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# Branding a lifestyle

Case: Nike

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<p>It is easy to assume marketing only as selling and advertising, but nowadays it is more sensed as satisfying customer needs and creating deeper customer relationships. Traditional marketing is still very important, but there has been a shift to new and emerging forms of communication such as interactive electronic media. In recent years, branding has become a fundamental part of companies, organizations and even individuals. Brands are everywhere and a part of everyone's life helping people to perceive value and make difference between similar companies. Emotional attachment is the key in attracting customers to a particular lifestyle and to a specific brand.</p> <p>Lifestyle branding has become more and more popular during recent years. Ultimately it is referring to branding a way of life and delivering strong social benefits for the desired customers. However not every brand can be a lifestyle brand regardless if it strives to portray it. When pursuing to create a lifestyle brand, it is good to remember that there is a difference between something being a part of life and something being the way of life.</p> <p>Nike is currently the leading sportswear company in the world. The company has managed to create a unique, interesting and versatile brand that has taken its place on customer's hearts. Nike's ultimate goal is to deliver innovative products to everyone through enhancing performance, reducing injury, strengthening perception and feel. However, Nike is much more than an apparel company. Nike is an ultimate lifestyle brand that encapsulates the idea of an active lifestyle and pushing the limits on everyday basis.</p> <p>This research introduces the basic concepts of marketing and branding, focusing on theories about customer brand relationships and lifestyle branding. Theoretical review is complemented by a case study of Nike Inc. The final part of this study concentrates on a quantitative study pursuing to reveal people's true perceptions of sports brands and Nike.</p>	
Keywords	Marketing, Branding, Lifestyle Branding, Consumer Brand Relationship

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## Glossary of terms

**Brand:** A name, term, sign, symbol or design, or a combination of them intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of other sellers.

**Lifestyle brand:** A brand that embodies a certain lifestyle.

**Quantitative research:** The use of sampling techniques (such as consumer surveys) whose findings may be expressed numerically, and are amenable to mathematical manipulation enabling the researcher to estimate future events or quantities.

**The marketing mix:** the set of tactical marketing tools that the firm blends to produce the response it wants in the target market. The traditional four P's of marketing are: Product, Place, Price and Promotion. Some add fifth P: People.

**Market segmentation:** The process of defining and subdividing a large homogenous market into clearly identifiable segments having similar needs, wants, or demand characteristics. Its objective is to design a marketing mix that precisely matches the expectations of customers in the targeted segment.

**Target marketing:** the process of evaluating each market segment's attractiveness and selecting one or more segments to enter.

**Competitive advantage:** a superiority gained by an organization when it can provide the same value as its competitors but at a lower price, or can charge higher prices by providing greater value through differentiation.

**Customer engagement:** Customer engagement is about encouraging your customers to interact and share in the experiences you create for them as a business and a brand

**Consumer brand relationship:** the interaction between a brand and a customer that starts to reflect similar characteristics of relationships between people.

**Twitter:** A global microblogging service with 646 million users, allowing consumers to share their news in a message of 140 marks, known as tweets.

**Hashtag:** Words that take form of tags beginning with # in front of the word on platforms such as Twitter and Facebook, allowing the metadata tag define a search for topics on social media.

## 1 Introduction

Brands have always been a big part of the authors' life. Some brands the author prefers, because they come from childhood memories or simply from old habits. Some brands the author prefers, because they bring certain health benefits and some because they seem to possess a high social value. Nike was chosen as the case study, because it has always been one of the authors' favourite brands and naturally because it is currently the largest sports company on the globe. (Forbes 2014) The author thought about reasons that make Nike better than the other sports brands and wanted to know other people's viewpoints as well. This is how the quantitative survey (See appendix 1.) part of this study was created. Lifestyle brands have become more and more popular which is why the author wanted to figure out the basic concepts of lifestyle branding and how it differs from "normal" brands, which is why lifestyle brands were chosen as the main topic of this thesis.

Brands are everywhere whether we like it or not, affecting on our lives on an every-day basis. Branding has been around for centuries to help us distinguish good products and services from the bad ones. Recent years have shown that anything can be branded, even people and animals. This thesis aims to explain how brands and especially lifestyle brands are built and what kind of features they usually possess. Ultimately it is about branding a way of life and delivering strong social benefits for the desired customers. However not every brand can be a lifestyle brand regardless if it strives to portray it. Emotional attachment is the key in attracting customers to a particular lifestyle and to a specific brand.

This study introduces the basic theories of marketing, customer behaviour and customer engagement. The main components and concepts of brand image, identity and brand building are introduced as well. In addition, author discovered how the emotional connection with the consumers towards certain lifestyle brands is built and what makes the connection last. Finally these theories are complemented by introducing the brand identity of the top sports brand in the world, Nike. Theory base of this thesis is complemented by quantitative survey (See appendix 1.) and analysis of the results.

As a company case author introduced the current brand image and identity of Nike. Nike has managed to create a unique, interesting and versatile brand that has risen on to the



top in quite short time. In the surface it might seem that there are no big differences between the sports brands and the products they offer, but for some reason Nike simply sells more than the other brands. This study aims to understand how the brand identity of Nike has been built and what kind of personal attachment customers have toward it.

## **2 Literature Review**

Theoretical base of this study consists of basic theories of marketing and branding. It seemed clear for the author to start searching information from *Principles of Marketing* by Kotler and Armstrong (2013). Kotler & Armstrong explain the core marketing concepts, the marketing mix, market targeting, market segmentation, product positioning and factors of competitive advantage. Baker & Hart (*The Marketing Book* 2008) continue by introducing marketing forces and basic concepts of consumer behaviour with many interesting examples of real-life companies marketing techniques. The fundamentals of marketing by Russell (2010) were chosen, because the book was extremely clear and Russell had included many of his own opinions. The author felt that since the marketing part was not the main point of this thesis, only 3 different books were enough to cover basic theories needed, since some of the information was also taken from reliable internet sources, such as NetMBA (Maslow's Hierarchy of Needs) and several articles about customer engagement.

Branding part started with *Strategic Brand Management* by Keller (2013) mainly because his theories are perhaps the most known and widely referenced by other authors. Keller provides the definition of a brand, the basics of brand image and categorization with an insight to brands marketing activities. The fundamentals of branding by Davis (2009) was chosen because of its clear structure and great company examples. Davis also explains the basics of emotional branding. In order to get more depth, the author also chose *New Strategic Brand Management* by Kapferer (2012). This section was also complemented by reliable internet sources, mostly articles and blog posts concentrating on lifestyle branding and customer brands relationships. Many articles and blog posts were referenced, because when it comes to branding, people tend to have many opinions and the author wanted to include as many aspects as possible.

Some of the definitions used were taken from Business Dictionary, Investopedia and NetMBA mainly because the author finds these sources quite reliable. The articles were

mostly taken from online business magazines such as Forbes and Bloomberg Business Week.

When it comes to Nike, it was clear to start the research from the company's own website, using also examples from Nike Store and Nike+ website. Some articles were also used as well as pictures from Nike Women Twitter account, since Nike is extremely active in social media.

The author used a lot of examples of different brands, such as Nordic grocery brands (Rainbow and Pirkka), other sports brands (such as sporting store Stadium's own brand Soc), multinational brands (such as Coca Cola) and star athletes (such as David Beckham and Tiger Woods).

