

# Marketing of the Nike Techfit Shoes in the UK

## Table of Contents

Introduction.....	3
Macro environmental analysis.....	3
Identification and justification of the new product (Ansoff Matrix).....	6
Development of Nike's marketing strategy (STP).....	8
Segmentation.....	9
Targeting.....	10
Target market profile.....	10
Persona.....	10
Value proposition statement.....	10
Positioning.....	10
Positioning map.....	11
Marketing mix.....	12
Conclusion.....	14
References.....	15

## Introduction

Nike Inc. is a well-known brand at the global level for its athletic footwear, equipment, apparels and accessories. It was founded by Phil Knight and Bill Bowerman in 1964 and has grown to be one of the most valuable and recognisable athletic brands globally (Childs and Jin, 2023). The aim of this report is to provide a comprehensive and detailed analysis of the company's entry with the introduction of new technology embedded shoes into the UK market. The report will comprise of a detailed study of macro environmental analysis followed by identification of the new product in the existing or new market and justifying the offering using the Ansoff matrix. The report will further include the marketing strategy of the Nike using the STP analysis followed by marketing mix. The report will help in guiding the company in successful promotion and launch of the new technology embedded shoes in the UK market.

## Macro environmental analysis

A macro level environmental analysis has been conducted for introducing the new technology embedded Nike shoes in the UK market.

### 1. Political factors

- The government has encouraged the use of renewable sources of energy on which the Nike is already working to embed more in its manufacturing process (Ramzan et al., 2023).
- The company faced significant loss after the application of Brexit policy.
- However, the government in the UK also aims to negotiate trade deals after Brexit to reduce tariffs and promote free trade which creates a potential to benefit the Nike Company (Rogers et al., 2023).

### 2. Economic factors

- The economy has witnessed a disturbing GDP in the past few years.
- The GDP was €2.960 million in the year 2023 and is estimated to have a strong GDP growth of 1.6% with a clear improvement in the consumer spending creating favourable market conditions for the Nike and that the consumers have the purchasing power to buy premium products in 2024 as against in 2023 (Statista, 2023).
- The sports footwear market is forecasted to grow with a rate of 4.51% CAGR in the UK from 2024 to 2029 (Mordor Intelligence, 2024).

### 3. Social factors

- After facing negligible demand for Nike products during the COVID times, the company gained momentum when the audience realised the importance of staying more fit and active after the pandemic (e Sá, 2022).
- Since then, there is an increasing trend for health and fitness activities including running particularly among the young adult age group (Gualtieri et al., 2023).
- The audience is increasingly interested in trying new technology and are early adopters of it (Hébert-Losie and Pamment, 2023). According to reports, 56% of the consumers in the UK ageing between 18 to 30 years are interested in buying smart footwear (Skidmore et al., 2023).

### 4. Technological factors

- The retail sector has noted increasing technology adoption and digitalization thereby creating opportunities for the company to engage with the audience through ecommerce platforms and enhance sales and brand visibility (Abumalloh et al., 2023).
- The estimated value for the wearable tech market in 2023 was €6.93 billion approximately which is estimated to reach almost €9 billion in the year 2024 (Larios Hernández, 2023).
- However, technology is rapidly evolving posing as a challenge for the company to maintain technological superiority and stay ahead of the competitors.

