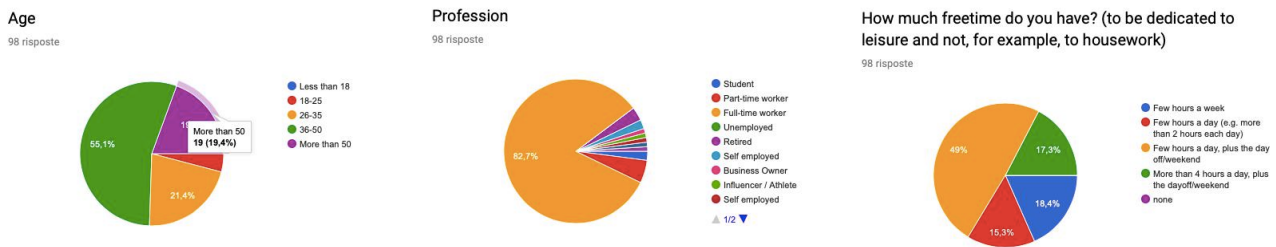


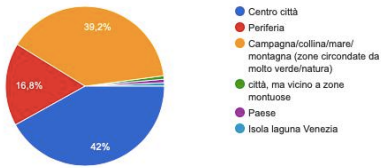
Figure 20: Age, profession and freetime of foreign respondents

Italian runners live mainly in the city-centres or in areas surrounded by nature and they run between 2 and 3 times a week, while foreign runners live mainly in the suburbs and out-of-town (fig. 21-22) and run 3 times a week. Looking at data more in depth, we can see that those who run most are also those who live in the city centres, revealing again that runners are “unstoppable” and they find their space even if surrounded by cement.



### Zona di residenza

143 risposte



### Con che frequenza vai a correre (di media)?

143 risposte

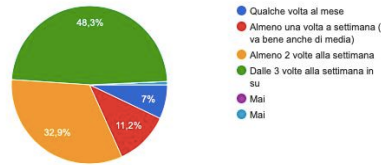
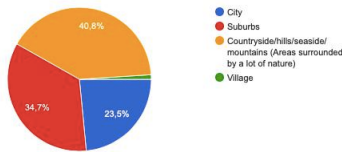


Figure 21: Region of residence and training frequency of Italian respondents

### Region of residence

98 risposte



### How often do you run (on average)?

98 risposte

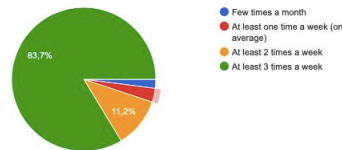
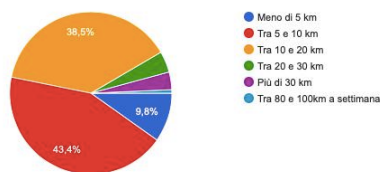


Figure 22: Region of residence and training frequency of foreign respondents

The most frequent distances ran by Italians are 5-10 km and 10-20 km, at a pace between 5:00 and 6:00 min/km. (Fig. 23) Foreigners run mainly 10-20 km, at different paces: 4:00-5:00, 5:00-6:00 and 6:00-7:00 (Fig. 24).

### Mediamente, quanto corri? (nel caso facessi distanze molto diverse indica la più frequente)

143 risposte



### Passo usuale (minuti al km)

143 risposte

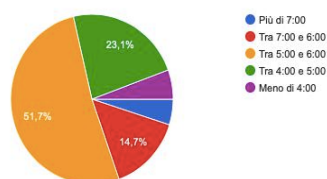
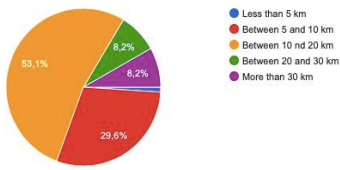


Figure 23: Average pace and distance of Italian respondents

On average, which distance do you run? (In the case you use to do very different distances, mark the most frequent)

98 risposte



Usual pace (minutes/km) (if you count in miles/min write it in the last option)

98 risposte

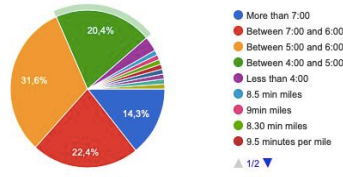
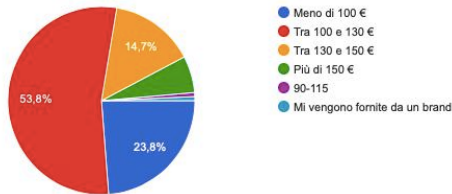


Figure 24: Average pace and distance of foreign respondents

Italians spend mainly € 100-130 for a pair of shoes and they buy more than one pair per year or at least one pair, mainly from trusted retailers, showing an attachment to a traditional purchase process (Fig. 25). Foreigners spend € 100-130 but a lot of them spend also less than € 100 and they buy more than one pair a year, mainly online but also from trusted retailers (Fig. 26).

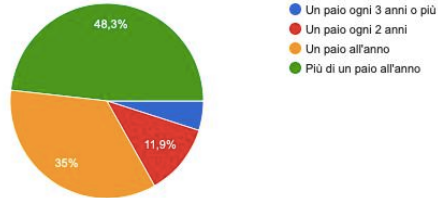
Quanto spendi mediamente per un paio di scarpe da corsa?

143 risposte



Quanto frequentemente acquisti le scarpe?

143 risposte



Dove acquisti le scarpe?

143 risposte

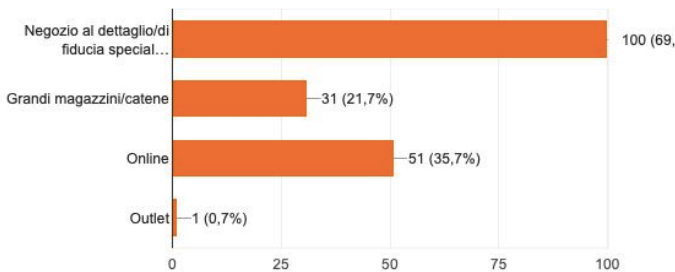
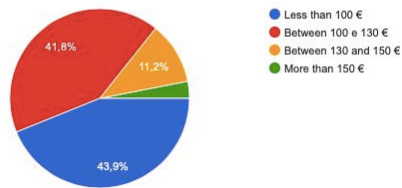


Figure 25: Expense, frequency and place of purchase of Italian respondents

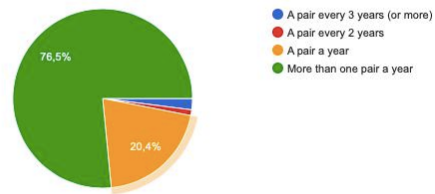
Usually, how much money do you spend for your running shoes?

98 risposte



How often do you buy your shoes?

98 risposte



Where do you buy your shoes? (you can choose more than one)

98 risposte

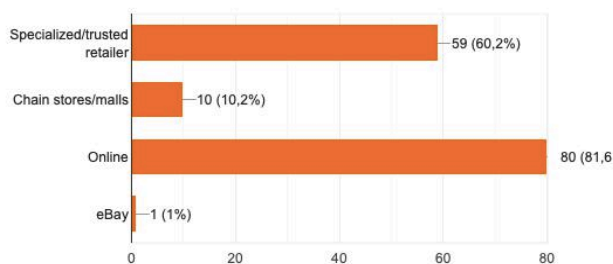


Figure 26: Expense, frequency and place of purchase of foreign respondents

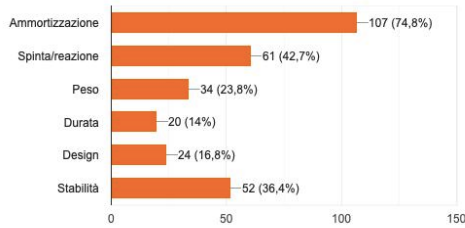
The most important features for Italian respondents are cushioning, push/responsiveness and stability and the brands they prefer are Brooks and Nike equally, with Asics following (Fig. 27); foreigners look mainly for weight, stability and cushioning, preferring Hoka, Brooks and Asics (Fig. 28).

