



UNIVERSITY
OF
JOHANNESBURG

<u>FACULTY</u>	: Health Science
<u>DEPARTMENT</u>	: Sport and Movement Studies
<u>CAMPUS</u>	: DFC
<u>MODULE</u>	: SPB10X7/HMS8X14 SPORT MARKETING
<u>SEMESTER</u>	: First
<u>EXAM</u>	: SSA 2018

<u>DATE</u>	: July 2018	<u>SESSION</u>	:
	MS N JANSE VAN		
<u>ASSESSOR(S)</u>	: RENSBURG		
	DR KL SHARP		
<u>MODERATOR</u>	: (VUT)		
<u>DURATION</u>	: 3 HOURS	<u>MARKS</u>	: 100

NUMBER OF PAGES: 8 PAGES

INSTRUCTIONS:

1. Answer ALL THE QUESTIONS.
 2. Number your answers clearly
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QUESTION 1 (20 MARKS)

Select the most appropriate answer from each of the various options presented to you. Only write down the option that you have chosen for each question:

- 1.1) Which of the following is not a standard symptom of sport marketing myopia:
 - A) A focus on producing and selling goods and services rather than identifying and satisfying the need and wants of consumers and their markets
 - B) The belief that winning absolves all other sins
 - C) Confusion between promotion and marketing
 - D) Good-quality research

- 1.2) Despite lingering myopia, the last 15 years have seen many encouraging signs of professional approaches to sport marketing. Among them are the following:
 - A) Robust improvement in sales
 - B) Increased competition inside and outside sport
 - C) Quick-return price hikes or sponsorships
 - D) Industry, market and consumer changes

- 1.3) The following are some special features of the sport market:
 - A) Many sport organizations simultaneously compete and cooperate
 - B) Demand tends to fluctuate widely
 - C) Sport has an almost universal appeal and pervades all elements of life
 - D) All of the above

- 1.4) The elements of marketing strategy can be conceptualized in models. Marketing theorist Philip Kotler has called one model the MMP:
 - A) Marketing Monitoring Plan
 - B) Marketing Managing Process
 - C) Marketing Mix Process
 - D) Marketing Managing Plan

- 1.5) Marketing theorist have typically considered the following bases for segmentation:
 - A) Demographic information
 - B) Product benefits
 - C) Product usage rate
 - D) All of the above

- 1.6) Success in marketing is determined through the following simple equation:
 - A) Sales = Profit – Expenses
 - B) Consumer satisfaction = Product benefits – Costs
 - C) Profits = Income – Expenses
 - D) Market share = Profits – Product returns

- 1.7) At the core of the sport product is the event experience, or the game presentation, which is composed of _____ components.
- A) Six
 - B) Five
 - C) Eight
 - D) Four
- 1.8) Some of the extensions of the sport product include:
- A) Memories
 - B) Novelties and fantasies
 - C) Electronic products
 - D) All of the above
- 1.9) Brand equity:
- A) How equal the market share of the sport product or service is to the nearest competitor in the market
 - B) The strong image the sport product or service has in the consumer's mind
 - C) When a sport product or service identifies with high quality and increases profits substantially
 - D) All of the above
- 1.10) The combination of these elements is what we call the brand image:
- A) Creation of awareness of the brand and a brand image
 - B) Licensing and merchandising development
 - C) Brand equity and profits
 - D) Brand association and marketing

[20]

QUESTION 2 (80 MARKS)

CASE STUDY:
BRAND BUILDING: NIKE
(Appendix A)

Study the case study and then answer all of the following questions accordingly.

- 2.1) Complete the following table, based on a product differentiation of one (1) Nike product versus one (1) of their leading competitors from the case study. Choose at least five (5) elements as basis of the product differentiation. (15)

<i>Elements</i>	<i>Nike Product</i>	<i>Competitor Product</i>

- 2.2) What is meant by brand association and what three (3) sources of brand association did Nike use in the case study? (7)
- 2.3) Provide an example of how Nike tied the following two (2) corporate objectives into their sponsorship arrangement. Also indicate if they were successful? Why or why not?
- A) Establishing associations with particular market segments (5)
 - B) Creating exclusivity (5)
- 2.4) What guidelines should Nike keep in mind when positioning their brand on social media sites? (8)
- 2.5) Choose a sporting event and create a sponsorship activation using at least two (2) platforms. (20)
- 2.6) In order to protect a company like Nike's trademarks, the law classifies marks on different levels. On what two (2) grounds would the law refuse to grant trademark registration to another company seeking to register a trademark closely related to Nike's logo? (4)
- 2.7) Using examples from the case study, illustrate the effects of price on the remaining four (4) P's of the marketing mix based on cross-effects. Describe scenarios that demonstrate both positive and negative effects for each of the cross-effects. (16)

[80]

TOTAL: 100 MARKS

Appendix A: Brand Building: Nike

History

Nike is a major publicly traded sportswear and equipment supplier based in the United States. It is the world's leading supplier of athletic shoes and apparel and a major manufacturer of sports equipment with revenue in excess of \$18.6 billion USD in its fiscal year 2008. It employed more than 30,000 people worldwide.