### 5. Environmental factors

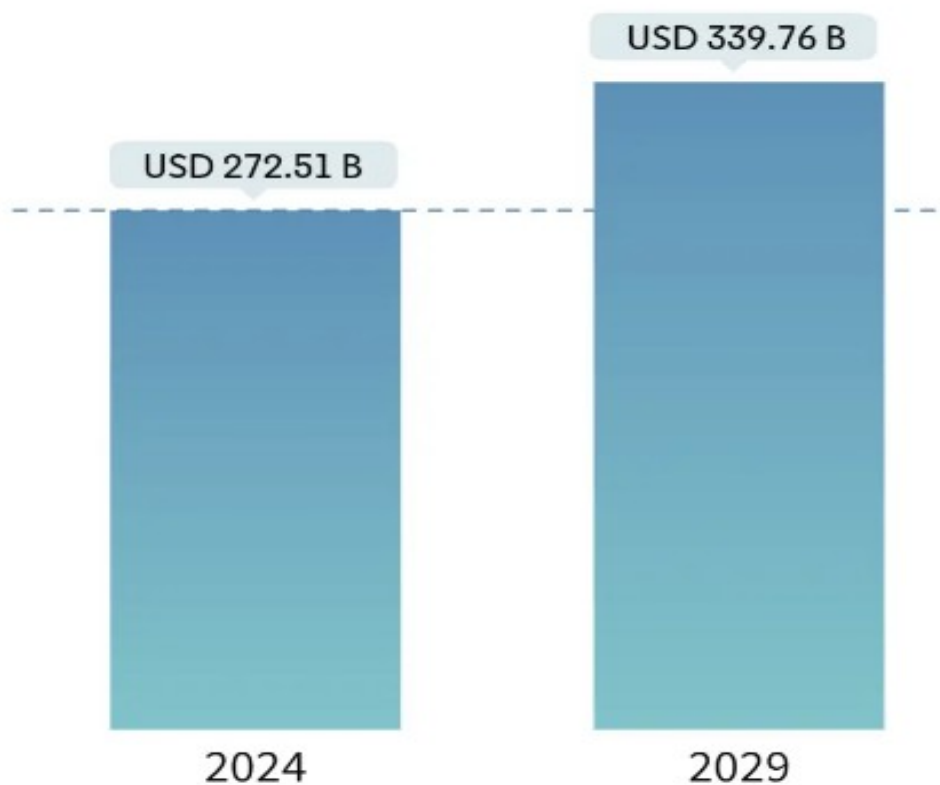
- There is an increasing concern for the safety of the environment and the production of high technology embedded shoes means more pressure on the environment. 66% of the consumers in the UK are willing to pay more for brands which are sustainable as per the reports (Narayanan and Singh, 2023).
- However, the company plans to adopt measures for production processes to reduce the environmental pollution during production (Chen et al., 2024).
- Additionally, Nike plans to install lithium batteries for charging insider shoes which has comparatively lesser impact in terms of other batteries. These lithium batteries are researched to be helpful in enhancing performance and reducing the cost of the shoes (Frith et al., 2023).

## 6. Legal factors

- Even the government of the nation is also supporting and encouraging growth in terms of technology, efficiency and economic prosperity by offering incentives loans at lower rate of interest and funding for projects (Chen et al., 2024).
- It is also important for the Nike to ensure consumer trust and brand integrity through strong intellectual property protection and compliance with the customer protection to support continuous sales of the new shoes in the market. These intellectual property laws are outlined by the Competition and Markets Authority (CMA) and the UK Intellectual Property Office (UKIPO).

Market Size in USD Billion

CAGR 4.51%



Source : Mordor Intelligence



Figure 1- Sports footwear market size estimation

(Source: Mordor Intelligence, 2024)

## Identification and justification of the new product (Ansoff Matrix)

Market penetration	Market development	Product development	Diversification
Existing products and services (shoes) are offered in the existing markets	Existing shoes are offered in the new market as expansion	Offering new Nike shoes in the existing markets	New Nike shoes are offered in the new markets

Figure 2- Possible Strategies through Ansoff Matrix Analysis

(Source: self-generated)