I've chosen the features to investigate resting on my own experience as a runner. As you can see from both versions, the "safety" features are considered as the most important ones. Cushioning is always the most relevant, since it protects knees from impacts; stability is very important too, for the same reason, because improving and correcting the foot when laying, avoids injuries.

Responsiveness and weight are quite secondary, but still much important because they guarantee the athletes a good performance. Longlasting and design are, reasonably, the less important ones.

Quali sono le caratteristiche per te più importanti? (puoi spuntare più caselle)

143 risposte



Quali marchi preferisci? (puoi spuntare più caselle)

143 risposte

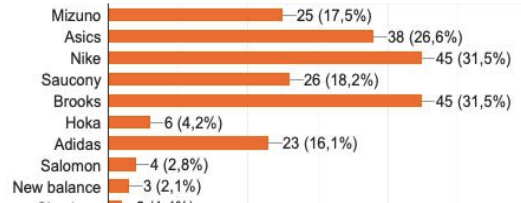
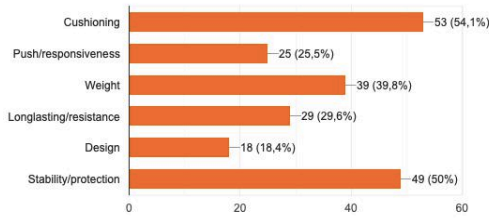


Figure 27: Features and brands preferred by Italians

Which are the most important features for you? (you can choose more than one)

98 risposte



Which brands do you prefer? (you can choose more than one)

98 risposte

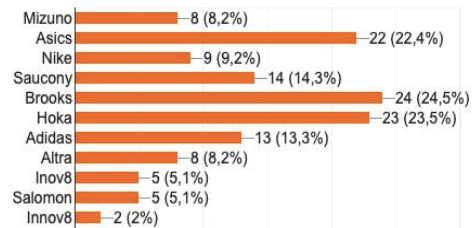


Figure 28: Features and brands preferred by foreigners

### 4.3.2 The relationship among the main variables

I wanted to deepen my analysis assessing whether some sample's features were interrelated.

To do this, I compared the variables two by two, using the data collected through the survey.

Data have been elaborated using Excel and assessed using the Chi-squared distribution, that is particularly suitable for assessing qualitative variables.

The Chi-squared distribution is a quite simple model to understand whether variables are randomly distributed or if (and how) they influence each other.

I decided to use only the Italian version of the survey for the analysis, because from the comments and private messages I received after publishing the survey, I understood that foreign respondents would have answered much more randomly than Italians.

Unfortunately, the sample was not really big to build highly reliable datasets and from the analysis it emerged that only in two cases variables influence each other.

These are the correlation emerged between the “weekly frequency of training” and the “yearly frequency of purchase” and the correlation between the average “expense for shoes” and the “place of purchase”.

Other relations that seemed logical to me, resulted as non-meaningful.

The variables have been indexed to be read and represented more easily. The weekly frequency ranges have been transformed with letters, where A means “the least” (the lowest frequency, once a month) and D means “the most” (3 or more times a week). For purchase frequency, 1 means “one pair every 3 years or more” and 4 “more than one pair a year”.

The level of expense has been indexed with A meaning the lowest expense and D the highest, while you can see a legend for the place of purchase on Fig. 30.

As you can see from Fig. 29 the weekly frequency of training and the yearly frequency of purchase are strongly related.

To read the data, we have to compare the Squared index with the critical values of the Chi-squared distribution at every confidence-level (in particular, the index must be bigger than the critical values, and in this case it is even double); on the other hand, the expense variable and the place of purchase one are meaningfully related only from a 0,025 confidence level on (Fig. 30).

In both cases the results are consistent: it is reasonable to expect that, if a runner trains and run a lot, he/she will need to change the shoes frequently. It is also reasonable to think that those who are used to buy shoes from small, trusted retailers, pay more and have a higher reservation price.

In the other cases, despite it could be quite logical that some variables should influence one another, they resulted as statistically independent.

For example, the relationship “frequency of training” - “level of expense”. It could be reasonable that those who run a lot want to spend more for shoes of high quality. Looking at the distribution of these two variables, we can see that, actually, those who run more tend to spend a little more, but the relation isn’t strong enough for a meaningful dependence.

Another one is the relationship “age” - “level of expense” (or “profession” - “expense”), because we could expect that young people and students spend less, due to the fact that they don’t have a full salary.

Others investigated, were the relationships “expense” - “pace” and “expense” - “distance”, again,

not meaningful.

One relationship made me really curios: the comparison between the level of expense and the opinion about Nike prices. This was not statistically meaningful, but what emerged is that those who answered in a quite positive way to the question about Nike fairness on price setting (let's say, giving a score from 3 on) were also those who spend between € 100 and € 150; since Nike's technical running shoes cost all (except one) more than € 150 it seems to be a contradiction.

Below you find the figures with details and calculations of the two statistically-meaningful distributions, while you'll find the others in Appendix, section b.

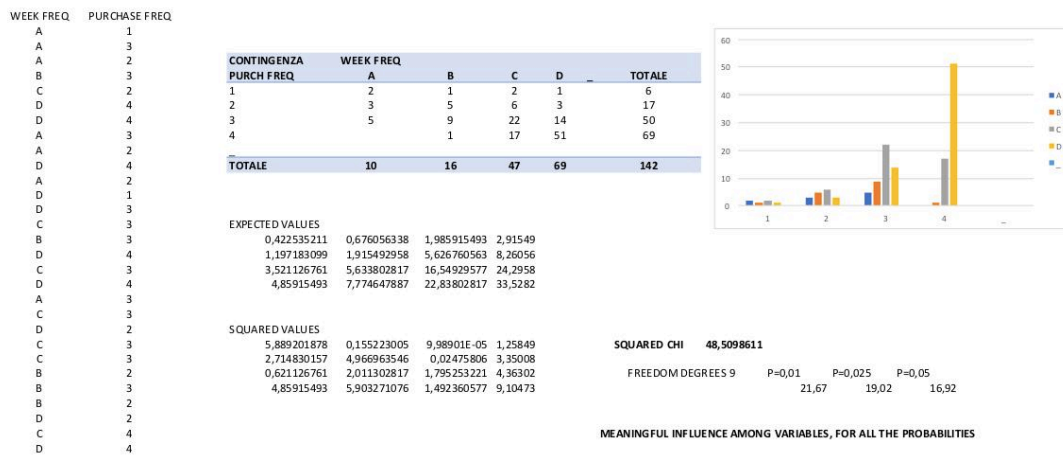


Figure 29: Data, calculations and results of the distribution “purchase frequency-training frequency”

