



PANDORAS BOX OF MARKETING

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Executive Summary

The Demographic that Nike is trying to focus on will be the deciding factor on how they do in the next 30 years. One of the main reasons that Nike has chosen to do this, is that they believe that their demographic is those who are less than 30, and who will be around for a while.

Many articles indicate that the risk of using Colin Kaepernick is one that was well thought out, and one that will pay dividends to Nike. They have focused on their demographic, and know what the Demographic wants. This demographic cares a lot about sports, and since sports generate a good amount of emotion, makes the purchasing decision of the consumer an emotional one. Because of this, Nike decided to use Kaepernick to instill emotions into the individuals that it sells to. This emotion was done on a political front, one that was decided to split the party, and to focus on their key demographic.

The decision to purchase Nike material has increased due to the emotional connections felt with the rest of the individuals. Although many media sources are focusing on the effect that Kaepernick has had with this ad, they must not forget the rest of the actors in this video. Millennials care more about cultural stances than they do about being politically correct. Many Millennials want individuals to take a stand on policies that they care about. Millennials care about helping people, and this ad shows the importance of helping people. More than that, it shows that Nike wants to help, and supports, those who are less fortunate. It shows that success can come, despite hardship and trial that is faced.

Despite this success that comes, despite the emotions felt, these emotions will fade over time. Nike has focused on their next generation of consumers, and therefore has thrown to the side those of the past 30 years. Nike cares about where they will be, not where they are currently. Although they have experienced great upwards in income in recent weeks, Nike has focused on who they are going to cater to in future years. Referring back to the Demographic, they know who they are going for, and they know how they want to get there.

Lastly, I believe that the decision of the marketing team to use Kaepernick was a stroke of Genius. Kaepernick, a very polarizing figure, has generated hype that has allowed Nike to differentiate between who they are, and who they want to be.

I believe that this was a smart decision, one in which Nike will be reaping the benefits for years to come. This decision was based on the premise that Millennials care more about values, and I believe that Nike was a smart, yet risky company for making this decision.

Do you believe the risk of using Colin Kaepernick as the face of Nike's advertising campaign was a good risk to take? Yes or no and why?

Although the reward of such an advertising plan is phenomenal, the risk is also palpably present. Many feel that Nike's decision to use such a polarizing figure, such as Colin Kaepernick, and risk losing their market share, was one in which the rewards outweighed the risks. Forbes Patrick Rishe indicates that if we are "looking at Nike's decision and execution from a purely objective business perspective... the rewards of the strategy will outweigh the risks". This poses the question of: Why is this reward strategy going to outweigh the risks? The key to this is understanding the demographics that Nike is focusing on. Nike has completed its research, and therefore has chosen to segment the market. Instead of one size fits all marketing strategy, Nike has chosen to segment the market.

As a whole, Nike's market is in sports. Unlike many other hobbies that many experience, sports provide a unique sense of emotion and engagement. Anyone who sees a professional game amongst rivals (or even fans) will see this emotion break out. As such, in order to understand why Nike, a leading brand in the clothing industry, has chosen to do this, we must understand the current demographic in which Nike is marketing toward. Nike is focusing on those who are part of their core demographic. As we are aware of the 20/80 rule, Nike and many others try to focus on those who make up a majority of their sales. As such, "Nike's core demo leans more liberal. As such, there may be considerable support for Kaepernick and the issue of social injustice among Nike's core demo". Therefore, I am under the impression that the decision for Nike to establish Kaepernick as the face of their company was a marketing stroke of genius. They decided to focus on their core demographic, rather than focus on the population as a whole. Their core demographic are those who are under 35, as this equates to two-thirds of their consumers. Being such, Nike had to determine how to separate them from the remaining individuals. They chose to do this by picking that which Millennials care most about, the values of the company.

Although Nike took a political stance on this product, they were thinking "more people loathe Donald J Trump than Kap.' And they made the correct choice". This political stance, although risky, was one that "resonated with younger consumers". And as such, they focused on them, and took the risk. This risk was well thought out, and weighed against other options. Although this risk was one that didn't need to be taken now, it had to be taken eventually. This is because of the climate in which we are going to be going into, one in which people want us to take sides, even if we do not fully agree on a matter.

As a result of this ad, would this encourage or discourage you to buy Nike products? Yes or no and why?

If you remove Kaepernick from the ad, this ad provides a lot of emotional feel instead of mainly a political agenda. This ad provides a lot of ways to connect, and not just with Kaepernick. I recall discussing this with my boss at work, and he indicated his overwhelming support of Kaepernick, and now Nike. At the same turn, many of the older generation I have spoken with have chosen to separate themselves from Nike. Although I am not in a position to purchase many of the expensive Nike apparel that is offered, I am intrigued by the thought of this brand positioning itself to make a positive impact. This ad though does encourage me to purchase more Nike material. The reason for this is not Kaepernick, as it is the other individuals in the video.

Having watched the NFL Draft, I was emotionally invested in the one handed lineman, drafted by the Seattle Seahawks. Although I am not a Seahawks fan, I felt a draw to this individual. I, as many others feel, that I may not measure up to what I desire to accomplish. This man provides a ray of hope, and one that in turn reflects upon Nike. The other one that I affiliate myself with is the first individual, the one that continually falls while attempting to grind with his skateboard. These two individuals created a feeling of emotion, one that was aimed at the Millennials and Generation Z individuals. We are, after all, "looking deeper into the values of the companies that (we) buy from". This purchasing thought, is one that is true. I personally care more about what a company cares about, than what they sell. As so many products and companies can produce similar items for approximately the same cost, one must ask what the differing factor is.