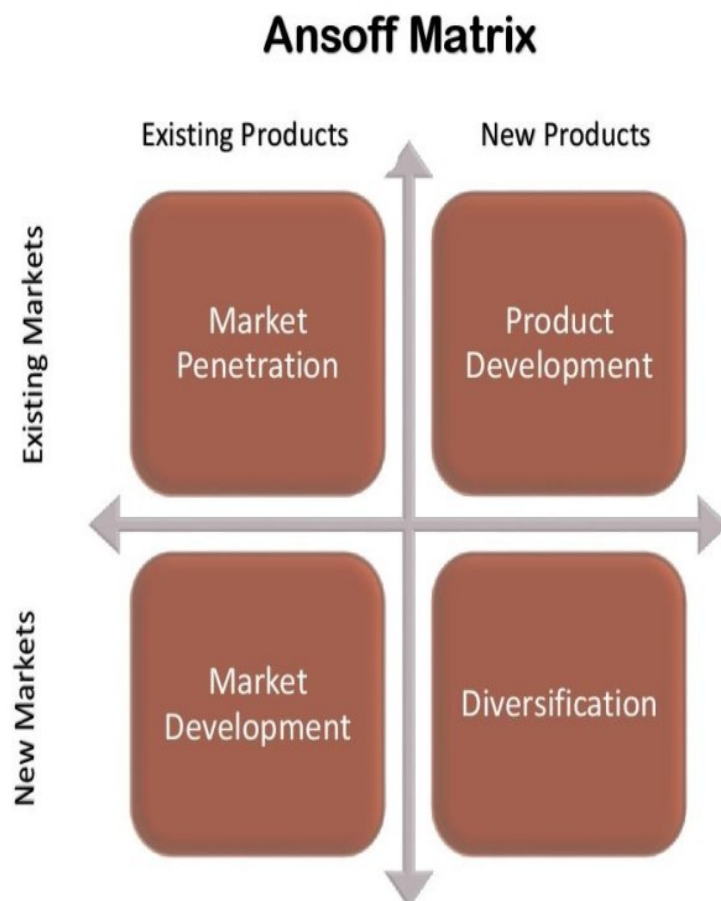


Figure 3- Ansoff matrix

(Source: DuCoin, C. and Kuo, 2024)

Strategy	Level of attractiveness	Explanation
Market penetration	Low	Nike has already tried selling its shoes in the existing market through expanding distribution channels offering extensive discounts and overall intensified marketing efforts (Nia, 2023).
Product development	Medium	The demand for technology embedded shoes is increasing at the global level (Skidmore et al., 2023).
Market development	Medium	The Nike is already catering to the needs of the audience at the global level to middle and high income groups (Nia, 2023)
Diversification	High	The Nike has enough financial and non-financial resources to introduce a product developed as per the needs and preferences of the market to the new audience (Javani et al., 2023)

Figured 4- Ansoff matrix for the Nike

(Source: self-generated)

The Nike is going to adopt diversification strategy as per the Ansoff of Matrix analysis. This is because the company has enough financial funds and non-financial resources to offer the new technology embedded shoes in the high income group market.

## Development of Nike's marketing strategy (STP)

Nike's marketing strategy includes the segmentation targeting and positioning strategies discussed below-

### Segmentation

Demographic segmentation	Geographic segmentation	Psychographic segmentation	Behavioural segmentation
18-35 years M/F Middle and high income groups	All across the UK Urban and sub urban areas	Fitness and sports enthusiasts, urban trend setters, tech savvy individuals Early adopters of technology, value driven and eco conscious Adventurous, ambitious and health conscious	Usage rate- Lifestyle users, occasional athletes, regular exercises and runners Occasions- Sports activities everyday wear, marathons and special events Loyalty status- Potential new customers and brand loyalists Benefits sought- Connectivity, comfort, performance enhancement and style

Figure 5- Segmentation on the basis of various factors

(Source: Self-generated)

#### 1. Demographic segmentation

- Age- Young adults ageing between 18 to 35 years interested in fitness and sports activities
- Gender- Both males and females
- Income- Middle and high income level groups with affordability for premium and luxury products

#### 2. Geographic location

- Region- All across UK with focus on metropolitan and urban areas



- Urban vs rural- Urban and sub urban areas in the UK having more access to sports facilities and higher population density (Higgs et al., 2023).

### 3. Psychographic segmentation-

- Lifestyle- Fitness and sports enthusiasts, urban trendsetters and tech savvy individuals
- Values and attitudes- Early adopters of technology, value driven and eco conscious
- Personality- Adventurous, ambitious and health conscious (Vukasović and Petrič, 2024)

### 4. Behavioural segmentation

- Usage rate- Lifestyle users, occasional athletes, regular exercises and runners (Vukasović and Petrič, 2024)
- Occasions- Sports activities everyday wear, marathons and special events
- Loyalty status- Potential new customers and brand loyalists (Dawes, 2023)
- Benefits sought- Connectivity, comfort, performance enhancement and style

## Targeting

### Target market profile

These are 18 to 34 years old both males and females belonging to high income groups living in urban and metropolitan areas of the UK having active lifestyle. Their interest lies in sports fitness and technology and are equally health and fashion conscious. They are athletes, regular exercises or fitness enthusiasts who are trend conscious and early adopters of technology (Higgs et al., 2023).

### Persona

Stella Is R 28 years old female working as a marketing professional in London with an income of £1,40,000 per annum. She goes on weekend hikes with friends and regularly participates in running and yoga classes with an active lifestyle overall. She values both style and performance in her athletic footwear and is seeking fashionable designs along with innovative features. Stella enjoys integrating variable technology, as she is a tech savvy consumer, into her health and fitness routine to track her movements, progress and stay motivated.

