

Research on the Marketing Strategy and Effect of Sportswear Brand Co-branding with Entertainment Celebrities

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Abstract: Collaboration is a common tool that brands use in marketing. It can be beneficial for either side. First, it can benefit the company by increasing its profit and social attention. Second, it can make individual artists more well known among a larger population. Collaboration is very important among marketing strategies, so this passage will discuss the impact of co-branding from three perspectives in detail. In China, co-branding has become increasingly popular as it allows companies to tap into new markets. In this article, based on Nike's data from Nike.com and the internet, the passage divides Nike's collaboration target into five kinds: Nike sponsored athletes, streetwear brands, luxury brands, television series and entertainment brands, and individual artists and designers. By researching these five kinds of collaboration targets based on several articles and applications, the passage discusses the strategies that Nike used to choose collaboration targets, develop its collaboration products, and popularize them.

Keywords: Collaboration products, Nike, Brand, Marketing, strategic

1. Introductions

As collaborations bring a win-win situation that benefits both parties, more companies are collaborating with celebrities or brands in order to gain more social attention and thus increase their total revenue for the brand, especially for sportswear brands. In previous years, Nike has been collaborating with famous rapper Travis Scott, and Adidas is in contact with Kanye West and Pharrell Williams, who are great music producers. Meanwhile, New Balance is also collaborating with Jaden Smith, who is famous actor Will Smith's son. These collaborations all went into huge success, resulting in the company and celebrities earning millions and even billions of dollars [1]. These collaborations all went into huge success, resulting in the company and celebrities earning millions and even billions of dollars [2]. Co-branding is a marketing strategy that utilizes multiple brand names for a good or service as part of a strategic alliance, also known as a brand partnership. Co-branding encompasses several different types of branding collaborations, and its characteristic is that it involves the brands of at least two companies. Each brand in such a strategic alliance contributes its own identity to create a melded brand with the help of unique logos, brand identifiers, and color schemes [3]. Thus, this research is based on the co-branding activity of Nike, one of the most well-known sportswear brands in the world. By using the example of Nike, the research will discuss the marketing strategy and effect of co-branding from several perspectives in the following passage. This

passage concludes that co-branding can benefit the company by increasing demand, enhancing the product's value, and enriching the brand's connotations.

2. Nike's collaborating history

Nike, Inc. is an American sportswear company, and one of the world's best-known brands. In 1964, Phil Knight and former track-and-field coach Bill Bowerman founded Nike as Blue Ribbon Sports. In 1971, the company was renamed Nike, Inc. [4]. In 1985, Nike released its first product "Air Jordan 1" in collaboration with Michael Jordan. Since then, Nike has focused not only on the basketball fans marketing, but also on music fans, other sports fans, and tide people, and has created and produced several popular products with streetwear brands, luxury brands and celebrities. Nowadays, Nike has evolved into a collaboration system with a wide range of brands and celebrities like Lebron James, Travis Scott, Jacquemus, and Cactus Plant Flea Market. And the collaboration system has become more and more important among all of Nike's production lines. Nike's collaboration can be divided into five parts: Nike-sponsored athletes, streetwear brands, luxury brands, television series and entertainment brands, individual artists, and designers.

2.1. Nike sponsored athletes

This cooperation is mainly based on contracts. Nike has sponsored several athletes in a variety of sports, such as basketball, baseball, badminton, and skateboarding. The process of this co-branding usually involves Nike and the athlete signing a contract, Nike paying the athlete the contracted compensation, and the athlete wearing Nike products. In addition, Nike evaluates the performance of the signed athlete and decides whether to deepen the cooperation further, i.e., by producing the athlete's signature products, such as sneakers or T-shirts. In 2021, for example, basketball player Giannis Antetokounmpo's contract with Nike was renewed from \$20,000 per year to \$9 million per year. Nike's Greek Freak Geek T-shirt with Giannis has become the fastest-selling apparel on Nike.com, the official Nike online store. As a result of Giannis' performance in basketball, Nike decided to produce a generation of sneakers for him [5].

2.2. Streetwear brands

This kind of collaboration is the most popular way that Nike cooperates with others. Nike finds this way to collaborate is to capture teenagers and tide people's favor. For instance, Nike, in collaboration with Off-White, has produced more or less than 100 pairs of shoes and numerous streetwear clothes like hoodies or jackets. As a famous streetwear brand, most of Off-White's collaborations with Nike shoes have a high market price and demand. Like the TEN series, the most expensive shoe has a market price of \$5,000 [6]. With its high market price and large quantity, this kind of collaboration is the most profitable of all the collaborating methods that Nike has used.