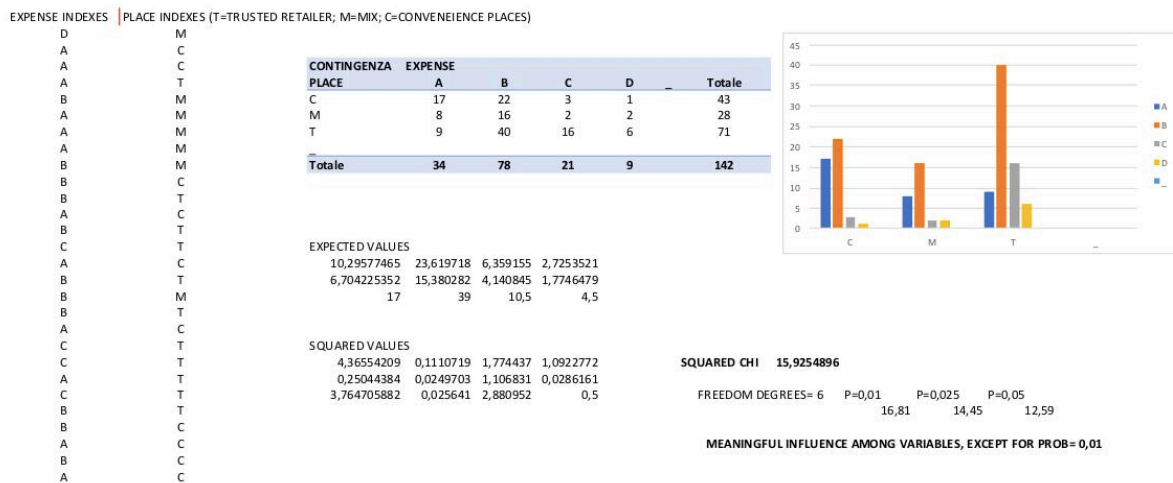


Figure 30: data, calculations and results of the distribution “place of purchase-average expense”

### 4.3.3 Results of the price test

The second part of the survey focuses on Nike and on pricing.

The first section asks respondents to choose between priced alternatives, two-by-two.

The aim of this test was to discover if consumers would make different choices, according to very small differences (negligible) in prices; the same alternatives, in fact, are presented two times: the first time one model is full-priced and the other is priced “emotionally”, which means that it has a price that is the closest to the full one, but smaller, and it ends with  $-,90$ .

The aim of this alternatives comparison is to see how respondents evaluate the difference among the two prices. You will better understand through this example (Fig. 31):

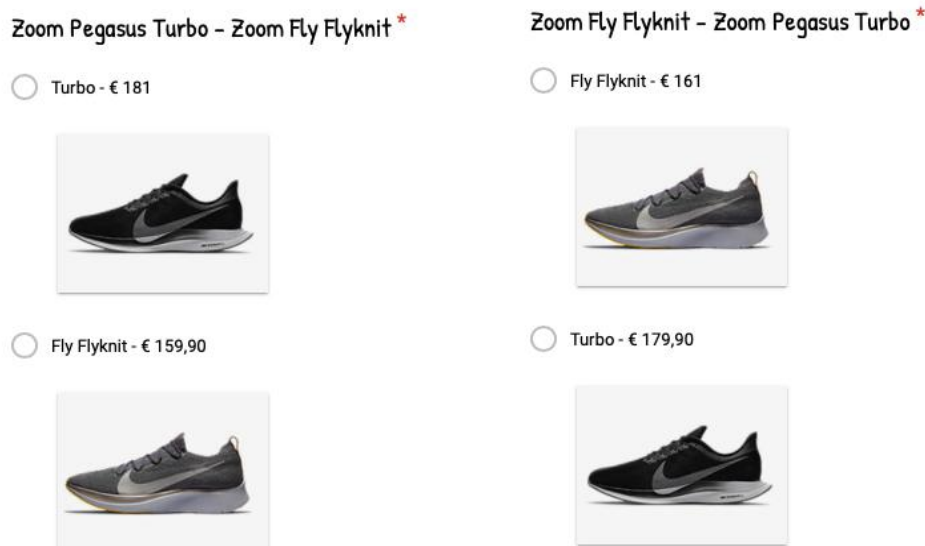


Figure 31: Example of a two-by-two comparison in the price-test section

In the first case, the perceived difference between the two models should be of around € 30 (because of the first 2 numbers of the price) and respondents should be driven to consider more the Fly Flyknit model.

In the second case, instead, the perceived difference should be of around € 10, driving respondents to choose the model emotionally-priced.

I knew that in providing this test, a lot of factors and variables would have influenced the choice.

To make few examples, respondents could dislike Nike shoes and not be interested in any of these models. Consumers may simply not know anything about Nike shoes, and choose the less expensive

model any time. Or again, respondents could be loyal customers who well know the shoes and would buy the same model at any price.

The results, in fact, are not showing any trend, due probably to the reasons listed above.

In the comparison between Zoom Pegasus Turbo and Zoom Fly Flyknit, 9 Italian respondents and 3 foreign respondents changed idea.

In the comparison between Zoom Fly and Zoom Fly SP only 3 Italian respondents changed idea, while 6 foreigners.

Finally, in the comparison between Zoom Pegasus 35 and Epic React Flyknit, 6 Italian respondents and 2 foreign respondents changed idea.

You can see the relative graphs in the Appendix.

In the last part of the survey, the questions are focused on Nike, and in particular respondents are asked what are the most and least appreciated features of Nike's shoes for them, and how much they think the prices set by Nike reflect the value of the shoes.

As we saw in the first part, Italian respondents really like Nike, and to the question "what are the features you appreciate of Nike shoes?", they answered as follows (Fig. 32):

### Quali caratteristiche apprezzate delle scarpe Nike? (puoi spuntare più caselle)

143 risposte

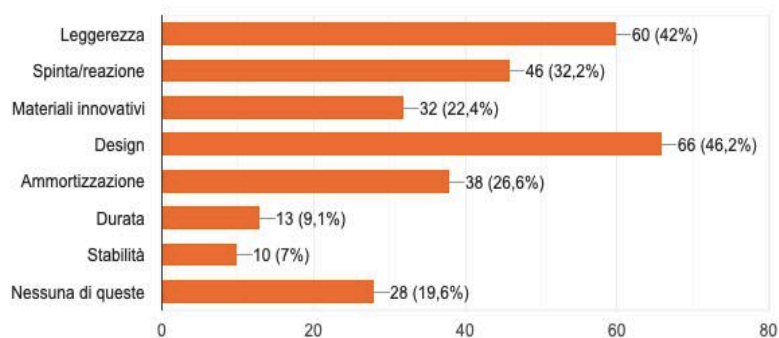


Figure 32: Nike's shoes features appreciated by Italian respondents

While to the question "What are the attributes you don't appreciate of Nike shoes?" the major part answered "None of these", showing a strong attachment to the brand (Fig. 33).



### Quali caratteristiche non apprezzate delle scarpe Nike? (puoi spuntare più caselle)

143 risposte

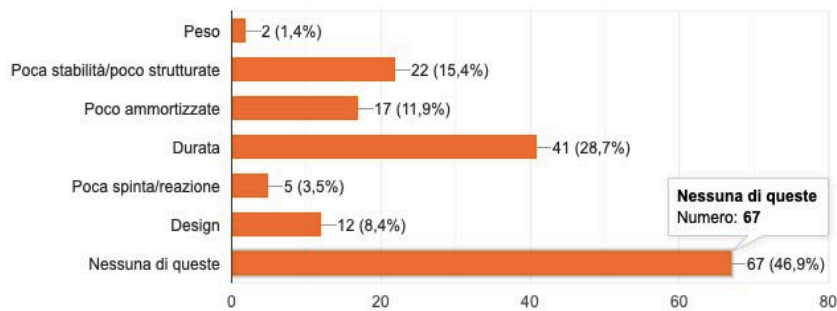


Figure 33: Nike's shoes features not appreciated by Italian respondents

As you can see from Fig. 33, lightness, responsiveness and design are Italians' most appreciated Nike's attributes. If we compare them with the previous answer assessing the most important features in running shoes (Fig. 27), we can see that Nike's ones satisfy only one of the three most sought-after attributes, that are, in order of importance, cushioning, responsiveness and stability.