### **3 An overview of marketing and branding**

#### **3.1 Basics of marketing**

In order to understand branding it is wise to start with the basics of marketing, since in the end branding is an essential part of the marketing process. Kotler and Armstrong (2013: 5) define marketing as "a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others". The World Marketing Association on the other hand defines marketing as "the core business philosophy that directs the processes of identifying and fulfilling the needs of individuals and organizations through exchanges which create superior value for all parties". (Russell 2010: 12) Edward Russell (2010: 13) himself admits that he defines marketing more as "the manipulation of product, price, distribution (place), promotion and people (target audience) to satisfy consumers at a profit".

It is easy to assume marketing only as selling and advertising, but nowadays it is more sensed as satisfying customer needs. Marketing starts a long time before the product is even finished and continues even after selling by trying to maintain current customers and obtain new ones. In order to do marketing, a company needs to examine the needs, wants and demands of the customers (current and potential); value, satisfaction and quality of the products and services; transactions and relationships between people and

of course examine the actual market. All these terms are an essential part of core marketing concepts. (Kotler & Armstrong 2013: 5)

When creating the marketing strategy it is good to remember that after all humans base their purchasing decisions on needs, wants and demands. Needs are something we actually need to survive, such as food, clothing, warmth and safety. Social needs such as belonging and affection; and individual needs for knowledge and self-expression are also things that need to be satisfied in order for people to feel themselves good and loved. It is easy to mix up needs with wants, because really strong wants can almost feel like people's lives would depend on getting them. Wants can be actual needs, but they can also be something that is just shaped by people's culture and individual personality. A good example of this are mobile phones. People have coped without them for centuries but today it seems like there is hardly anyone who could "survive" even a day without their cell phones. This is a "need" that is coming from the culture and society, not a basic need for survival. Addition to these, there are demands which are basically human wants that are backed by an ability to pay. People can want and almost need something so bad, but without right resources (like enough money) they simply cannot have them (at least not right now). When they do have the money, their (sometimes unlimited) wants become demands and they start to see products as bundles of benefits where they can choose the product that is giving the best bundle for their money. Something that satisfies their needs, wants and demand better than any other products. (Kotler and Armstrong 2013: 6)

### 3.2 Maslow's Hierarchy of Needs

Motivation is usually driven by unsatisfied needs and for a marketer it is worthwhile to understand which needs are more important than the others. For this, the author has used Abraham Maslow's model which explains basic, low-level needs (such as safety and physiological needs) as well as higher-level needs (such as esteem needs and self-actualization). Maslow's hierarchy of needs explains that when a certain need is mostly satisfied it no longer works as motivation which leads to the next higher need to take its place. (NetMBA)

As shown in Figure 1, page 5, on the bottom of the pyramid are the "most important" needs: Physiological and Safety needs, which are required for people to survive. Next three are not important in a same way, but these needs have to be fulfilled in order for

people to feel themselves good and cherished. These needs are: social needs, esteem needs and self-actualization needs.

- **Physiological needs:** Needs required to sustain life. For example: air, water, nourishment and sleep. According to Maslow, these needs need to be satisfied before humans can feel any higher needs.
- **Safety needs:** After physiological needs are met, next step is to turn attention to security and safety needs with a mission to avoid physical and emotional harm. These needs can be fulfilled for example by: living in a safe place, having medical insurance and financial reserves. These needs need to be fulfilled before humans can be motivated by higher needs.
- **Social needs:** Social needs are related to interaction with other people and become important when physiological and safety needs have been fulfilled. Social needs can refer for example: a need for friends and belonging.
- **Esteem needs:** These needs are based on assumption that everyone wants to feel important and achieve something in life. Esteem needs can be divided as internal (such as self-respect and achievement) and external needs (such as attention and reputation).
- **Self-actualization:** Unlike lower level needs (mentioned above), these needs are never fully satisfied since they are always changing as humans grow psychologically. Truth, wisdom, meaning or justice are examples of these needs and they are mostly used with a mission to reach humans full potential as individuals. (NetMBA)



Figure 1: Maslow's Hierarchy of Needs (NetMBA)

It is good to remember however that not all people are driven by the same needs and other people can be motivated by entirely different things than the others. When it comes to marketing, this basically means that there is a need for much deeper investigation of the specific needs of the potential customers than this theory can explain. Furthermore some research shows how in different cultures some needs can actually be higher than the others regardless of the order in Maslow's hierarchy. In some cultures, for example social needs can be placed higher than the other needs. Also those people who can be called "starving artists" place esteem needs and self-actualization higher than some basic physiological needs (such as food). (NetMBA)

### 3.2.1 Customer value, satisfaction and quality

It might not always be easy to find and choose right products when there is such a wide range of basically same products with different features, status and prices. This is the point where the customer has to evaluate the differences in between owning and using a product and the costs of obtaining the product. A customer can have a certain needs and wants for a certain product, for example a new cell phone, which has certain outlook and set of features, but there can be many similar offerings of this kind of product. In these cases the customer either relies on a certain brand (Apple, Samsung etc.) or makes a decision based on a price. The customer might also evaluate how much money he/she needs to invest in this product in the near future to ensure it works properly (for example need to get some additional devices/features, possible need of maintenance (in case of breakings)). If the price is low, but the phone will last only a year without maintenance, the customer might prefer to choose a product that is more expensive but is expected to last at least 2 or 3 years without breakage. In this situation the brands matter a lot since the customer usually has a perceived value for a certain brands products. Kotler and Armstrong (2013: 7) explain that "customers form expectations about the value and satisfaction that various market offerings will deliver and buy accordingly. Satisfied customers buy again and tell others about their good experiences. Dissatisfied customers often switch to competitors and disparage the product to others".

### 3.2.2 Marketing Mix – The four (of five) “P’s” of marketing

Kotler & Armstrong (2013: 53) define the marketing mix as “the set of tactical marketing tools that the firm blends to produce the response it wants in the target market”. The traditional four P’s of marketing are: Product, Place, Price and Promotion. Some however, like Russell (2010: 13), add a fifth P: People.

**Product** refers to the actual product (or service) that the company offers for sale or for use to some individual(s). This includes everything from the chosen materials to size and colour (or taste and scent), from packaging to manufacturing and design of the product, with possible research and development made for the product. “The product “P” covers everything that goes into the development of the tangible or intangible object”. (Russell 2010: 14)

**Price** gives profit and makes up the cost of the product, but it also sets quality expectations, segments the audience (to those who have enough spendable income and those who does not) and even conveys how customers should consume the product. **Place** refers to how and where the company sells the product and how it is distributed. Place can set quality expectations and it is wise to evaluate where the company wants to sell this specific product and what kind of value the place gives to the product. Finally, **promotion** includes any form of marketing from advertising to sales promotion and one-on-one selling. Like Russell (2010: 15) puts it: “Any way you choose to promote your product is called promotion in marketing”. Finally there is the debatable fifth “P”, **people**. No matter how much the company markets the product and think about the price and place and promotion, in the end without people there is no point in marketing it at all. As previously stated, marketing revolves around the wants, needs and demands of people. Therefore it only makes sense that an effective marketing should begin from understanding the consumer (people). As Russell puts it: “Discovering your ideal target market and learning all you can about why they do what they do will help you determine the best way to present your product to maximise interest”. (Russell 2010: 13)