2.3. Luxury brands

This kind of collaboration is often aimed at increasing brand value as well as increasing or switching brand impressions. Christian Dior mainly produces high-quality formal clothes, and Nike mainly produces sportswear, both brands wanted to expand their markets. Thus, they collaborated. The results were successful, as the quality of Nike sportswear improved with Dior's factories, and based on Nike's product line, Dior began producing everyday clothing as well [7-8]. However, due to the high level of Dior's brand value, the price of its collaborated product is higher. Therefore, this kind of collaboration's purpose is only to serve people with high incomes and to expand Nike's market among them.

2.4. Television series and entertainment brands

This kind of collaboration is sometimes to mainly satisfy the Nike sponsored athletes and then the public. For example, Paul George is a huge fan of Playstation. In order to remember Paul's hobby, Nike collaborated with Playstation and produced two pairs of sneakers. This action not only made Paul excited, but also intrigued the fans of Paul George and the Playstation [9]. Thus, the demand for that shoe increased, and the price of the shoe is higher than that of the normal releases. Although this way of cooperating only covered a small proportion of Nike's co-branding system, it also provided Nike with a huge amount of profit.

2.5. Individual Artists and Designer

Collaboration with individual artists and designer is a huge proportion of Nike's cooperation system, and allow both parties to be satisfied with the collaboration. Nike collaborated with a large number of artists, like Guns n Roses, Hiroshi Fujiwara, and Travis Scott. Take Travis Scott as an example, Travis Scott is a famous rapper who has a huge following and has the perfect skill for designing stylish outfits. Nike's cooperation with him has achieved excellent marketing results. Travis Scott's success in designing the Air Jordan 1's increased the social attention for Travis Scott and Nike. Specially, Nike sometimes will produce friends and family exclusive shoes for artists like Travis Scott's Air Jordan 4 "Purple Dynasty", which has a limited edition of 100 pairs [3]. Most artists send their exclusive shoes to the media, which is used to increase the social attention and market demand of the collaborated product.

3. The strategies that Nike used in collaboration

3.1. Choose collaboration target

Nike has a strict way of choosing who to partner with, and there are two basic reasons for choosing to collaborate with certain companies or individuals. First, the company needs to have a certain level of awareness among competitors or have a large amount of fans. Secondly, the partners are chosen to work with someone who share the same corporate values and vibes [10]. Nike has been sponsored Kyrie Irving for several years because of the same value. However, in 2023, Kyrie has shown on a public platform that he is an anti-Semite. And Nike believes that the idea of protecting jews is correct in America. As a result, Nike stopped collaborating with Irving. In addition, Nevertheless, Nike choose to do special collaborations with children who are terminally ill, and all profit go to charity [3].

3.2. Develop the collaboration product

Nike has two co-production strategies depending on the individual's or company's popularity and potential for continued growth. First, for well-known companies and celebrities that have a large fan base, Nike tries to co-produce a generation of products. For example, Michael Jordan's Air Jordan series now has got 38 generations, Kobe's Zoom Kobe series now have 12 generations and Lebron James' sneakers now have 21 generations [11]. Secondly, for luxury brands and companies, Nike tries to collaborate with them only once due to their low likelihood of sustainability. For example, Nike produced 50 pairs of Louis Vuitton Air Force 1 at a time just for those charity children. [12].

3.3. Popularize their product

Although the collaborative product has a great market base, it needs to be expand to a wider audience. First, it is important to be good at storytelling and capitalize on the public's emotions to increase their

preferences. For example, Nike Dunks provide a story of born and raised on planet Earth, where you're confronted with something shadowy. That's why Scottish skater John Rattray created "Why So Sad?". It's an ongoing campaign centered on raising awareness about mental health and suicide prevention, with the goal of making sport a daily habit, because it's good for brains [13]. The Second is to make limited edition shoes. For example, Nike collaborated with Supreme to release the Nike SB Air Darwin low in a limited edition of 5,000 pairs. The shoes have already accumulated a large number of purchase willingness before they are even released [14]. Thirdly, the price of the shoes climbed in the secondary market. Due to the special of the limited edition cooperation products, the price in the secondary market increases with the increase in attention, and the media coverage of this information increases the attention of the market for the product. For example, Travis Scott' Air Jordan 1 high were sold at more than \$1,000 dollars each pair on the secondary market [15]. This news will indirectly popularize Nike's collaborated product [15]. The first and second strategies increase demand directly by increasing people's preference. The third method popularized Nike shoes through media and social attention while increasing demand for the collaboration.