Foreign respondents, on the other hand, didn't like Nike so much, and they answered as follows (Fig. 34-35):

### Which are the main features of Nike's running shoes you appreciate? (you can choose more than one)

98 risposte

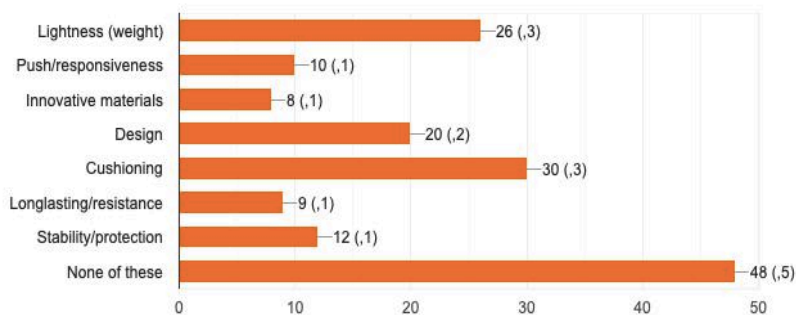
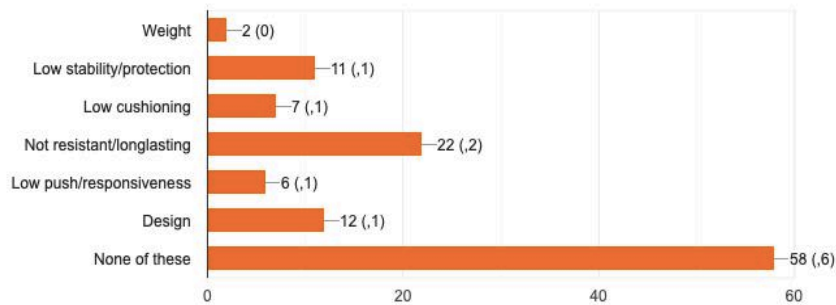


Figure 34: Nike's shoes features appreciated by foreign respondents

**And which are the Nike's features you DO NOT appreciate? (you can choose more than one)**

98 risposte



*Figure 35: Nike's shoes features not appreciated by foreign respondents*

The major part answered they don't like any attributes of the shoes, being consistent with the low attachment shown previously to the brand (Fig. 28).

When asked to state the least appreciated features, instead, the major part of the respondents answered "None of these" again (Fig. 35), and this is likely to be a form of fury against the brand.

The last questions ask about prices' fairness. Respondents could give their answer in a scale between 1 (the price does not reflect the value of the shoes at all) and 5 (the price exactly reflects the value of the shoes) judging both Nike and the other competitors in general.

Italian respondents gave an average score of 2,982 to Nike and of 3,297 to the other competitors (fig. 36-37).

Foreign respondents gave an average score of 1,959 to Nike and of 3,075 to the other brands (fig. 38-39).

**Pensi che i prezzi applicati da Nike rispecchino il valore delle scarpe?**



143 risposte

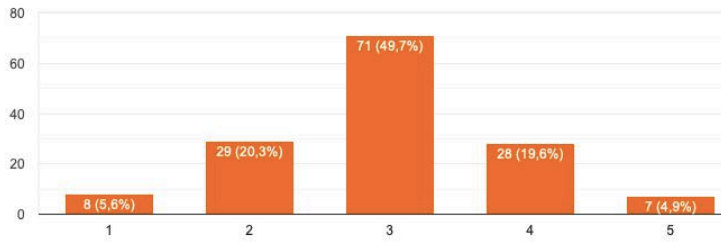


Figure 36: Italians' opinions about Nike prices

**Pensi che, generalmente, i prezzi applicati dagli ALTRI brand rispecchino il valore delle scarpe?**



143 risposte

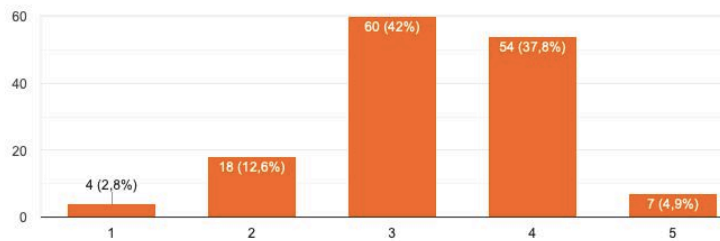


Figure 37: Italians' opinions about competitors prices

**Do you think that the prices set by Nike (for running shoes) reflect the value of the shoes?**



98 risposte

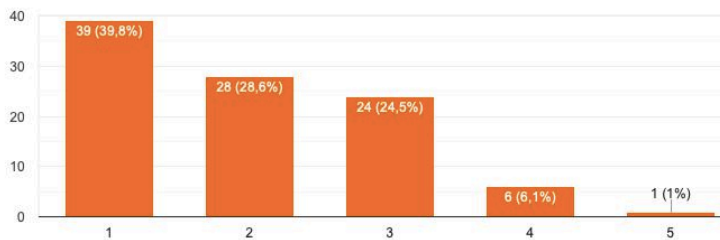


Figure 38: Foreigners' opinions about Nike prices

Do you think that, generally, the prices set by OTHER (running) BRANDS reflect the value of their shoes?

98 risposte

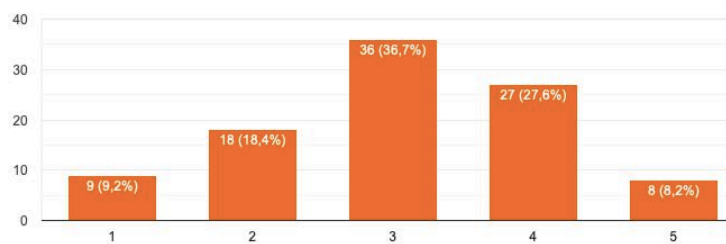


Figure 39: Foreigners' opinions about competitors' prices

## CONCLUSIONS

As closing considerations, I think that a lot of interesting points of view emerged from my research. The research confirmed how the brand, although the strongest in the sport industry, has still to grow in the running sector and to gain more trust in the consumers' minds.

Nike has still many opportunities to exploit: its strengths are the brand image, the design component and the media strength, but to have a long-term competitive power it must focus more on quality and consumers' satisfaction, with a more specific targeting of the users in terms of listening to their needs.

These aspects emerge not only from the research based on external material but also from my survey.

The survey provides for interesting data, if, however, sketched out more consciously and reaching a wider sample, it could really offer precious insights, not so much ethnographic and qualitative results, as quantitative ones, on the correlation between variables.

In my research, as you've seen, only two correlations resulted meaningful, but with a wider sample and a more targeted research (for example setting the questions in a different way, or focusing on a specific category of respondents), more variables could show correlation with one another.

The study on prices provides some sparks to go more in depth too: it lacks of an analysis of the price setting methods in the B2B area, for wholesalers and resellers and an analysis of the distribution strategies. Furthermore, it could be useful to make a study on the social-economic factors influencing the choice of the prices to be set around the world.

I think I gave my small contribution for the research in the field of the running market, and learning from mistakes I'd like to repeat the analysis to go more in depth with the research.