“An effective marketing programme blends each marketing mix element into an integrated marketing programme designed to achieve the company’s marketing objectives by delivering value to consumers”. (Kotler & Armstrong 2013: 53) Baker & Hart (2008: 248) suggest that there are some market forces that have a huge effect upon the marketing mix. These market forces are: consumer attitudes and habits (such as motivation

and trends), trade attitudes and methods (such as trade structure and practices), competition (such as the position in the market) and governmental controls (such as over product and pricing). New elements have also been introduced to the marketing mix, such as advertising, personal selling and branding. (Baker & Hart 2008: 249) Some marketing experts also suggest that the companies should view the 4 P's of marketing mix as the customer's 4 C's, which are: Customer solution (product), cost to the customer (price), convenience (place) and communication (promotion). (Kotler & Armstrong 2013: 54)

### 3.2.3 Segmentation and positioning

Russell (2010: 54) states that "one of the most frequent mistakes marketing communications companies make is to determine their market segment and then act as if these people believe in the same things they do". People, including potential buyers, differ in many ways when it comes to wants, locations, buying habits, attitudes and resources. In order to reach just the right buyers, companies need to divide one large market into smaller segments that can be better reached with products and services that fit into their specific needs. Kotler and Armstrong (2013: 51) define target marketing as "the process of evaluating each market segment's attractiveness and selecting one or more segments to enter". There can also be more than one segment that could fit into the image of "potential customer". In order to select the most attractive segment(s) to enter, market targeting is needed. Finally, to attract selected segment(s) (potential customers) to choose a certain product, market positioning is needed to ensure the product the most desirable place relative to competing products. (Kotler & Armstrong 2013: 51-52)

"Conceptually any business strategy should be based on understanding, meeting and even exceeding the needs of target segments". (Baker & Hart 2008: 223) There are three levels of market segmentation: Mass marketing (no segmentation), Micromarketing (complete segmentation) and Niche marketing (something in between previous two). Mass marketing means refers to "a market-coverage strategy in which a firm decides to ignore market segment differences and go after the whole market with one offer". (Kotler & Armstrong 2013: 215) Reason for mass marketing can be for example to create the largest potential market leading to lower costs. It is however difficult to create a product that would appeal to everyone. Kotler and Armstrong (2013: 217) define micromarketing as "tailoring products and marketing programmes to the needs and wants of specific

individuals and local customer segments". Tailoring the products and marketing practices to specific individuals and locations is the main point of micromarketing. Micromarketing can be divided into local marketing and individual marketing. Local marketing concentrates on cities, neighbourhoods and specific stores. Individual marketing tailors products to individual customers. Segment marketing refers to "a market-coverage strategy in which a firm decides to target several market segments and designs separate offers for each". (Kotler & Armstrong 2013: 215) Segment marketing can be more efficient than mass marketing, since it is easier to recognise the needs and buying behaviours of specific groups and then offer just the right products that appeal to them specifically. There might also be fewer competitors who focus on the same market segment. Niche marketing goes a bit further and mainly focuses on subgroups within the market segments (for example selling gears for mainly street hockey instead of selling all kinds of athletic gears). Niche markets are relatively smaller (than normal segments) and usually attract only one or a few competitors because of the uniqueness of the products. Niche marketing is mostly practiced by small companies, but some large companies can also practice niche marketing. For example Nike offers athletic gears for many activities, but they also make products for smaller niches like for fell running and street hockey. (Kotler & Armstrong 2013: 216)

Markets can be segmented many different ways. Geographic segmentation is based on dividing the markets into different geographical units such as nations, cities or neighbourhoods. The company can either operate in all areas paying attention to differences between geographical areas or company can decide to operate only in one or a few areas. Demographic segmentation means "dividing the market into segments based on variables such as age, gender, family size, family life cycle, income, occupation, education, religion, race, generation and nationality". (Kotler & Armstrong 2013: 206) People in the same demographic group can still be very different which is usually based on social class, lifestyle or personality characteristics. These are the basis of psychographic segmentation. Finally behavioural segmentation can divide people into groups based on consumer knowledge, attitudes, uses or responses to a product. This type of segmentation focuses on the reasons why people shop and how they are doing it, are they doing it because of some occasion or are they seeking some benefits from it. Relating to this user status can also be examined (such as the first-time user or regular user of the product), usage rate (such as light- or heavy-user of the product) and loyalty status (for example loyalty towards certain brands). (Kotler & Armstrong 2013: 209-210)



Beginning of the market targeting, the company has to evaluate both segment attractiveness and how the company fits into the segment(s). Segment attractiveness can be evaluated based on desirable size and growth factors, but also on the basis of current and potential competitors. Stronger and more aggressive competitors the segment has, the less attractive it is. It is also good to think about the power of buyers and the power of suppliers, since both can have a huge impact on prices and the quality of the products. "Even if a segment has the right size and growth and is structurally attractive, the company must consider its objectives and resources for that segment". (Kotler & Armstrong 2005: 415-417) Some attractive segments might not be best for the company's goals in the long-run and they can even be poor choices from environmental, political or social-responsibility viewpoint (for example targeting to children). Market share and market assets of the company should also be evaluated when choosing the right segment(s). If the segment does not use firm's marketing assets, then the segment can get costly to develop. The company also needs the right skills and resources (such as technological resources) to succeed in the chosen segment(s). Information about the target market segments is also implemented in positioning, pricing, and promotion and advertising strategies. (Baker & Hart 2008: 224-225) Kotler and Armstrong (2005: 417) also explain that "even if the company possesses the required strengths, it needs to employ skills and resources superior to those of the competition to really win in a market segment. The company should enter segments only where it can offer superior value and gain advantages over competitors".

After the company has discovered the most suitable segment(s), it has to decide which and how many of them to serve as a target market. The firm can then choose one of three market-coverage strategies: undifferentiated marketing, differentiated marketing or concentrated marketing. Undifferentiated marketing basically means that the company ignores market segments differences and decides to serve the whole market with one offer. This approach concentrates more on the similarities of the segments instead of differences between them. The marketing itself is designed to appeal to everyone using mass advertising techniques and mass distribution to create a superior image of the product in buyer's minds. It is easier to keep the costs (such as production and advertising costs) down with undifferentiated marketing, but the problem is that one kind of product or brand does not satisfy all customers and the competition can get tough easily. Better way to handle this might be to choose several market segments and design separate offers for each with differentiated marketing strategy. Typically differentiated marketing creates even more total sales than undifferentiated marketing, because it serves

customer's purpose and personality better. Some companies however see it important to concentrate only on a large share of one or a few submarkets with concentrated marketing strategy (niche marketing). By using this strategy, the companies can achieve a strong market position in the chosen segments just because they have such a great knowledge of the segments' needs and desires. The problem with this however is that if the chosen segment(s) fail suddenly, the company does not have other segment(s) as a back-up. (Kotler & Armstrong 2013: 214-218)

"A product's position is the way the product is defined by consumers on important attributes – the place the product occupies in consumers' minds relative to competing products". (Kotler & Armstrong 2013: 221) There are so many products and services that it is impossible for customers to evaluate all the products available every time they are making a buying decision. To make this process easier, the customer "positions" products, services and companies in his/her mind. This "position", like Kotler and Armstrong (2013: 221) explain is "the complex set of perceptions, impressions and feelings that consumers have for the product compared with competing products". Consumer can position the product without marketers help, but marketer surely wants to be involved in creating the best position possible to their product(s) in customers mind. Marketer can do this by designing marketing mixes accordingly (product, price, place, promotion). (Kotler & Armstrong 2013: 221)

