

# ***Research on Nike's Marketing Strategy in the Chinese Market***

## ***——Based on SWOT Theory***

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**Abstract:** Due to its successful branding and marketing methods, Nike has currently emerged as one of the most socially conscious brands in the world. Therefore, it is important to comprehend how Nike built its brand and investigate how Nike's branding and marketing tactics helped the company succeed in a cutthroat industry. This paper was committed to researching Nike's marketing strategy based on SWOT theory. SWOT analysis and segmentation led to the research's conclusion that Nike partners with well-known Chinese athletes and celebrities to promote the sale of their products, and China's e-commerce platform gives Nike access to a sizable client base. For its popularity in every sport, Nike uses its strengths to avoid weaknesses, increase opportunities, and solve threats.

**Keywords:** Nike, marketing strategy, SWOT, Chinese market

## **1. Introduction**

In 1981, Nike made its debut in China, where it quickly gained popularity [1]. Nike was so effective in what it did that it quickly conquered the Chinese market. And Nike's revenue and market share are more prominent than other similar brands (such as Adidas, Jordan, etc.). Therefore, this paper will analyze one of Nike's marketing strategies based on SWOT analysis theory. This study can assist Nike establish a marketing plan by offering some examples, which will enable Nike to grow its customer base and boost revenue. The body of this paper will mainly focus on SWOT analysis theory, splitting into four parts digging deep into the SWOT analysis theory. The four strategy technique (Strength, Weakness, Opportunity, Threats) will each be given explanation and how Nike used it to benefit its market in China.

## **2. Analysis of Nike's marketing strategy-based on the SWOT theory**

SWOT analysis, commonly referred to as SWOT theory, is a strategic planning tool used to assess the advantages, disadvantages, opportunities, and threats of a company or organization. It gives a thorough breakdown of both internal and external elements that may have an impact on a company's success. Positive qualities and assets that provide a business a competitive edge are referred to as a company's strengths [2]. A company's weaknesses are any places where work needs to be done to strengthen them. Opportunities are outside forces that a firm can use to its advantage, such developing

markets or novel technologies. Finally, external variables like competition or economic downturns that may hurt the business are dangers. By performing a SWOT analysis, companies may pinpoint their advantages and disadvantages, seize opportunities, and counteract potential threats. This analysis aids in formulating sensible plans of action and choosing wisely so that organizational objectives are met. This chapter will analyze Nike's marketing strategy in the Chinese market from the following aspects: strengths, weaknesses, opportunities, and threats.

## 2.1. Strengths

Nike's strong brand image, inventive product design, and wide-ranging distribution network are some of its advantages in the Chinese market. To increase the appeal of its brand and reach a larger audience, Nike, for instance, has partnered with well-known Chinese athletes and celebrities. Nike will cooperate with famous athletes and celebrities. Some well-known athletes in China, such as James, Kobe, etc., have all been Nike spokespersons [3]. People who like sports and pay attention to basketball will quickly buy the brand's products because of the celebrity effect of these athletes. Even if consumers do not make any current consumption action, they will know more about Nike. From this perspective, Nike has expanded its brand awareness and cultivated potential consumers. In addition, in order to further expand the scope of potential consumers, Nike will also choose to cooperate with actors, singers and other stars, such as Li Yuchun, Zhou Dongyu and so on. Such entertainment stars and sports stars will have different audiences respectively, which means that Nike will attract more potential consumers. At the same time, this kind of marketing method also maintains the loyalty of existing consumers. Once consumers develop long-term loyalty to a brand, the brand will have a long-term consumer base."High-performance shoes to meet customers' needs, Prominent brand cognitive and awareness, Superior marketing capabilities" It is not surprising to see that, Nike has been one of the most identifiable brands in the world because to its distinctive swoosh logo. On the one hand, excellent products have given the company a strong platform for success. However, a solid and successful marketing plan is yet another crucial element that might contribute to its success.