# APPENDIX

## b) Survey's questions:

DOMANDE RISPOSTE 143

Sezione 1 di 11

### Questionario sulle scarpe da corsa

N.B. Se non pratichi mai questo sport sei pregato di non compilare il questionario.

Questo questionario ha lo scopo raccogliere alcune informazioni sul tuo stile di vita, sulle tue abitudini e sulle scelte di acquisto nel settore running, per ottenere dei dati per la mia tesi di marketing. L'ultima sezione si focalizza sulle scarpe Nike. La compilazione richiede al massimo 3 minuti.

Dopo la sezione 1 [Continua alla sezione successiva](#)

Sezione 2 di 11

### Sezione 1/4: Su di te

Descrizione (facoltativa)

**Età \***

- Meno di 18
- 18-25
- 26-35
- 36-50
- Più di 50

**Professione \***

- Studente
- Lavoratore part-time
- Lavoratore full-time
- Disoccupato
- Altro\_

Quanto tempo libero riesci a ritagliarti mediamente? (da dedicare allo svago) \*

- Poche ore alla settimana
- Qualche ora al giorno (es. più di due ore al giorno)
- Qualche ora al giorno e il weekend/giorno di riposo
- Più di 4 ore al giorno ed il weekend/giorno di riposo
- Zero

Zona di residenza \*

- Centro città
- Periferia
- Campagna/collina/mare/montagna (zone circondate da molto verde/natura)
- Altro...

Con che frequenza vai a correre (di media)? \*

- Qualche volta al mese
- Almeno una volta a settimana (va bene anche di media)
- Almeno 2 volte alla settimana
- Dalle 3 volte alla settimana in su
- Mai

Mediamente, quanto corri? (nel caso facessi distanze molto diverse indica la più frequente) \*

- Meno di 5 km
- Tra 5 e 10 km
- Tra 10 e 20 km
- Tra 20 e 30 km
- Più di 30 km
- Altro...

Passo usuale (minuti al km) \*

- Più di 7:00
- Tra 7:00 e 6:00
- Tra 5:00 e 6:00
- Tra 4:00 e 5:00
- Meno di 4:00
- Altro...

Dopo la sezione 2 [Continua alla sezione successiva](#)

Sezione 3 di 11

## Sezione 2/4: Le scelte di acquisto nel running

Queste domande servono a capire come scegli le tue scarpe da corsa

Quanto spendi mediamente per un paio di scarpe da corsa? \*

- Meno di 100 €
- Tra 100 e 130 €
- Tra 130 e 150 €
- Più di 150 €
- Altro...

Quanto frequentemente acquisti le scarpe? \*

- Un paio ogni 3 anni o più
- Un paio ogni 2 anni
- Un paio all'anno
- Più di un paio all'anno



Per un altro paio di scarpe

Dove acquisti le scarpe? \*

- Negozio al dettaglio/di fiducia specializzato
- Grandi magazzini/catene
- Online
- Altro...

Quali sono le caratteristiche per te più importanti? (puoi spuntare più caselle) \*

- Ammortizzazione
- Spinta/reazione
- Peso
- Durata
- Design
- Stabilità

...

Quali marchi preferisci? (puoi spuntare più caselle) \*

- Mizuno
- Asics
- Nike
- Saucony
- Brooks
- Hoka
- Adidas
- Altro...

Dopo la sezione 3 Continua alla sezione successiva

Sezione 4 di 11



## Sezione 3/4: Scelta di acquisto (prezzo - modello)

Ora vi verranno presentati alcuni modelli di scarpe Nike da confrontare a due a due. Per ogni alternativa scegliete quale acquistereste in base a prezzo e modello.

Dopo la sezione 4 [Continua alla sezione successiva](#)

Sezione 5 di 11



## Confronto tra alternative

Confronto 1/6

Zoom Pegasus Turbo - Zoom Fly Flyknit \*

Turbo - € 181



Fly Flyknit - € 159,90



111

**Titolo predefinito**

Descrizione (facoltativa)

Dopo la sezione 5 [Continua alla sezione successiva](#)

Sezione 6 di 11

## Confronto tra alternative

Confronto 2/6

Zoom Fly - Zoom Fly SP \*

 Fly - € 149,90 Fly Sp - € 171

Dopo la sezione 6 · Continua alla sezione successiva

Sezione 7 di 11

## Confronto tra alternative

Confronto 3/6

Air Zoom Pegasus 35 - Epic React Flyknit \*

 Pegasus - € 121 Epic React - € 149,90

Sezione 8 di 11

## Confronto tra alternative

Confronto 4/6

Zoom Fly Flyknit - Zoom Pegasus Turbo \*

 Fly Flyknit - € 161 Turbo - € 179,90Dopo la sezione 8 [Continua alla sezione successiva](#)

Sezione 9 di 11

## Confronto tra alternative

Confronto 5/6

Zoom Fly Sp - Zoom Fly \*

 Fly Sp - € 169,90 Fly - € 151

Dopo la sezione 9 [Continua alla sezione successiva](#)

Sezione 10 di 11

## Confronto tra alternative

Confronto 6/6

Air Zoom Pegasus - Epic React Flyknit \*

Pegasus - € 119,90



Epic React - € 151



Dopo la sezione 10 [Continua alla sezione successiva](#)

Sezione 11 di 11

## Sezione 4/4: Ultime domande!

Descrizione (facoltativa)

Quali caratteristiche apprezzi delle scarpe Nike? (puoi spuntare più caselle) \*

- Leggerezza
- Spinta/reazione
- Materiali innovativi
- Design
- Ammortizzazione
- Durata
- Stabilità
- Nessuna di queste

Quali caratteristiche non apprezzi delle scarpe Nike? (puoi spuntare più caselle) \*

- Peso
- Poca stabilità/poco strutturate
- Poca ammortizzate
- Durata
- Poca spinta/reazione
- Design
- Nessuna di queste

Pensi che i prezzi applicati da Nike rispecchino il valore delle scarpe? \*

	1	2	3	4	5	
Assolutamente no	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Decisamente sì

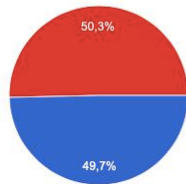
Pensi che, generalmente, i prezzi applicati dagli ALTRI brand rispecchino il valore delle scarpe?

	1	2	3	4	5	
assolutamente no	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Decisamente sì

## b) Results of the price test:

Zoom Pegasus Turbo - Zoom Fly Flyknit

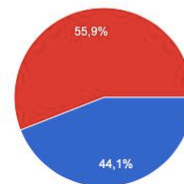
143 risposte



● Turbo - € 181  
● Fly Flyknit - € 159,90

Zoom Fly Flyknit - Zoom Pegasus Turbo

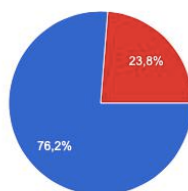
143 risposte



● Fly Flyknit - € 161  
● Turbo - € 179,90

Zoom Fly - Zoom Fly SP

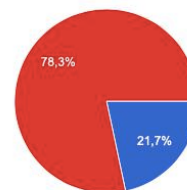
143 risposte



● Fly - € 149,90  
● Fly Sp - € 171

Zoom Fly Sp - Zoom Fly

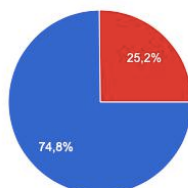
143 risposte



● Fly Sp - € 169,90  
● Fly - € 151

Air Zoom Pegasus 35 - Epic React Flyknit

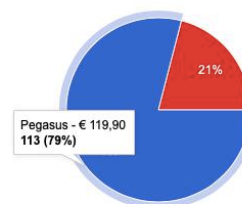
143 risposte



● Pegasus - € 121  
● Epic React - € 149,90

Air Zoom Pegasus - Epic React Flyknit

143 risposte



● Pegasus - € 119,90  
● Epic React - € 151

### c) Results of the squared-chi tests:

EXPENSE INDEXES	ETA
D	2
A	2
A	1
A	1
B	2
A	2
A	2
A	3
B	2
B	2
B	2
A	3
B	2
C	4
A	1
B	2
B	3
B	3
A	1
C	3
C	1
A	3
C	3
B	1
B	2
A	2