Before actually entering the market with the product or service, it is wise to start with market research to find out what works and what does not. Keller however (2010: 60) reminds that "marketing changes at the speed of light and marketing managers that become overly dependent on 'what the numbers say' are unlikely to ever create major successes". It is highly important to learn to predict how consumers act in the future. In order to predict the future behaviour, it is good to first understand why people act how they do. The four major reasons for product failure are:

1. It was originally a bad idea
2. There as a flaw in the marketing mix (such as too high price or too little promotion)
3. There was a mistake in the market research (or misunderstanding)
4. Changed trends (which can happen really fast)

(Russell 2010: 60-63)

### 3.3 Competitive Advantage

The business dictionary defines competitive advantage as “a superiority gained by an organization when it can provide the same value as its competitors but at a lower price, or can charge higher prices by providing greater value through differentiation”. (Business Dictionary) Michael Porter identifies two basic types of competitive advantage as: Cost leadership and Differentiation. This basically means that in order for the company to possess competitive advantage it either has to deliver the same products or services than its competitors with lower costs or it has to deliver better products or services than the competitors. The company can also use a broad or narrow focus to identify a set of generic strategies to create and sustain competitive advantage. (QuickMBA)

Cost leadership can be very successful, but it is hard to put into action. The cost leadership strategy involves marketing the company as the cheapest source of a certain good or service. This requires minimizing all the costs and passing the savings to customers. Some companies have succeeded well in cost leadership strategies like Wal-Mart, Ikea and Ryanair. (Scilly)

Differentiation strategy is based on providing more benefits with higher prices to segmented markets appealing to their specific wants and needs. The main point is to offer something different than the competitors. A company can differentiate its physical product, special service, personnel or image. Innovation, consistency and reliability are some of the attributes of differentiated physical products. Differentiated service can either be related to physical products (such as careful delivery or installation of the product) or seemingly separate services such as customer training services or consulting. Hiring and training better personnel is always a great competitive advantage, since they have a huge impact on consistency and accuracy of the products and services. They are also the ones who communicate with customers and respond to customer's problems and requests. Finally, it is always good to create a strong company or brand image. This can be done for example by unique symbol or logo (such as Nike's "Swoosh"-logo), specific advertising (such as Nike's "Just do it") or organizing special events. (Kotler & Armstrong 2013: 221-224)

### 3.4 Consumer Behaviour

Baker & Hart (2008:109) define consumer behavior as “the study of individuals, groups or organizations, and the process they use to select, secure, use and dispose of goods, services, experiences and ideas which are associated with the satisfaction of their needs and the impact of these processes upon consumers, organizations and society”. Russell (2010: 40) simplifies this by defining consumer behavior as “the study of why people do what they do”. He also add that “the better we can understand the rational, emotional and often subconscious reasons for consumers’ actions, the better we will be at creating effective marketing campaigns” (Russell 2010: 40). The company wants to present the brand’s story in the best possible way and in order to do this they need to figure out what their customers want and how they make the buying decisions. Basically why they choose certain brands, how they choose them and where are they buying them from? Does their friend’s opinion matter or do they find advice from social media (such as Facebook)? To discover this, the company needs to conduct a market research. It can either be a primary research that is conducted by the company itself or as secondary research, which has already been done by some other party. (Russell 2010: 41)

Baker & Hart (2008: 112) explain that there are multiple steps in the individuals buying behaviour. The first step in “the consumption journey” is to recognize the needs and wants which effect on the decision-making. Once needs and wants have been activated, the next step is to collect relevant information from internal (such as previous experiences, as-assumptions etc.) and external (such as advertising, social media etc.) sources. This information helps the company to make the best purchase decision possible. The last phase is the actual purchase and also post purchase evaluation. The decision process does not end when the purchase has been made, but it continues to evaluate the use of the product or service purchased. If the purchased product is not satisfying, it will not be considered again and most likely this information will transfer to consumer’s friends and family, who will use this information when making their own purchase decisions. (Baker & Hart 2008:112-114)

It is interesting to find out what consumers do, but even more important is to understand why they do what they do. Environment, culture and the individual’s psychological make-up are the three main influences on consumer behaviour. The environment people are in influences their manners and decisions through friends, family, trends, advertising, past experiences, perceived status and many other. This is the part where brands come

into the picture. Russell (2010: 48) explains that “brands can tell others who we are, what we think and value, and even signal our level of success in the world”. Factors like age, gender, educational background, ethnicity, income and occupation also have a huge role in defining who the person is, what he/she thinks and how he/she views the world. (Russell 2010: 48-51)

### 3.5 Customer engagement

“Customer engagement is about encouraging your customers to interact and share in the experiences you create for them as a business and a brand”. (Chan) The customer engagement can also be simplified as “the ongoing interactions between company and customer, offered by the company, chosen by the customer”. (Hussain) Businesses are usually very focused on revenue extraction, when they actually should be paying more attention on value creation which is a huge part of customer engagement. Great customer engagement strategy can boost brand growth and customer loyalty towards the brand. (Chan)

In a big company it is really hard and even impossible to engage one-on-one with customers, but luckily there are ways to also engage a bigger audience. “The first step towards having valuable customer engagement is understanding what value means for them”. (Hussain) There are many customer engagement strategies, for example humanizing the brand (creating personality for the brand), great customer service (offering only positive experiences for the customers) and social media (using social media channels to build a community). (Chan) It is the company’s responsibility to provide the product, services and tools for a great customer engagement strategy, but the customer needs to decide themselves how to use these tools. The main point is to either know exactly what the customer likes (and dislikes) or (if unclear) to offer multiple options to choose from. In the end, the assumption is that all the customers want to be happy and they want products, services and tools that give them a personalized experience with as few problems as possible. (Hussain)

All customers want a personalized experience and a feeling that the product or service actually responds to their specific wants and needs. One way to do this is customisation. The verb customize means to “modify something to suit a particular individual or task”. (Oxford Dictionaries) Ability to customize the product individually to every customer might

be a huge competitive advantage, but in a big company it is better to use mass customization. “Mass customization is the process of delivering wide-market goods and services that are modified to satisfy a specific customer need. Mass customization is a marketing and manufacturing technique that combines the flexibility and personalization of “custom-made” with the low unit costs associated with mass production”. (Investopedia) The companies can also use the customer itself in customization process which basically means that the customer can customize their own product in the way they want. This has been done by Nike for example, who have created a possibility for customers to custom their own Nike Free –shoes with special colours and message in the Nike online-store (See Figure 2. page 15). (Nike Store)