The company was founded in January 1964 as Blue Ribbon Sports by Bill Bowerman and Philip Knight, and officially became Nike, Inc. in 1978. The company takes its name from Nike the Greek goddess of victory. Nike markets its products under its own brand as well as Nike Golf, Nike Pro, Nike+, Air Jordan, Nike Skateboarding and subsidiaries including Cole Haan, Hurley International, Umbro and Converse. Nike also owned Bauer Hockey (later renamed Nike Bauer) between 1995 and 2008. In addition to manufacturing sportswear and equipment, the company operates retail stores under the Niketown name. Nike sponsors many high profile athletes and sports teams around the world, with the highly recognised trademarks of "Just do it" and the Swoosh logo.

By 1980, Nike had reached a 50 percent market share in the United States athletic shoe market, and the company went public in December of that year. Its growth was due largely to 'word-of-foot' advertising (to quote a Nike print ad from the late 1970s), rather than television ads. Nike's first national television commercials ran in October 1982 during the broadcast of the New York Marathon. The ads were created by Portland-based advertising agency Wieden+Kennedy, which had formed several months earlier in April 1982.

Together, Nike and Wieden+Kennedy have created many print and television ads and the agency continues to be Nike's primary today. It was agency co-founder Dan Wieden who coined the now-famous slogan "Just Do It" for a 1988 Nike ad campaign, which was chosen by Advertising Age as one of the top five ad slogans of the 20th century, and the campaign has been enshrined in the Smithsonian Institution. San Franciscan Walt Stack was featured in Nike's first "Just Do It" advertisement that debuted on July 1, 1988. Wieden credits the inspiration for the slogan to "Let's do it", the last words spoken by Gary Gilmore before he was executed.

Throughout the 1980s, Nike expanded its product line to include many other sports and regions throughout the world.

What does the brand stand for?

Nike stands for VICTORY. In Greek mythology, Nike was a goddess who embodied triumph. She assumed the rôle of the divine charioteer when Zeus was assembling allies for the Titan War; she flew around battlefields rewarding the victors with glory and fame.

The whole brand has been built around it, to convey the one and only message, the one of the Victory, with a big V. While Nike started up its business selling sneakers, it reasonably hit the tipping point when the strong and sticky message which has a direct impact on a human's subconscious worn by top athletes and runners.

The Nike logo « swoosh » was not only developed from the wing of the Greek Goddess Nike, it was also developed to impact the subconscious of the consumer as well. How? Nike logo has the shape of a tick, and through life and education we get some automatism with tick which means right and the cross which means wrong.

Nike, « Just Do It » happens to be the stickiest tagline ever. It wins over the hearts of hundreds of millions of Nike fans, psychologically, subconsciously, imperceptibly, deadly.

So the Nike brand stands for victory, more precisely:

Competency: as we used to quote the Nike co-founder Bill Bowerman who made this observation « If you have a body, you are an athlete. »

High performance: Nike promotes its products by sponsorship agreements with celebrity athletes, professional and athletic teams, for example the Cricket in India and Football in France which might be seen as these countries most popular sports, the image might be that Nike focus only on winners.

Achievement: the message is pretty clear when you see a champion in the Olympics wearing Nike. It's just like the Nike sneakers brought him or her to achievement thanks to the spirit of the Victory Goddess of Greece

Never say Die attitude: the mission statement of Nike that the 30 000 employees across 6 continents make their own contribution to bring inspiration and innovation to every athlete in the world

Nike's changing Logo

The Nike 'Swoosh' embodies the spirit of the winged goddess, which the legend says inspired the most courageous and chivalrous warriors at the dawn of civilisation. The first shoe to wear the swoosh logo was launched in 1972. In 2006, Nike has also experimented in its advertisements by removing the swoosh altogether and Nike written in a new font, and this the old swoosh was toned down a bit.