### Value proposition statement

Nike's sleek design combined with cutting edge innovation, the technology embedded shoes provide active people like Stella the ultimate blend of style, functionality and most

importantly performance. The shoes will empower the user to push his or her limits and achieve their fitness goals with the advanced features like connectivity and fitness tracking while looking effortlessly fashionable on the go.

### Positioning

The positioning strategy of the company involves the creation of a distinct perception and image of the new technology embedded shoes in the mind-set of the target audience by positioning them as a high performance, innovative and stylish athletic footwear which are also sustainable on the planet earth.

### Positioning map

The Nike is trying its best the competition from its stiff competitors like Adidas, Puma, Under Armour and Lulu Lemon by introducing the new shoes in the new market. The positioning map is as follows-

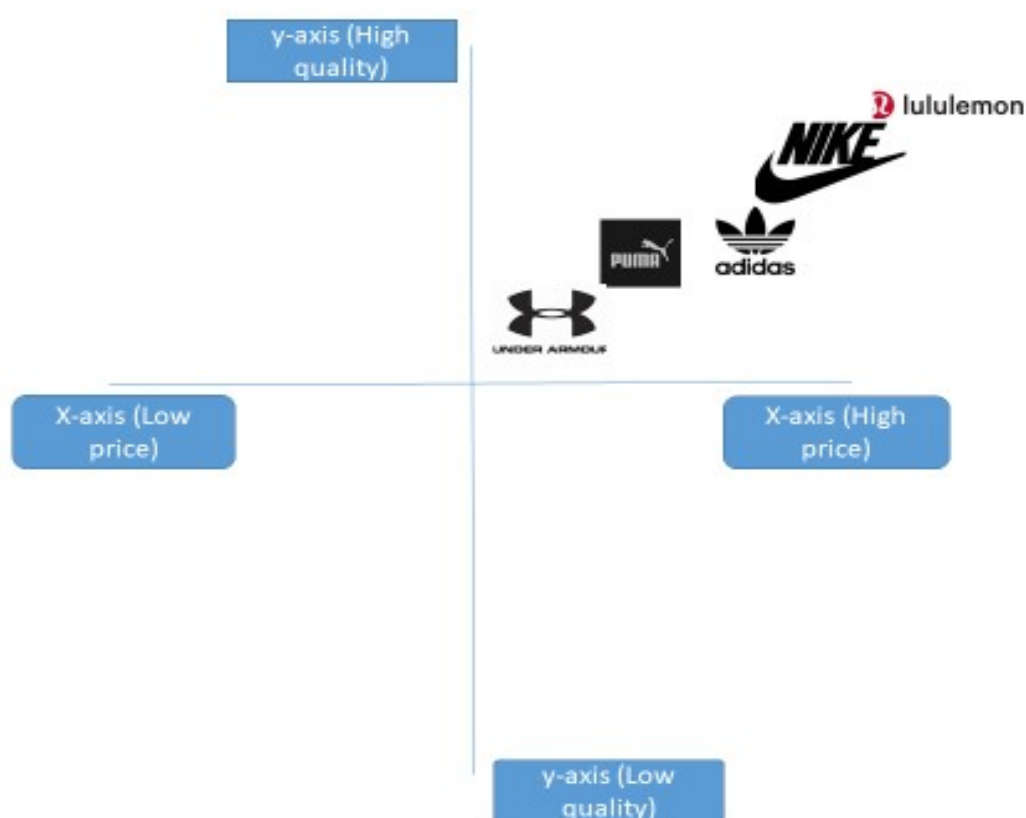


Figure 6- Positioning map for the Nike in terms of price and quality

(Source: Self-generated)