That factor is the values. Unlike prior generations buying practices, there has been a "gradual shift toward company cultures and values that appease" the demands of the millennials. This shift has allowed companies to pick a side. Looking at the material of this ad, one may wonder what the importance of the other figures in this video. This can be seen as to what matters to Millennials. Unlike older generations, Millennials care more about helping the people of the world. They care about helping people, and the Nike ad shows this helpfulness. It also shows that these people can succeed, even though they were limited in their original scope. This success is one that promotes Nikes brand of success, and entices buyers to choose Nike over other competitors. Millennials have a lot of purchasing power, and therefore they will choose where to share these funds. They would rather share with a company supporting a good cause, than one that doesn't seem to care.

What is your opinion on current Nike customers destroying their own Nike logo material? Do you think this will be a long-term action or just a knee-jerk reaction? Why?

I personally believe that the actions of these individuals is one of knee-jerk style. As has been previously indicated, this reaction is one of emotion. Emotions cause many to do things that they would not normally do. Despite the quick reaction experienced in the stock market, it should be “overshadowed by the power of the message sent”. This message is the main purpose of why I feel like Nike has overall won this match. Many, like myself, was unfamiliar with the Nike ad, until I saw posts about it on social media. Although people may be burning their Nike apparel, this is merely fanning the flames of Market prominence. This can easily be seen by President Trump, who wrote about Nikes decision on the morning of the ad launch. This “public display of anger may have backfired by drawing more attention to Nike”. This attention has fulfilled Nike’s plan of becoming more relevant in an ever changing world of Millennials.

This relevancy is crucial to Millennials and generation Z consumers. Many of these individuals want a brand to “have the courage of their convictions, to take a stand and deliver authentically personalized messaging aimed at their emotions”. Because of this, Nike had two choices: To either become relevant and risk losing a majority of their sales, or continue on this path and have the risk of becoming an afterthought. After all, many “market-share leaders always run the risk of gradually becoming all things to all people. When this happens, the fun, the edginess drains out of the brand”. Nike had to find a way to make its products more relevant, and therefore they took a risk on current Nike owners destroying their things. Upon closer inspection of who is generating the anger and frustration, it is the older generation, a generation in which controversial ideology was not as large as it is today. Therefore, Nike, knowing that this would create controversy, decided to market “to their customer of the next thirty years, not the last thirty years”. Because of this focus on the next 30 years of customer loyalty, they are looking at the long term plans, not the short term. That’s who this ad is aimed at, those who will be around to purchase their products in 30 years. They know the demographic that they are trying to reach, and as such, they are more focused on targeting them.

The reason I believe that this is a long term plan, is twofold: 1st, the company owns a major market share, therefore they are more focused on what will affect them years down the road compared to the here and now. Secondly, it is because they are focused on who will be around in 30 years, not who has been around. As can be seen with this, they do not care about prior customer’s as much as potential customers. Although this is an expensive way (creating new customers is always more expensive than keeping customers) to accomplish the goal of becoming more relevant in today’s youth, they are betting that these customers will stay around and buy from them when the time comes.

If you were the Senior Vice President of Nike's marketing department, would you be willing to risk your career and possibly future career implementing the Colin Kaepernick Marketing program? Yes or no and why?

Although the decision to use Kaepernick was a difficult one, I feel like this decision was an intelligent one. The article provided by *The Morning Consult* Provides a marvelous article titled *What Millennials Expect from Your Brand*. The CEO, Michael Ramlet, indicates just how needy Millennials are. They "expect more from brands", which in turn elevates "the need for brands themselves to be value conscious". These values, although important, are not as important to older generations. Millennials will oftentimes take a pay cut for a value based company. Although many see this Civil rights movement as one that will harm Nike, net support for civil...rights are the least controversial political positions brands can take". Because of this net support for civil rights, Nike's marketing team made a smart decision despite the risk of losing their market leader status. The issue though, is how they would lose their brand loyalty.

Although it seems that many sources are supporting Nikes risk, there still was a risk. One of the easiest ways to lose brand loyalty is to make a public remark about a political issue that they do not agree with. Although this was a very politically divisive issue, Nike felt like they knew the marketing demographic of their clients. After all, Nike is ranked 11th on most loved brands by Young adults. Because of this, they have a certain stimulus about them, about who they are, and what they stand for. The issue still stands though, was this a smart idea for them? Risks are always less risky if you are informed. Just as a lottery tickets odds become more probable with more known numbers, so does the risk decline as more information is known. Nike spent time knowing it's demographic, and who their demographic really is. They are focused on "middle-income or higher-income and college-educated". Because of this focus, Nike knew it had to appeal to them, and what they wanted. Rather than taking the standard middle of the ground approach, they knew that "more people are willing to support a brand promoting a stance they agree with than boycott a company that doesn't align with their beliefs". Meaning that even though they may lose some millennials to this process, they know that they will gain more support than loss. Although this was a risk for the Marketing director, it was not done without proper knowledge.

As is done with many environments, knowing who you are marketing to, talking to, or associating with, will determine your actions. Therefore, knowing your market is essential. By knowing your demographic, you are more able to mold your message to impact them. This in turn helps you "map the landscape, and then determine how you're different and market that effectively". Since Millennials care so much about beliefs and standards, this decision to market to them had to be done in such a way that would impact them emotionally.

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