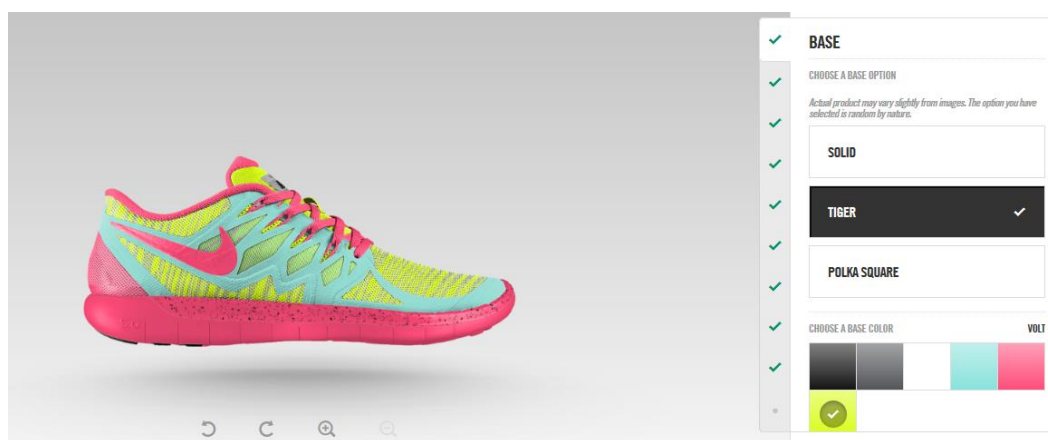


Figure 2: Customising Nike Free-shoes (Nike Store)

## 4 Branding

“In recent years, branding has become a fundamental part of companies, organizations and even individuals”. (Davis 2009: 12) Anything can be branded, such as shoes, medics, kitchen supplies, cars and even people. Brands are the way to perceive value and make difference between similar companies. A strong brand can boost the value of the company while on the other hand a damaged brand can cause huge problems and big losses to the company. This section explains the basics of branding and what lifestyle brands are and how are they born. Finally the author analyses the importance of the consumer brand relationship.

#### 4.1 Basics of Branding

The American Marketing Association (AMA) defines a brand as a “name, term, sign, symbol or design, or a combination of them intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of other sellers”. Branding is not just about getting the target market to choose a certain product over competitors, but it is about getting potential clients to see certain company as the one who provides a solutions to their problem. (Russell 2010: 72) Brand is much more than just a name or a logo. It is a way to represent the “personality” of the company and it works as the interface between a company and its customers (actual or potential). “The products, services and people of an organization or entity are all part of the brand and affect the way that audiences both perceive and interact with a given brand”. (Davis 2009: 12)

A good brand has a clear message, it arises emotions in the target customers, motivates the buyers and strengthens user loyalty. The key in branding is to deeply understand the potential customers, their wants and needs. The branding process also helps to define the company’s position in the market (relating to competitors) and it works as a backbone to the company providing also guidance for the vision and direction of the business. (Davis 2009: 12) Brand is the sum of total experiences and perceptions of the customers and prospects. Some experiences and perceptions companies can influence and some come from outside. The best way to ensure good perceptions of a certain brand is to offer quality products and services and give the customers the best experience possible since they are the ones telling about their experiences to others (Lake). Keller (2013: 2-3) adds in his book “Strategic Brand Management” that “many practicing managers refer to a brand more as something that has actually created a certain amount of awareness, reputation and prominence in the market place”. The New Strategic Brand Management by J N Kapferer (2012: 1) also suggests that “brands can be divided into customer-based brands, which focus exclusively on the relationship customers have with the brand, and brands as conditional asset, which focuses more on value and profit of the brand itself”.

Whatever the definition is, a good brand is always flexible and adaptable for changes in society and global marketplace. This can mean smooth entering to new global markets or responding to altering society trends. “Many people now expect a deeper connection with brands and greater transparency about the business that sits behind the brand”. (Davis 2009: 13) Brands also need to demonstrate their ability to deliver and emphasize

their values, which can be for example environmental and/or social causes or great design. Functional attributes, like quality, service and ability to deliver “brand promise”, are also important factors. (Davis 2009: 20)

“Branding has shifted from being simply about “identity creation” – that is, designing a logo, name and “look and feel” for the brand – to a period of attempting to emotionally connect with audiences”. (Davis 2009: 20) Good examples of this are for example Apple (“Think Different”), McDonald’s (“I’m lovin’ it”) and Nike (“Just do it”). Audience still expects more and now brands wish to engage with people through “brand experience”, by capturing customer’s senses with different experiences. (Davis 2009: 20)

Society is always changing (customer needs and wants also) which sometimes means that brands have to reinvent themselves either by actually “rebranding” themselves or just “repositioning” the existing brand. Good example for repositioning is Nike, who added “Just Do It” slogan to the brand which soon became an important addition with the Nike brand and its focus on athletes, rather than products itself. (Davis 2009: 20)

Keller (2008: 5) explains that “brands, especially strong ones, carry a number of different types of associations, and marketers must account for all of them in making marketing decisions”. This is an important factor to remember when trying to create for example new marketing campaigns or new “innovative” products. If new marketing strategies fight against the brand image, it will harm the brand in the long-run when customers rather rely on familiar and traditional products (and brands) instead. “The entire marketing program can contribute to consumers’ understanding of the brand and how they value it”. (Keller 2008: 5) Sometimes changing the brand image, for example a logo or slogan, is good (like with Nike and “Just do it”), but sometimes it alienates the customers when they no longer recognise the product as a certain brand. The author has recently noticed that some Nordic grocery brands (such as Saarioinen (food products) and UpCider (alcoholic beverages)) have recently altered their logos and packages which makes them harder to recognise in the store. This seems to have led to customers choosing familiar and “original” brands instead.

There are multiple answers to the question: Why do brands matter? First of all, brands provide important functions to the customers, who identify the sources or makers of the product(s) through brands. Past experiences of the products and their marketing programmes provide customers with valuable information of the brands that satisfy their



needs and desires. Keller (2008: 7) explains that “based on what they already know about the brand – its quality, product characteristics and so forth – consumers can make assumptions and form reasonable expectation about what they may not know about the brand”. Sometimes it is nice to try out new products and brands, but usually people tend to choose the brands they have used before, because they know that the quality satisfies their needs.

Brands can also be symbolic and allow customers to project their self-image. Certain brands are associated with certain images and types of people, reflecting their values and ways of life. (Keller 2008: 8) This can be easily seen for example in luxury products which obviously cost a lot of money and because of this, people seem to expect that a woman carrying a (real) Louis Vuitton bag has a lot more spendable income than others. People wearing sports brands, like Nike, also seem sporty, colourful and active beyond other people. “Consuming such products is a means by which consumers can communicate to others – or even to themselves – the type of person they are or would like to be”. (Keller 2008: 8) There are also brands that people tend to categorize as “cheap” and having “less quality” than the others. For example Finnish grocery stores own brands like Rainbow and Pirkka or even cheaper X-tra and K-menu. These brands have very distinctive logos and packaging even though they are not categorized as “luxury brands” or brands with very high quality. People still buy these brands because they satisfy their needs and some people (like students) simply cannot afford to buy more expensive brands. Categorizing these brands as “cheap” does not mean that they are bad products either and even though these companies do not spend a lot of money on to packaging and marketing, people still recognise these brands just as well as “highly marketed” brands.

Brands can also signal certain product characteristics to consumers. These characteristics can be divided into 3 categories: search goods, experience goods and credence goods. Search goods (for example food products) can be evaluated based on product attributes such as size, colour and design. For example the brand image of Chiquita Bananas being fresher and yellower looking than Rainbow bananas. Experience goods (such as cars) on the other hand can be evaluated mainly by inspection and judgement of durability, safety, quality of use and ease of handling. For example Volvo being a good family car since the whole family can fit on it and it is safe and durable for many years. Finally, credence goods (such as insurance coverage) are harder to assess based on attributes and with these goods, brands can actually provide important signals of quality

and characteristics of products. (Keller 2008: 8) For example LähiTapiola being closer to the customer (than the other insurance companies) and it making it easier to combine all the insurance and bank issues into one company.