Products by Nike

Nike produces a wide range of sports equipment. Their first products were track running shoes. They currently also make shoes, jerseys, shorts, baselayers etc. for a wide range of sports including track & field, baseball, ice hockey, tennis, Association football, lacrosse, basketball and cricket. Nike Air Max is a line of shoes first released by Nike, Inc. in 1987. The most recent additions to their line are the Nike 6.0, Nike NYX and Nike SB shoes, designed for skateboarding. Nike has recently introduced cricket shoes, called Air Zoom Yorker, designed to be 30 percent lighter than their competitors'. In 2008, Nike introduced the Air Jordan XX3, a high performance basketball shoe designed with the environment in mind.

Nike sells an assortment of products, including shoes and apparel for sports activities for men, women and children. Nike is well known and popular in youth culture, chav culture and hip hop culture as they supply urban fashion clothing. Nike recently teamed up with Apple Inc. to produce the Nike+ product which monitors a runner's performance via a radio device in the shoe which links to the iPod nano. While the product generates useful statistics, it has been criticised by researchers who were able to identify users' RFID devices from 18 m away using small, concealable intelligence motes in a wireless sensor network.

Brand personality

Nike has staked out a stylish, high-performance, innovative position in contrast to its competitors. It conveys the ideas of victory, puissance, sport attitude and masculinity. All these elements are emphasised by famous and successful sportive endorsements.

With "Just do it" Nike has promised its audience that the company is committed to the competitive spirit. Nike proposes that it will help people feel empowered, successful and best equipped to tackle the challenges of athletics. The company uses shades of gray and blue, which gives the brand a casual, unpretentious feeling. Nike's famous swoosh creates feelings of movement and speed. Nike, the brand name itself, was once better known in Greek mythology as the goddess of victory. All these things and more give Nike its brand personality.

How Does Nike maintain/communicate its intended brand image

We shall concentrate on the marketing strategy of Nike by studying its 7 P model. Also, in the model itself we shall consider the integrated marketing communication adopted by Nike to enhance brand equity.

Nike mainly concentrates on sportswear. The main product categories sold under Nike brand name include:

- Sports Footwear
- Apparels
- Bags (Handbags and backpacks)
- Sports accessories
- Sports equipment

In other words, all product categories sold under the Nike brand name are directly or indirectly related to sports and athleticism which in turn is the core brand image/ identity of Nike.

Other Nike Brands include Cole Haan which is into casual footwear & dresses, Nike Team Sports which sells headgear and Bauer Nike Hockey Inc. which specialises in hockey and skating equipment. Hence, Nike sells unrelated categories under other brand names thus preventing confusion in the minds of the consumer.

1. Tune Your Run: The recent venture between Apple and Nike integrates your iPod and running shoes. The main innovation is that your speed and distance data can be recorded in your iPod and then synchronised with your PC to keep a tab on your progress Nike has always strived for innovation which in turn shows in their product research and development. Strategic partnerships and alliances with the most innovative partners ensure Nike is the global leader when it comes to sportswear innovations. Some of the famous innovations include:

2. House of Hoops: Partnership with Footlocker to promote the basketball line of Nike products.
<http://blog.luon.com/public/Nike.JPG>

3. Mass customisation: Use of flexible computer-aided manufacturing systems to produce custom output. Those systems combine the low unit costs of mass production processes with the flexibility of individual customisation.

Nike's pricing is designed to be competitive against the other fashion shoe retailers. The pricing is based on the basis of a premium segment as target customers. Nike as a brand commands high premiums. Nike's pricing strategy makes use of vertical integration in pricing wherein they own participants at differing channel levels or take part in more than one channel level operations. This can control costs and influence product pricing.

Promotion is largely dependent on finding accessible store locations. It also avails of targeted advertising in the newspaper and creating strategic alliances. Nike has a number of famous athletes that serve as brand ambassadors such as the Brazilian Soccer Team (especially Ronaldino, Renaldo and Roberto Carlos), LeBron James and Jermaine O'Neal for basketball, Lance Armstrong for cycling, and Tiger Woods for Golf.

Nike also sponsors events such as Hoop It Up and The Golden West Invitational. Nike's brand images, the Nike name and the trademark swoosh, make it one of the most recognisable brands in the world. Nike's brand power is one reason for its high revenues. Nike's quality products, loyal customer base and its great marketing techniques all contribute to make the shoe empire a huge success.

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 markets, Nike sells its products through independent distributors, licensees and subsidiaries. Independent distributors need not adapt to local pressures because the 4Ps of marketing are managed by distributors.