Conteggio di EXPENS Expense					
Age	A	B	C	D	Totale
1	6	6	1	1	14
2	10	21	2	2	35
3	15	40	14	3	72
4	3	11	4	3	21
<b>Totale</b>	<b>34</b>	<b>78</b>	<b>21</b>	<b>9</b>	<b>142</b>

EXPECTED VALUES			
3,352112676	7,690141	2,0704225	0,887324
8,38028169	19,22535	5,1760563	2,21831
17,23943662	39,5493	10,647887	4,56338
5,028169014	11,53521	3,1056338	1,330986

SQUARED VALUES			
2,091608474	0,37146	0,5534157	0,014308
0,313054799	0,163814	1,9488455	0,021484
0,290907208	0,005136	1,0552947	0,535603
0,81808498	0,024833	0,2575612	2,092891

SQUARED CHI 10,5583005

FREEDOM DEGREES 9 P=0,01 P=0,025 P=0,05  
21,67 19,02 16,92

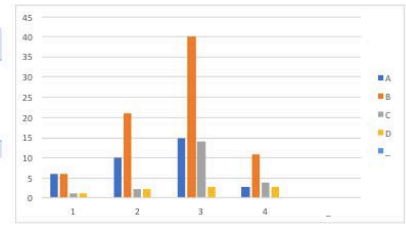


Figure 40: distribution between "age" and "level of expense". (A= lowest expense, 1=youngest respondents)

EXPENSE INDEXES	PACE INDEXES
D	3
A	3
A	3
A	3
A	4
B	3
A	1
A	1
A	3
B	1
B	4
B	2
A	4
B	3
C	2
A	1
B	3
B	3
B	3
A	5
C	3
A	3
C	3
B	2
B	2
A	1
B	3
A	2

Contingenza	EXPENSE				Totale complessivo
	A	B	C	D	
1	4	2		1	7
2	6	12	3		21
3	16	44	10	4	74
4	8	17	7	2	34
5	1	3	1	2	7
<b>Totale complessivo</b>	<b>35</b>	<b>78</b>	<b>21</b>	<b>9</b>	<b>143</b>

EXPECTED VALUES			
1,713286713	3,8181818	1,02797	0,440559
5,13986014	11,454545	3,08392	1,321678
18,11188811	40,363636	10,8671	4,657343
8,321678322	18,545455	4,99301	2,13986
1,713286713	3,8181818	1,02797	0,440559

SQUARED VALUES			
3,052062223	0,8658009	1,02797	0,710401
0,143941773	0,025974	0,00228	1,321678
0,246251046	0,3276003	0,06919	0,092778
0,012434624	0,1287879	0,80673	0,009141
0,296960183	0,1753247	0,00076	5,519925

SQUARED CHI 14,8360016

FREEDOM DEGREES= 12 P= 0,01 P= 0,025 P= 0,05  
26,22 23,34 21,03

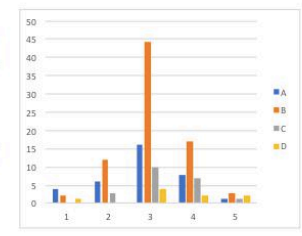


Figure 41: Distribution between "level of expense" and "pace" (A= lowest expense, 1=slowest pace)



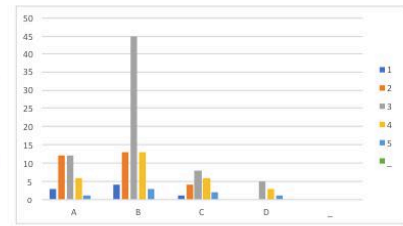
opinion  
 3 D  
 2 A  
 4 A  
 3 A  
 3 B  
 3 A  
 3 A  
 2 A  
 3 B  
 3 B  
 3 B  
 3 A  
 3 B  
 2 C  
 3 A  
 5 B  
 2 B  
 3 B  
 2 A  
 3 C  
 4 C  
 2 A  
 3 C  
 3 B  
 4 B  
 4 A  
 3 B  
 4 A  
 3 B  
 5 C  
 3 B  
 3 D  
 3 B  
 3 B  
 1 B

Conteggio di spesa	OPINION					Totale
EXPENSE	1	2	3	4	5	
A	3	12	12	6	1	34
B	4	13	45	13	3	78
C	1	4	8	6	2	21
D			5	3	1	9
<b>Totale</b>	<b>8</b>	<b>29</b>	<b>70</b>	<b>28</b>	<b>7</b>	<b>142</b>

EXPECTED VALUES					
1,915492958	6,943662	16,8	6,7042	1,67606	
4,394366197	15,929577	38,5	15,38	3,84507	
1,183098592	4,2887324	10,4	4,1408	1,03521	
0,507042254	1,8380282	4,44	1,7746	0,44366	

SQUARED VALUES					
0,61402237	3,6819987	1,35	0,074	0,27269	
0,035391838	0,5387729	1,12	0,3684	0,18573	
0,028336687	0,0194385	0,53	0,8347	0,89916	
0,507042254	1,8380282	0,07	0,8461	0,69763	

SQUARED CHI		FREEDOM DEGREES= 12		
	14,515058	P= 0,01	P= 0,025	P= 0,05
		26,22	23,34	21,03



It's a sort of contradiction that the major part of those who positively answered when interviewed about the quality/price relationship in Nike shoes (in particular those who answered 3/4) are also those who spend the € 100-130 range, that is lower than the average Nike prices.

NON-MEANINGFUL INFLUENCE AMONG VARIABLES

Figure 42: distribution between "opinion about Nike's prices" and "level of expense" (1=worst opinion, A= lowest expense level)

EXPENSE INDEXES PURCHASE FREQ  
 D 1  
 A 3  
 A 2  
 A 3  
 B 2  
 A 4  
 A 4  
 A 4  
 A 3  
 B 2  
 B 4  
 B 2  
 A 1  
 B 3  
 C 3  
 A 3  
 B 4  
 B 3  
 B 4  
 A 3  
 C 3  
 C 2  
 A 3  
 C 3  
 C 3  
 B 2  
 B 3  
 A 2  
 B 2

CONTINGENZA	EXPENSE				Totale
FREQUENCY	A	B	C	D	
1	2	2	1	1	6
2	4	11	2		17
3	14	26	8	2	50
4	14	39	10	6	69
<b>Totale</b>	<b>34</b>	<b>78</b>	<b>21</b>	<b>9</b>	<b>142</b>

EXPECTED VALUES				
1,436619718	3,295774648	0,887323944	0,3802817	
4,070422535	9,338028169	2,514084507	1,0774648	
11,97183099	27,46478873	7,394366197	3,1690141	
16,52112676	37,90140845	10,20422535	4,3732394	

SQUARED VALUES				
0,220933444	0,509449862	0,014308071	1,0099113	
0,001218383	0,295795891	0,105120922	1,0774648	
0,343595692	0,078122066	0,049604292	0,4312363	
0,384724374	0,031843233	0,004087326	0,6051235	