When creating a brand, it is good to remember that even though firms create brands through marketing and other activities, ultimately “a brand is something that resides in the minds of consumers”. (Keller 2008: 10) First, it is important to give consumers the label of the product and a meaning for the brand. Basically, how can the consumer identify this specific product, what can this product offer the consumer and why this product (and brand) is different from other similar products? “The key to branding is that consumers perceive differences among brands in a product category”. (Keller 2008: 10) As previously stated, these differences can relate to the actual attributes of the physical product or they can be based on image considerations instead. Good example is Nike again, which people tend to recognise from the “Swoosh”-logo (See figure 3, page 19) and the “Just do it”-slogan. These are the first features (image considerations) that a customer looks at if he/she does not really have a prior experience of the products itself. Someone familiar with Nike products could rely more on the quality attributes, materials used or additional features of the products (such as Nike+).



Figure 3. Nike “Swoosh”-logo and “Just do it”-slogan (Nike Inc.)

#### 4.1.1 Branding challenges and opportunities

Some brands seem to keep their place in customer’s hearts from year to year while other brands simply cannot make the cut or become victims of trend changes and customer preferences. The companies can always blame the factors that go beyond the control of the firm, but sometimes the marketers rely on their brand too much and fail to take into

account for example changing market conditions. “The bottom line is that any brand – no matter how strong at one point in time – is vulnerable and susceptible to poor brand management”. (Keller 2008: 30) First thing to take into account is customers (actual and potential) who have become even more demanding and can get influential information from multiple sources such as websites and blogs. One bad review on the internet can prevent customers from choosing a certain restaurant or from buying a certain mobile phone and this is something that marketers have to recognise in order to stay competitive. Trends also have a huge impact on peoples buying behaviour which is highlighted for example in nutrition and choosing “healthy” choices (with less sugar and fat) over “original” products. For example soda manufacturers, like Coca-Cola, would be in serious trouble if they had not noticed these growing trends and tried to invent even more “healthier” options by using Stevia and other sweeteners over sugar. (Keller 2008: 30)

Marketing is still very important, but the focus has shifted from “traditional” media (such as TV and newspapers) to new and emerging forms of communication such as interactive electronic media, event sponsorship and product placements in movies and TV-shows. The marketplace has also become even more competitive which has forced marketers to use more discounts and other financial incentives more than before. Low-priced competitors, for example Finnish grocery stores own labels (such as Rainbow and K-Menu), and low-priced “clones” imitating product leaders, have become a serious competitors for “original” brands. Brands have also made extensions to new product categories and become potential rivals to market leaders. “At the same time that competition is increasing, the cost of introducing a new product or supporting an existing product has increased rapidly, making it difficult to match the investment and level of support that brands were able to receive in previous years”. (Keller 2008: 36)

The ultimate goal of branding is to reach a point when a brand becomes an accepted synonym for a certain word or action. For example, Post-it’s were before just small papers which people could use to make notes and Post-It was actually just one firm that manufactured them. There can be many companies manufacturing a certain product, such as cola-drinks, but still people tend to ask “Do you want a Coke?” even though they would be talking about Pepsi or some other (perhaps cheaper) “clone” of the original product Coca-Cola. People also tend to use expressions like “Google it”, when they mean searching for information or “Can you FedEx it to me?” when they need something delivered. Creating this kind of mind-set is a huge competitive advantage that cannot be replaced very easily.

## 4.2 Lifestyle branding

Anything can be branded and branding activities tend to follow the same path from creating the brand image to getting customers engaged with it. Emotional response is an extremely important factor in lifestyle branding where the customer does not buy just a pair of sneakers, but instead the customer is buying for example an active and energetic lifestyle, which helps him/her to achieve his/her desired goals. "When a consumer makes a purchase of certain brands it defines the expression of a certain taste - of a personal identity" James D. Roumeliotis explains in his "Lifestyle branding: Engagement and the total experience" -blog post. "It is a combination of a number of emotional factors including social status, self-worth assessment and emotional aspirations", he continues. "The goal of a lifestyle brand is to become a way that people can utilize it to relate to one another. Those brands are an attempt to sell an identity, or an image, rather than a product and what it actually does". (Roumeliotis).

When it comes to luxury brands, it is very important to sell the lifestyle more than the actual product since who would spend thousands of dollars on just a bag? Perhaps someone who just happens to have that much extra money, but not everyone does and still there are people who save money for months and months just to have enough to buy the Louis Vuitton-bag even though instead they could buy food for the next 6 months. In author's opinion, these people do not buy "just the bag", but instead they buy a status symbol which tells other people that they are something more than they actually are. Many lifestyle brands are defined as luxury products for example Mercedes Benz, Gucci and Rolex. Not all lifestyle brands are super-expensive though such as Coca-Cola which has made a name for itself by selling, essentially, fun. Their marketing campaigns are filled with friends and family having fun in the parks and beaches while drinking Coke. Lifestyle that seems to fit for all ages, genders and income-levels. Who does not want to have fun with loved ones? During Christmas even Santa Claus is having fun while drinking Coke and it seems we all just have to get a bottle of Coca-Cola to our Christmas table.

The most successful lifestyle brands, such as Nike, do not appeal only to one subset of people either. Nike started out as strictly an athletic brand, but during the years Nike has produced clothes, shoes and accessories that fit into athlete lifestyle, but also for people who are not playing sports at all. Nike products are comfortable, stylish, and colourful

and they can be used in any situations whether people are jogging or just hanging out with friends at the park. Some people even sleep in these clothes since they feel so nice on their skin. For example people can use popular Nike Dunks as basketball shoes (what they originally are) or simply as a fashion statement (which they are perceived now). (Thimothy)

Any brand can become a huge success in a very short time, but the challenge is to build a brand that inspires and has the loyalty of millions of people in the long-term. Basically any brand that can be linked to a certain lifestyle is a lifestyle brand, but some professionals have taken this categorization into a new level. Antonio Marazza, general manager of Landor Associates Milan, and Stefania Saviolo, professor of creative industries at Bocconi University, have created a map of symbol-intensive brand categories. Marazza (2013) clarifies that “Symbol-intensive brands represent certain qualities or meanings to the consumer rather than just functional values”. First category in their map is “Authority Brands”, such as BlackBerry and Dr Hauschka cosmetics, which are usually based on technology processes or highly distinctive styles. These brands typically have quite a narrow market segment and they generate certain emotional responses, making people feel a certain way. Next category is “Solution Brands” which cover a wider range of consumer segments. “Often, these brands were formally authority brands that started as highly respected products in a defined area, for example Microsoft, Honda, Sony and Mattel”. (Marazza 2013) Most of the luxury brands, such as Chanel and Tiffany, fall into third category which is “Icon Brands”. These brands have powerful values and they make people perceive themselves as “better” than usual. Icon Brands values go beyond gender, age and geographical boundaries, which is also a weakness since in the society values can change. Change is however slow and the bigger challenge to these brands is to stick in their core values. The fourth category is “Cult Brands”, such as Harley-Davidson, which might not be the most advanced products, but they encapsulate symbolic excellence and make people feel as a part of the group. The fifth and final category is, of course, “Lifestyle Brands”, such as Nike and The Body Shop, which associate themselves firmly with a particular way of life. Lifestyle brands “deliver strong social benefits through which a consumer will be able to subconsciously answer the question, “When I buy this brand, the type of people I relate to are...”” (Marazza 2013). For example, The Body Shop aligns people who value nature and Nike aligns those who are active and want to push their limits. Lifestyle brands are usually connected with young consumers, but brands like Apple and Nike, have grown from a youthful community and become

global success stories. Brands also tend to move between these categories since they are always changing like the categories are as well. (Marazza 2013)