In terms of product differentiation, NIKE is also leading the market. The only competitor who has an almost identical business is Adidas-Solomon. Product differentiation is healthy in the footwear industry and allows the company to increase its profits through the sale of different products. Another advantage of manufacturing a number of product lines is the reduction of risk in that if one product fails there are numerous other products to compensate for this loss. Companies in the apparel and footwear industry that concentrate on manufacturing a single product are at a great disadvantage since their revenues depend exclusively on the sales of only one type of product, therefore, increasing the potential default risk.

NIKE designs most of its footwear for athletic use, however, in order to diversify its products, a large percentage of their products come from sales of footwear, apparel and accessories for casual and leisure purposes.

The company segments its products in variety of ways. First of all, it manufactures sports goods and accessories for three different groups of people, namely men, women and children. Each segment is carefully examined in terms of its physical capabilities, sociological needs and design preference. Another type of segmentation used by NIKE that helps to increase product diversification is achieved by offering footwear, apparel and accessories, such as NIKE watches or gym bags, as well as performance equipment, including sport balls, timepieces, eyewear, skates, bats, gloves and others in virtually every type of sport, namely running, basketball, tennis, golf, soccer, baseball, football, bicycling, volleyball, wrestling, cheerleading, aquatic activities, hiking, fencing and others.

Besides the two segmentations described above, NIKE also has agreements for licensees to produce and sell NIKE brand items aside from athletic footwear and apparel. In part, this product differentiation is accomplished through strategic management planning by having the company sell NIKE brand timepieces, children's clothing, school supplies, electronic media devices and other items.

NIKE subsidiaries, such as Bauer NIKE Hockey Inc., are yet another way the company segments its product lines. Specifically, the Bauer NIKE Hockey Inc. subsidiary manufactures and distributes ice skates, skate blades, in-line roller skates, protective gear, hockey sticks and many other licensed apparel and accessories that make NIKE stand out in its industry.

Communication Gaps in Branding of Nike

Nike brand stands for:

- Competency
- Achievement
- High performance
- Never say Die attitude

Nike was present in India since 1996 but didn't realise the Indian potential until 2005. In December 2005, Nike was tied up with BCCI and then later went on to become the official kit sponsor of the Indian Cricket Team. In 2007, Nike released its first Cricket related advertisement in India (1).

Globally Nike is a sports brand targeted to youth (mainly 15-35 years of age), but in India the brand is not restricted to youth or sports enthusiasts only. The brand is seen as a daily wear brand and the customers

range from youth, who like to wear it to college, to the older generations, who may just wear it when they are leaving their homes.

The future roadmap for Nike - To Increase their Brand Equity

Nike has faced a lot of international criticism due to its Sweatshops in third world countries like Pakistan, Vietnam, Bangladesh etc. So, to convert this into an opportunity, Nike should act as a socially responsible company and devise certain rules and regulations about the working conditions of their subcontractors. If possible then Nike can also go for backward integration and buy some of these subcontractors to increase their ownership and reduce their costs.

The competition in the market in terms of Athletic goods is very high with major players like Adidas, Reebok, Puma, Fila etc. all growing in importance. To hedge its risk, Nike can also expand on its clothing line, like currently in India Nike cotton T-shirts are available but they are available in very limited designs. Consequently, Nike can grow from a sports apparel maker to a fashion brand. The apparels division is the cash cow (according to the BCG matrix) for Nike and thus, diversifying in this area will help Nike increase its bottom-line.

Thus, Nike can expand their business by expanding and adding a daily wear clothes line to their portfolio.

Nike can also sell the sports related product items which also have attributes like style and cool, something like Nike sunglasses, which are available in some countries but not in India.

Nike is also under a lot of pressure because of the plastics and other materials used in their shoes. So, rather than spending huge chunks on the celebrities, they can divert a small part of this advertising fund into R&D to produce green shoes i.e. environment friendly shoes. This would give them a heads up in the market, in terms of innovation, while creating a unique position in the minds of the responsible consumer and of course an opportunity for free PR.

With the Indian market being the world's second largest (2) footwear manufacturer of the world, there is a huge opportunity of footwear sales. Thus, Nike can target the middle and the lower end markets by buying a current brand, like Columbus or Welcome shoes, and then begin manufacturing and marketing them in India. They can also, launch a complete new brand for the country and thus cater to the middle and lower segments. This way they can also cater to the vastly growing rural market of India. They have used the similar strategy by entering Walmart through the purchasing of the Starter brand, which is an apt brand for the value end of retail business.

Source:

Essays, UK. (November 2013). Assignment On Brand Building: Nike. Retrieved from <http://www.ukessays.com/essays/marketing/assignment-on-brand-building-nike-marketing-essay.php?vref=1>