## Marketing mix

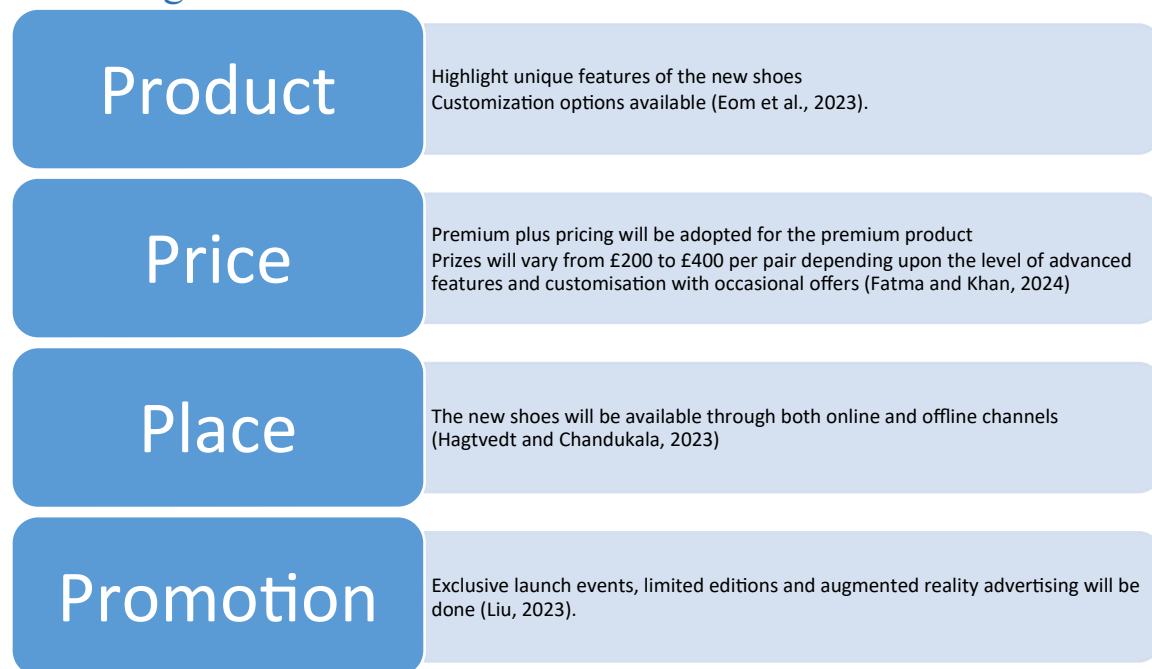


Figure 7- Marketing Mix

(Source: self-generated)

### 1. Product

- The name of the new shoes will be the Nike Techfit.
- The shoes are embedded with strategically placed sensors to track various metrics like speed, distance travelled, foot strike patterns and step count (Eom et al., 2023).
- The shoes have the ability to connect to a smartphone app through Bluetooth and sync their activities in real time.
- The shoes offer the option of customisation like adjusting stride length calibration, cushioning firmness and even receive recommendations on the performance history and running routes (Binelli et al., 2023).
- The shoes will have a small touch display providing important information like notifications and time at a glance.
- Other features include GPS tracking, music player, health monitoring and communication capabilities like that of a smartphone (Rhoades, 2023).

- Overall, the new technology embedded shoes will provide significant benefits to the audience interested in health, sports and athletic activities (McKee et al., 2024).

## 2. Price

- Premium plus pricing will be followed for the new Nike Tech fit shoes as it is a luxury item and reflects the unparalleled customization options and innovation. (Fatma and Khan, 2024).
- Hence the prices would roughly range from £200- £400 depending upon the customization needed and advanced technological features included.

## 3. Place

- The new Nike shoes will be available all across the various distribution channels in the UK particularly in the urban and metropolitan areas through authorised retailers, flagship stores and online platforms thereby ensuring widespread availability (Hagtvedt and Chandukala, 2023).
- Few pop up shops will also be created temporarily in events and trendy locations to create a buzz and excitement amongst the diverse audience.

## 4. Promotion

- Extensive promotion will be done through launch events in partnership with celebrities and top athletes of UK thereby generating social media buzz and media coverage particularly highlighting how the new technology embedded shoes will be sustainable as well (Sun, 2024).
- Limited edition versions of the new technology embedded Nike shoes will be created featuring collaborations and unique designs with renowned fashion designers and artists to create a sense of exclusivity and drive demand (Liu, 2023).
- An augmented reality advertising campaign will be launched which will allow the audience to try and interact with the Nike Techfit shoes virtually through their smartphones highlighting its sustainability and consistency towards innovation (Ali Mohamed Nada, 2023). This will help the audience in creating an engaging and memorable experience.

## Conclusion

In conclusion, the Nike can take advantage of the opportunity to innovate and differentiate itself in the UK sports footwear market through the introduction of the new technology embedded shoes. After comprehensively analysing the macro environmental factors and various strategies of expansion through Ansoff matrix, diversification was concluded to be the most suitable strategy which includes the introduction of the new shoes to the new audience belonging to the high income groups. Therefore, by leveraging strong brand equity and adopting a premium pricing strategy, the Nike can capitalise on this opportunity and redefine the athletic footwear market in the UK thereby offering the audience with a unique combination of style performance and cutting edge technology embedded shoes.

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