“Marketers view lifestyle positioning as a way to break free of the cutthroat competition within a category by connecting with consumers on a more personal level” (Marketing Science Institute). Virtually, lifestyle brands concentrate on consumers self-expressive activities which puts brands from different product categories in direct competition with one another. So instead of breaking free from the competition, companies thriving to sell lifestyle brands put themselves up for even fiercer competition. The ultimate goal of consumers is to satisfy their need for self-expression which can be done in multiple ways. “As more brands enter the self-expressive domain and consumers find more non-brand ways of self-expression, the relative importance of many lifestyle brands will likely decline” (Marketing Science Institute).

When pursuing to create a lifestyle brand, it is good to remember that there is a difference between something being a part of life, such as working out for example, and something being the way of life. For example, working out is a part of many people’s life, but many are not very enthusiastic about any specific sports and cannot define themselves based on any sports. The author knows some dancers though and for them dancing seems to be truly the way of life. They live and breathe for the dancing and it can be seen from their moves and appearance that they are dancers. Brands can also serve a specific action without ever becoming a lifestyle brands, without becoming “the way of life”. If the author simply needs a new exercise top, the ultimate choice would be to buy Soc (sports store Stadium’s own brand) which is a quality brand with some nice colours and affordable price. However, if the author wants to push her limits to the breaking point and “Just do it”, then the ultimate choice is a Nike top, even though it costs 30 euros more and the quality is basically the same. The main difference between these options is that Nike represents the things that people want to pursue and the lifestyle they want to be part of without being really an athlete.

#### 4.3 Consumer brand relationship

Consumer brand relationship can be seen as the interaction between a brand and a customer that start to reflect similar characteristics of relationships between people. As Jeanette Mulvey (2012) suggests in her blog post that “customers’ relationships with brands are not all that different than relationships with people. Some you genuinely care

about...others are in your life because you need them". Relating to this declaration should be easy since people use some brands daily without even paying attention to the brand itself (like Finnish grocery brands Valio (dairy products) etc.) and some products people buy just because of the brand (such as very expensive Louis Vuitton -handbag). Apple is also a very good example of a brand that has such a strong place in some customers' hearts that they don't even consider buying a laptop or a mobile phone from alternative brands.

Consumers tend to relate to the brands based on two factors: economic ones (such as price and value) and "communal" ones (such as caring, trust and partnership). Researchers say that "how consumers react to experiences with the brand, both positive and negative, depend on how they related to the brand in the first place" (Mulvey). Based on research, customers with communal relationship towards certain brand(s) response well to good customer service even after first getting a bad treatment from the brand (such as having problems with purchased devices etc.). On the other hand consumers only having economic relationship with the brand(s) tend not to change their negative opinion even after getting good customer service experience. Marketers need to understand the type of relationship their consumers have with the brand(s) so that they can correct possible errors in the right way. A consumer with communal relationship with the brand(s) might response well for a sincere apology letter while consumer with only economic relationship with the brand(s) might need a refund or discount instead. (Mulvey)

In his blog, David Aaker (2013) talks about seven types of brand relationships (identified by Susan Fournier) which offer insight into how customer brand relationships should be conceived, measured and managed. These dimensions are:

- Behavioural interdependence: "This brand plays an important role in my life"
- Personal commitment: "I feel very loyal to this brand"
- Love and passion: "I would be very upset if I couldn't find this brand"
- Nostalgic connection: "This brand reminds me of things I've done or places I've been"
- Self-concept connection: "The brand reminds me of who I am"
- Intimacy: "I know a lot about this brand/ the company that makes this brand"
- Partner quality: "This brand treats me like a valued customer"

(Aaker 2013)

Some brands might want to superior all of these dimensions, but basically it is good to focus on one or few of them. There are multiple brands that could fit into any of these dimensions, but only a few or none that could fit into them all at the same time.

As we move from traditional “transactional” excellence of brands to “interactional” excellence, where personal relationship is created and managed, there are some transformational shifts that need to be taken into account. First, product transactions have transformed into human interactions. A good example of this is Nike who is not just selling sporting gear to athletes but has created communities around Nike+ where consumers can share experiences with others who have same interests and purpose. Second, relationships between consumers and brands have become personal interactions. This means that customer service is not just about handling questions and requests anymore, but it has become more as a personal conversation. Third, marketing-led transactions have transformed into user-led demand, which means that consumers have more control on when, where and how they experience the brand. No need to wait for marketing campaigns when all the information needed is already on the internet. Peoples own relationships with each other lead them to brands by reviews, Google searches, peer recommendations and social media. (LaFors)

When personal relationships between brand(s) and consumers get even more crucial, it is important that the companies are available and exposed. Sometimes marketers use fancy corporate words and expressions that “ordinary” people just do not understand which makes them irritated and bored and certainly not willing to buy the product or service. “Your audience wants to see you, hear you and understand you. They want you to inspire them to connect and engage with you...They want to be inspired to do different, do better and be better” (Moore). This can be done by humanizing the brand (and the company) which requires multiple steps. The first thing is to define the brand (and the company) from the inside first, defining what is this brand all about and what kind of company this is. At the same time there has to be a focus on the customer, audience and community: who are they and what do they want, how can this brand help them to achieve their goals. Companies need to focus on relationships with their customers (for example via social media) and create a personality for the brand (and stick with it). They need to share valuable information for customers instead of pushing loads of content into their faces when they do not need or want it. Last step is involving the audience by showing the company’s true identity and creating emotional connection with stories, pictures and other inspirational ways. Social media can be an excellent way to connect with



consumers and share information with them, which helps in creating emotional chords. (Moore)

People have a need to feel something whether it is love, passion, anger or trust. In order to create really meaningful brands, marketers need to build emotional connections between consumers and brand(s). One way is to tell interesting stories about the brand, not by simply promoting the brand but telling the story of the brand itself. This can be done for example by using emotionally-charged language and showing pictures and videos that allow consumers to see and understand what the brand is all about and what are the dreams behind it. People want to feel the same passion and hope that the creators of the brand have. Marketers need to understand the situations in which their customers are and place the brand in similar situations, getting through similar obstacles and surviving from them. Finally it is crucial that companies are consistent with the brand promise and image even when telling a story. (Gunelius, 2013) For example trying to promote a fitness holiday and showing pictures of big parties with drunk people does not really seem to fit together.

#### 4.4 Branding in Sports industry

Sports has always aroused strong emotional responses in people (for example towards certain team, athlete or an event) which makes it understandable that in the Sports industry brands have an even higher meaning than in any other industry. Sports brands can be seen as the complete set of images and associations, usually about the sports organisation, team, athlete or an event held in the mind of the supporter. Sports brands encapsulate the phenomenon of the brand religion, where the value of the brand becomes so high in the mind of the consumer that he/she will always stay loyal to it. There can be many brand elements in sports like logos, slogans, colours, characters (mascots) and of course people (such as players). These characteristics help people to distinguish brands from each other, but the main idea is the set of beliefs consumers have about a certain brand(s) (for example that Manchester United is the best football team in the world).