SQUARED CHI		FREEDOM DEGREES 9		
	5,16253946	P=0,01	P=0,025	P=0,05
		21,67	19,02	16,92

NON-MEANINGFUL INFLUENCE AMONG VARIABLES

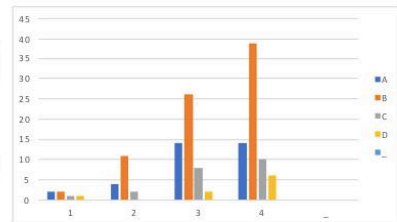
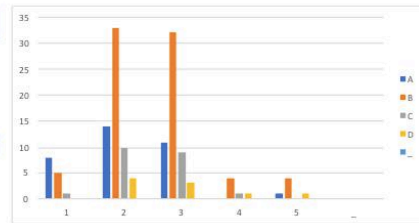


Figure 43: distribution between "level of expense" and "purchase frequency" (A= lowest expense, 1=least frequent)

expense indexes distance indexes

D 2  
 A 2  
 A 1  
 A 1  
 B 2  
 A 1  
 A 1  
 A 2  
 B 1  
 B 3  
 B 2  
 A 2  
 B 3  
 C 2  
 A 1  
 B 2  
 B 2  
 B 4  
 A 1  
 C 2  
 C 2  
 A 2  
 C 2  
 B 1  
 B 2  
 A 1  
 B 2  
 A 2  
 B 5  
 C 2  
 B 2  
 D 3  
 B 1

contingenza DISTANCE	EXPENSE				Totale
	A	B	C	D	
1	8	5	1		14
2	14	33	10	4	61
3	11	32	9	3	55
4		4	1	1	6
5	1	4		1	6
<b>Totale</b>	<b>34</b>	<b>78</b>	<b>21</b>	<b>9</b>	<b>142</b>



EXPECTED VALUES

	3,352112676	7,6901408	2,070423	0,88732
A	14,6056338	33,507042	9,021127	3,8662
C	13,16901408	30,211268	8,133803	3,48592
C	1,436619718	3,2957746	0,887324	0,38028
A	1,436619718	3,2957746	0,887324	0,38028

SQUARED VALUES

	6,444549651	0,9410566	0,553416	0,88732
A	0,02511307	0,0076728	0,106217	0,00463
B	0,357249379	0,1059063	0,092244	0,06773
A	1,436619718	0,1504755	0,014308	1,00991
B	0,13269815	0,1504755	0,887324	1,00991

CHI SQUAREI 14,38483625

FREEDOM DEGREES= 12 P= 0,01 P= 0,025 P= 0,05  
 26,22 23,34 21,03

NON-MEANINGFUL INFLUENCE AMONG VARIABLES

Figure 44: distribution between "level of expense" and "distance" (A= lowest expense, 1= shortest distance run)

# BIBLIOGRAPHY

Adbrands.net, 2017, *History of Nike*

<https://www.adbrands.net/us/nike-us.htm>

Adidas.it, 2018

<https://www.adidas.it>

Ansa.it, 2018, *Running, la corsa è la nuova ricetta per autostima e creatività*

<http://www.ansa.it/lifestyle/notizie/beauty/fitness/2016/06/01/running-la-corsa-e-la-nuova-ricetta-per-autostima-e-creativita-7c213586-260b-4554-adc3-a7550e654b7a.html>

Arrondo, Garcia, Gonzalez, 2018, *Estimating product efficiency through a hedonic pricing best practice frontier*

<https://www.sciencedirect.com/science/article/pii/S2340943618300938>

Asics.com, 2018

<https://www.asics.com/it/it-it/>

Barbieri, Turini, 2018, *Running Magazine n. 1 e 2, La carica dei 101*

[https://runningmag.sport-press.it/2018/?post\\_type=rivista](https://runningmag.sport-press.it/2018/?post_type=rivista)

[https://runningmag.sport-press.it/2018/?post\\_type=rivista](https://runningmag.sport-press.it/2018/?post_type=rivista)

Barlaam R., 2018, *Ilsole24ore.com, Nike, il nuovo testimonial è Kaepernick (l'atleta più odiato da Trump)*

<https://www.ilsole24ore.com/art/mondo/2018-09-04/nike-nuovo-testimonial-e-kaepernick-l-atleta-piu-odiato-trump-180808.shtml?uuid=AElttXjF>

Bengtson R., 2017, *Complex.com, How Nike Discovered Mars Blackmon and Teamed Him With Michael Jordan*

<https://www.complex.com/sports/2017/12/jim-riswold-air-jordan-first-commercial-shoot-30th-anniversary>

Bhasin Hitesh, 2018, Marketing91.com, *SWOT analysis of Nike*

<https://www.marketing91.com/swot-nike/>

Bhasin Hitesh, 2018, Marketing91.com, Marketing mix of Nike

<https://www.marketing91.com/marketing-mix-nike/>

Branding & Communication - 2, Create Mc Graw-Hill, 2017

Brooksrunning.com, 2018

[https://www.brooksrunning.com/en\\_us/Meet-Brooks/our-history/](https://www.brooksrunning.com/en_us/Meet-Brooks/our-history/)

Cola P., 2017, foxsports.it, *Cristiano Ronaldo come Jordan e LeBron: firma contratto a vita con Nike*

<https://www.foxsports.it/2016/11/09/cristiano-ronaldo-come-jordan-lebron-contratto-a-vita-con-la-nike-24-milionii-euro/>

Cisalfasport.it, 2018

<https://www.cisalfasport.it/it-it/brand/mizuno/>

Cole S., 2018, Econsultancy.com, *How Nike uses Facebook and Instagram*

<https://econsultancy.com/how-nike-uses-facebook-instagram/>

Dawson A., 2018, Runnersworld.com, *How Do Your Runs Measure Up to the 240 Million Others Logged in Strava Last Year?*

<https://www.runnersworld.com/news/g25333911/strava-annual-report-running-statistics/>

De Luca Ludovica, 2017, Hostingvirtuale.com, *Analisi SWOT: cos'è e a cosa serve*

<https://www.hostingvirtuale.com/blog/analisi-swot-9114.html>

Dailymail.co.uk, 2012, *Revealed: The 200lb 12-year-old star of Nike's controversial new ad... and how he is now hitting the gym to lose weight*

<https://www.dailymail.co.uk/news/article-2185150/Find-Your-Greatness-advert-Story-200lb-jogging-boy-Nathan-Sorrell-new-Nike-ad-charmed-America.html>

Gould, Ramey, Butcher, 2009, *Nike ad analysis*

[https://www.reed.edu/anthro/adprojects/2011/gould\\_ramey\\_butcher/](https://www.reed.edu/anthro/adprojects/2011/gould_ramey_butcher/)

Hokaoneone.com, 2018

<https://www.hokaoneone.eu/en/home>

Instagram.com, 2018, *Brooksrunning* page

<https://www.instagram.com/brooksrunning/?hl=it>

Instagram.com, 2018, *Asicseurope* page

<https://www.instagram.com/asicseurope/>

Instagram.com, 2018, *Hokaoneone\_eu* page

[https://www.instagram.com/hokaoneone\\_eu/](https://www.instagram.com/hokaoneone_eu/)