## 2.2. Weakness

The existence of potent local rivals is one of Nike's limitations in the Chinese market. For instance, Li-Ning and Anta have a thorough awareness of the regional market and provide competitive pricing, which can be difficult for Nike to compete with. It is also worth mentioning that China's population is aging faster than any other country in the world. By 2050, the proportion of China's population over retirement age is expected to reach 39%, which could lead to a shrinking market [4]. Conversely, Nike targets teenagers and has almost complete control of China's digital market. Teenagers can often teach their parents or elders to shop online, especially during the COVID-19 pandemic. As everyone gradually realizes the importance of exercise, more and more sports events will be held. Therefore, Nike can still sponsor many of them to expand the brand image. At the same time, in the Chinese market, there are many sports brands, such as Adidas, Jordan, and the local brand Li Ning. These brands are also carving up market share all the time. Especially for Li Ning, the national trend is currently popular in the Chinese market, which means that consumers are more keen to buy domestic brands. For Nike, this is a brand's disadvantage. "Hard to gain the trust from specific groups" When compared to competing companies (like Asics), Nike struggles to meet the demands of some niche markets, including marathon runners who enjoy long runs. Given that Asics focuses only on running shoes and that these groups place a higher value on performance, they are more likely to choose Asics than Nike.

### 2.3. Opportunity

Prospects include an expanding middle class and rising interest in sports and health. Nike has recognized many prospects in the Chinese market. Targeting trend-conscious Chinese consumers, Nike has widened its product offering to include lifestyle and athleisure wear in order to take advantage of these prospects. Additionally, Nike's marketing techniques, catchphrases, and communication strategies are progressively reaching young people [5]. Nike actively supports youth events and enjoys positive relations with Chinese press organizations and social media. Numerous athletes and celebrities from China have also chosen to work with Nike. With homegrown players endorsing their goods, Nike can establish a stronger relationship with customers. Nike employed psychology to introduce goods that had never been on the market before. For instance, Nike recently introduced footwear constructed from recycled materials. It may both promote recycling and highlight their cutting-edge products. As a result, Nike has established itself as a pioneer in motivating people to protect the environment. Nike has also created footwear and apparel that represent traditional Chinese culture. Their products have the Chinese New Year theme each year, drawing a lot of interest. LeBron James and Kobe Bryant, among other Nike-sponsored athletes, will travel significant Chinese cities and serve as hosts for numerous sporting events. As a result, more and more people will be aware that these players, many of whom don't even participate in sports, will meet with the NBA All-Stars in order to draw attention to themselves and, ultimately, endorsing the product. "Emerging Markets, Less ties with big retailers" Nike has severed relations with wholesale merchants like Zappos, Dillard's, Fred Meyer, and Boscov's, who better understand consumer demands by communicating with the general public. This promotes the development of greater client loyalty and brand trust. Additionally, severing relations with agents in the global market will help Nike's sales channels be cleaned up and successfully fight the selling of fake and subpar items.

### 2.4. Threats

Nike is threatened by things like counterfeit goods, which are widely available in the Chinese market. Additionally, they have legal difficulties and cultural disparities that may affect their marketing plans. Nike's activities in China may also be at risk from trade conflicts and geopolitical issues. Future prospects for Nike The trade spat between the two largest countries might have a big impact on China's international commercial sector. In terms of domestic Chinese competitiveness, the international business sector is currently moderately protected; however, as the trade war worsens, the protection levels may increase [6]. The current business model in the Chinese market is obviously threatened by this. Earnings have greatly grown since COVID-19, especially for jobs involving interaction with people. The impact of the Covid-19 epidemic, expanding competition, and rising wages could all have a detrimental influence on Nike's profit margins in China. Increased market competition in the sports footwear and apparel sector is the result of an increasing number of sports product businesses entering the fray, including adidas, Vans, Skechers, Reebok, Asics, and Puma. These companies are attempting to develop a varied product range. One explanation is that the ongoing Covid-19 pandemic has considerably worsened the state of the world economy and caused many companies to address some of their core problems, such as the concentration of production that is susceptible to public outcry and natural calamities. Another is that people's desire to increase their consumption has been negatively impacted by the Covid-19 outbreak because there is less money accessible. Additionally, the weakening of the economies of many countries would have an effect on consumers' shopping decisions and habits.

### 3. Conclusion

Overall, Nike successfully entered the Chinese market in 1981, thanks to its effective marketing strategy and strong brand image. Through SWOT analysis, Nike was able to identify its strengths, weaknesses, opportunities and threats in the Chinese market. Nike's strong brand image, innovative product design and extensive distribution network have helped it gain a competitive edge. However, Nike also faces challenges, such as competition from local rivals and China's aging population. Despite these challenges, Nike has recognized the opportunities presented by a growing middle class and a growing interest in sports and health. By targeting trend-conscious Chinese consumers and partnering with athletes and celebrities, Nike has been able to build a closer connection with its target audience. However, Nike also faces threats such as counterfeit goods, legal difficulties and trade conflicts. In general, Nike's success in the Chinese market can be attributed to its ability to adapt to the local market and leverage its strengths while addressing its weaknesses and threats.

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