4. The effect that collaboration have on Nike

4.1. Increase in demand

Companies and individuals that collaborate with Nike often have large fans that look forward to purchasing the collaborative product, like Supreme or Travis Scott. And, in fact, the fan base indeed increased the sales of collaborated goods. According to poison.com, which is a famous application and secondary market that trades a wide range of sneakers in China, the Travis Scott Air Jordan 1 retails for \$1234-\$2428. Although it's been four years since the collaboration was released, more than 70,000 pairs have been sold recently. However, compared to the collaborated Air Jordan 1's, the classic Air Jordan 1 "Satin Bred" is priced at \$90-\$157 and has just surpassed 1,000 pairs sold in the same time frame [15]. The reason for the disparity is that the collaboration product has more ways of popularizing the product because it is a collaboration between Nike and other individuals or brands, thus gaining more social attention.

In addition, Nike has been able to drive market demand through the expansion of new product lines and its own influence. Before Nike, there were a lot of skateboarding shoe brands in America, such as Vans, Circa, and Lakai, which were the most popular skateboard shoe brands in the 2000s [16]. In 2001, Nike expanded into the skateboarding shoe market by creating the Nike SB. Nike used its strengths to collaborate with other brands to create a large demand for skateboarding fans to purchase, thus virtually monopolizing the skateboarding shoe market within a few years [17].

4.2. Enhance the products positioning and its value

In most case, sportswear brands and luxury brands tend to target very different customers. As a sportswear brand, Nike lacked the opportunity to enter the market of luxury and fashion products, because the factors influencing the spending of sports brand customers are low price and high utility, which are the opposite of the product characteristics of luxury brands. However, Nike caught the chance of getting collaborated with luxury brand like Christian Dior and Louis Vuitton, and through the collaboration, Nike soon launched apparel that combines both sports and fashion characteristics at a higher price. For example, the normal Air Jordan 1's are more or less than 100 dollars and normal Air Force 1's are about 80 dollars [17]. The release price of Dior Air Jordan 1 is \$2469 and is available on the secondary market for \$6447-\$13718. The release price for Louis Vuitton Air Force 1 is \$2922. Collaborating with luxury brands has benefit Nike by increasing its value while broadening the needs of different income classes and achieved a higher release price than other sportswear brands.

4.3. Enrich the brands connotation

Brands have their own brand connotations that can increase the demand and expand the market, so collaborating is also becoming a useful tool for brands to enrich their connotations and expand their target customers. Nike has retained its No. 1 spot in the minds of U.S. teenagers for more than a decade, and has grown 200 basis points year over year to 27%, according to Piper Sandler's recent semi-annual teen survey [18]. This is due to an increase in fashion in Nike's current offerings, especially in recent years when the majority of shoes releases have been collaborations that bring ordinary and classical shoe to the customers with cool and fashionable style. Nike often collaborates with fashion brands or rappers that are popular among teenagers, such as Supreme or Travis Scott. Therefore, Nike's cooperation with other brands enriches Nike's trend and fashion connotation, and at the same time, expands the market to the teenage group.

5. Discussion

Based on Nike's success in brand collaboration, not only foreign sportswear company, but also local Chinese companies use collaborating as a marketing strategy. For example, Anta collaborated with Klay Thompson to produce nine generations of sneakers, Li-Ning collaborated with the fashion brand Soulland to produce four super running shoes, and Li-Ning also collaborated with artist Sorayama to produce a super shoe. Furthermore, it's not just sportswear brands that are on a collaboration kick, other companies are joining in as well. For example, HEYTEA has produced iced tea that collaborated with Hiroshi Fujiwara and Fendi, and Luckin' Coffee is collaborating with Moutai to produce latte with wine.

These examples have proved that collaboration has become a widely used marketing strategy. However, when selecting companies or individuals to collaborate with, companies should consider conducting background checks on the collaborative partners in order to prevent losses due to negative issues that would force the collaboration program to be terminated.

6. Conclusions

This essay is aimed at researching the marketing strategy and effect of sportswear brands based on Nike's data. However, the disadvantage of this essay is that the secondary market price is always fluctuating. So, we can't determine the precise value of the price. In further research, more models will be utilized in order to determine the value of the price and its movement. And the research will expand to a wider range of companies. Not only sportswear brands, but also other kinds of brands, will be included.

In a nutshell, Nike's action in collaboration has definitely proved that collaboration is a great strategy of marketing for sportswear brands. By clearly choosing a collaboration target, developing a collaborated product, and making a huge effort to popularize their product, the brand's profit, position, and value all increased successfully, the connotation of the brand got enriched, and the brand has expanded their market into a much larger population. It means the collaboration system is a huge success for sportswear brands.

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