Instagram.com, 2018; *Saucony* page

<https://www.instagram.com/saucony/>

Instagram.com, 2018, *Mizunoeurope* page

<https://www.instagram.com/mizunoeurope/>

Instagram.com, 2018, *Adidas* page

<https://www.instagram.com/adidas/?hl=it>

Instagram.com, 2018, *Newbalance* page

<https://www.instagram.com/newbalance/>

Islam Z., 2017, Referralcandy.com, *Nike's brilliant marketing strategy*

<https://www.referralcandy.com/blog/nike-marketing-strategy/>

Johnson D., 2017, 602communications.com, *Nike brand strategy: emotional branding using the story of hero*

<http://602communications.com/nike-brand-strategy-emotional-branding-using-the-story-of-heroism/>

Keller, 2016, Profitworks.ca, *How Nike became successful and the leader in the sports product market*

<https://profitworks.ca/blog/marketing-strategy/545-nike-strategy-how-nike-became-successful-and-the-leader-in-the-sports-product-market.html>

Kicsonfire.com, 2018, *History of Nike*

<https://www.kicksonfire.com/history-of-nike/>

Kr. Aaron, 2009, sneakersnews.com, *Michael Jordan + Spike Lee – Vintage Nike/Air Jordan Ads*

<https://sneakernews.com/2009/06/11/michael-jordan-spike-lee-vintage-nikeair-jordan-ads>

Laforet S., 2010, Mc Graw Hill, *Managing Brands*

Langrock S., 2018, Sessionm.com, *Customer engagement love story: Nike*

<https://www.sessionm.com/blog/nike-a-customer-engagement-love-story/>

Lobensommer L., 2017, Brandba.se, *Successful brand community on social media, a Nike case*

<http://www.brandba.se/blog/brand-community-success-on-social-media-nike>

Lumsa.it, *Il comportamento d'acquisto del consumatore e delle organizzazioni*

<https://www.lumsa.it/sites/default/files/CAP%202.pdf>

Macleod D., 2016, Theinspirationroom.com, *Nike unlimited You*

<http://theinspirationroom.com/daily/2016/nike-unlimited-you/>

Magazine.topsport.it, 2018, *Al Passo coi tempi*

<http://magazine.topsport.it/al-passo-coi-tempi/>

Magazine.topsport.it, 2015, *Il fenomeno del running*  
<http://magazine.topsport.it/il-fenomeno-del-running/>

Maxisport.com, 2018  
<https://www.maxisport.com/brand/mizuno/>

Michaelmarketingworld.com, 2018, *L'analisi SWOT di Nike*  
<http://michaelmarketingworld.com/analisi-swot-nike/>

Mizuno.it, 2018  
<https://emea.mizuno.com/eu/it-it/home/>

Nationalgeographic.com, 2017, *Breaking2*  
<https://www.nationalgeographic.com/tv/breaking2/>

New Balance.it, 2018  
<https://www.newbalance.it/it/uomo/scarpe/running/>

Nicekicks.com, 2019, *Bo Jackson shoes*  
<https://www.nicekicks.com/tag/bo-jackson-shoes/>

Nike Inc., 2018, *10-K Form*  
[https://s1.q4cdn.com/806093406/files/doc\\_financials/2018/ar/docs/nike-2018-form-10K.pdf](https://s1.q4cdn.com/806093406/files/doc_financials/2018/ar/docs/nike-2018-form-10K.pdf)

Nike.com, 2018  
[https://www.nike.com/it/it\\_it/](https://www.nike.com/it/it_it/)

Nike.com, 2018, NikeLab section  
[https://www.nike.com/it/it\\_it/c/nikelab](https://www.nike.com/it/it_it/c/nikelab)

Nonsolosport.it, 2018  
<https://www.nonsolosport.it/brand/mizuno>

O'Reilly L., 2014, businessinsider.com, *11 Things hardly anyone knows about Nike*  
<https://www.businessinsider.com/history-of-nike-facts-about-its-50th-anniversary-2014-11?IR=T>

Palazzolo R., 2018, Runnersworld.it, *Vaporfly Flyknit: il challenge di Nike per assicurarsela in anteprima*  
<https://www.runnersworld.it/nike-vaporfly-flyknit-2018-maratona-challenge-anteprima-7700>

Patucchi M., 2017, Repubblica.it, *Running "partito di maggioranza", il 51% degli italiani corre almeno una volta al mese*  
[https://www.repubblica.it/sport/running/storie/2017/06/03/news/running\\_partito\\_di\\_maggioranza\\_il\\_50\\_degli\\_italiani\\_corre\\_almeno\\_una\\_volta\\_al\\_mese-167137753/](https://www.repubblica.it/sport/running/storie/2017/06/03/news/running_partito_di_maggioranza_il_50_degli_italiani_corre_almeno_una_volta_al_mese-167137753/)

Patucchi M., 2018, Repubblica.it, *Italiani runner "naif": corriamo in tanti, ma gareggiamo in pochi. Colpa anche della burocrazia*  
[https://www.repubblica.it/sport/running/storie/2018/06/21/news/popolo\\_runner\\_europa-199654658/](https://www.repubblica.it/sport/running/storie/2018/06/21/news/popolo_runner_europa-199654658/)

Pietropoli M., 2016, Runlovers.com, *Tu, senza limiti*  
<https://www.runlovers.it/2016/tu-senza-limiti/>

Raffaelli Marco, 2018, Repubblica.it, *Lo shopping online dei runner cresciuto del 150% in due anni: i pro e i contro di una rivoluzione*  
<https://www.repubblica.it/sport/running/storie/2018/06/05/news/running-198220877/>

Rakesh Vohra, Lakshman Krishnamurthi, 2012, (Cambridge University Press, New York), *Principles of Pricing - An Analytical Approach*

Rocco G., 2018, Startupitalia.eu, *Il costo della vita nel Mondo, la mappa dei Paesi dove si vive con meno*  
<https://startupitalia.eu/84073-20180120-costo-della-vita-nel-mondo-la-mappa-dei-paesi-si-vive-meno>



Saucony.com, 2018

<https://www.saucony.com/en/home>

Serra R., 2018, Roberto-serra.com, *Nike: come lanciare un brand di successo planetario*

<https://www.roberto-serra.com/la-strategia-marketing-lancio-nike/>

Thelogocreative.co.uk, 2018, *Nike logo evolution, the \$ 35 Swoosh*

<https://www.thelogocreative.co.uk/nike-logo-evolution-the-35-swoosh/>

Verafinanza.com, 2016, *Il costo della vita nel mondo nel 2016*

<https://www.veraфинanza.com/il-costo-della-vita-nel-mondo-nel-2016/>

Wikipedia.org, 2018, *Nike Inc.*

[https://en.wikipedia.org/wiki/Nike,\\_Inc.](https://en.wikipedia.org/wiki/Nike,_Inc.)

Wikipedia.org, 2018, *List of Nike sponsorships*

[https://en.wikipedia.org/wiki/List\\_of\\_Nike\\_sponsorships](https://en.wikipedia.org/wiki/List_of_Nike_sponsorships)

Wikipedia.org, 2018, *Hoka One One*

[https://en.wikipedia.org/wiki/Hoka\\_One\\_One](https://en.wikipedia.org/wiki/Hoka_One_One)

Wikipedia.org, 2018, *Mars Blackmon*

[https://en.wikipedia.org/wiki/Mars\\_Blackmon](https://en.wikipedia.org/wiki/Mars_Blackmon)

Wikipedia.org, 2018, *Breaking2*

<https://en.wikipedia.org/wiki/Breaking2>

YouTube, 2019, "Bo Knows" commercials

<https://www.youtube.com/watch?v=9sz6xhPkGJ4>

<https://www.youtube.com/watch?v=Kwry6vAWG4g>