Branding is no doubt one of the most important tools that sports organisations use to find new growth opportunities. For a long time, especially in the world of sport, a brand was seen simply as a logo. We have come a long way since then and nowadays there are thousands of sports brands from simply a type of sport (such as football) to an event

(such as world championships of ice hockey) and even to an athlete (such as David Beckham). These are not all just names and logos, they are distinctive associations of active lifestyle, huge combats between nations and desirable images. In a highly competitive industry, like sports, it is important to have a brand that distinguishes a certain product or service from the wide range of similar ones since differentiation is becoming more and more difficult in other ways. (FIBA, 2004)

Sports branding has many positive “side-effects” such as increasing the global awareness and creating communities, but it also has a negative side in the form of violence when people get overly fanatic. Before it was more “liking” or “disliking” sports, while now sports is mostly identified with things such as passion, immediacy, body health and globalization. People (athletes) have become increasingly important in sports branding and some athletes, like David Beckham and Tiger Woods, have even succeeded to brand themselves. Competition between sports brands is severe, but some brands seem to succeed better than the others from year to year (like Nike, Adidas and Reebok).

#### 4.4.1 Emotional Connection within Sports Retail Brands

With no doubt there are some serious emotional connections between people and certain sports, events, teams and athletes. These bonds grow over time and they can be passed on from relatives or friends or simply learned. Perhaps one has some relatives who have always been huge Manchester United-fans and watched them from the TV saying how great the team is. Or maybe playing basketball has been a part of one's life since he/she was 6 years old and during the years the passion and trust towards the sport has increased more and more. It might be that one just saw a great football game where Christian Ronaldo played better than ever and it made one notice what a great player Ronaldo truly is (and seemingly good looking too). Being a little fanatic towards World Championships of Ice Hockey just comes from the Finnish “patriotic” sense since ice hockey is one of the rare sports where Finland is actually good at (and there just is a need to kick Sweden's butt just based on countries mutual history).

The situation is a little different when it comes to apparel brands. It is unlikely that one's parents just always bought only Nike clothes and shoes, which is the reason for loving the brand so much. This can be true for some people, but there has to be something more in creating a deep relationship with a company that simply makes clothes, shoes and accessories. Even the most fanatic Manchester United-fan needs some kind of

engagement coming from the brand. When it comes to sport apparel people obviously assume that the quality of the product is high and the materials serve the purpose as well as possible. Product needs to fit into people's style (right materials, colours and shapes) and still help them to perform better. In the long run though, product features tend to leave in the shadows of the emotional connections. Why? Simply because there are multiple companies offering similar high-quality products that fit into certain styles and purpose perfectly, so there has to be something deeper that makes people to choose a certain brand over the others.

Companies' focus on emotional connections fuels also product innovations and brand extensions, since brand wants to fulfil loyal customer's expectations as well as possible. Ultimately the emotional connection between the consumer and the brand(s) defines what kind of marketing methods it is appropriate to use. Companies tend to prioritize long-term customer relationships over short-term sales because customers emotionally connected to a brand(s) are more valuable in the long run. (Yohn 2014) For someone just going through different options, Nike might seem an interesting choice with stylish products and inspiring marketing campaigns, but for someone with an emotional connection with the brand, Nike is the one and only choice that can make him- or herself feel like a truly athlete.

After the emotional bond is created, it is important to keep it up. There are many ways to maintain customer relationship as there is with any other kind of relationships. Great customer service and appropriate marketing are the basics of keeping touch with the customer. The customer has to be able to have good experiences with the brand whether it means by actually buying the products he/she needs and getting a great service or receiving monthly updates by email on how the company is currently doing. Social media might be a great way to keep in touch with the customers these days, since it is always available and some customers feel that it is easier to just write a message (for example a feedback) on Facebook rather than start composing a letter or an email about something very simple matter. The company can post short messages on social media on a daily or weekly basis to keep in touch with the customers by sharing news (sharing a story), giving discounts or asking customers opinions. In this way, customer service can be actually easy and fun and people will not forget the company nor the brand.

It is easy to assume that something like sports, which is considered to be a lifestyle, means that all sport brands are lifestyle brands. This is not true however since as stated

before lifestyle brand is trying to sell a product by selling an image of a certain lifestyle, while sports brand can easily be selling just the product or service without really concentrating on any specific lifestyle. For example, Soc (sporting store Stadium's own brand line) is a good example of a sport brand which is seemingly not a lifestyle brand. Soc is a cheaper alternative for someone who wants to invest in quality of his/her sporting gear, but does not want to pay extra for the label. People might buy Soc-clothes because they are high quality products with nice colours and suitable prices but the label itself does not seem to have as much perceived value than some other labels (brands) have. Working out is a part of their life and they want their sporting gear to be comfortable and affordable. When thinking about Soc as a brand, no specific slogans or beliefs come in mind or even specific sports related to it since there really is none. On the other hand when thinking about Nike people tend to think about "Swoosh"-logo, "Just do it"-slogan and inspiring marketing campaigns with front row athletes.

Reebok is an interesting brand in this sense since Reebok's logo is not very identifiable and no specific marketing campaigns comes in mind, but it still remains as one of the top 10 most famous sports brands in the world. (Forbes) Reebok has come up with many great innovations during recent years when it comes to sport apparel, but for some reason Nike still beats it a year after year. Nike products are mostly perceived as high quality with some nice innovations, but the author thinks that even more important is the emotional connection consumers have with Nike that they do not have with Reebok. People are usually very interested in new innovations, for example Reebok's EasyTone-shoes which (supposedly) train your butt better than other sneakers. The product can be very good one and customer can be very satisfied, but if there is no emotional connection towards the brand (this case towards Reebok) then it might not be their first choice over other brands after all. This means that Reebok has to create new innovations from year after year to attract customer's interest, but for how long can Reebok create something new all the time? Perhaps instead of taking innovations further and further, Reebok should start thinking more about their brand image and try to invent marketing campaigns that arise some actual emotions in consumers' minds rather than just being "the brand who invented those butt-shoes".

## 5 Case Nike

This chapter introduces Nike's mission, vision and history in more detail with an insight to Nike's branding activities. In the end, the author aims to understand what the factors are making Nike more popular than other sports brands.

### 5.1 Overview of Nike, Inc.

Nike Inc. defines its mission as bringing inspiration and innovation to every athlete in the world. (See figure 4. page 30)



Figure 4. Nike Inc. mission (Nike Inc.)

Seems like a simple mission and possibly many other sports brands could relate to this also, but for some reason Nike has done it better than the rest. According to Bloomberg Businessweek in May 2014, "Nike is now the largest sportswear company in the world, with 23 billion dollars in revenue and a 17 percent market share" (Bloomberg Businessweek, 2014).

Nike has a colourful history and it has served athletes\* over 50 years (\*If you have a body, you are an athlete). Nike was originally launched by Bill Bowerman, who worked as a track-and-field coach, and Phil Knight, a middle-distance runner, who first wanted to call the company "Dimension 6" but later on chose the name "Nike" which originally comes from the Greek goddess of victory. (O'Reilly, 2013)

During Nike history, innovation has always been an essential part of the company. Nike's first footwear innovation was launched already on 1974, when Bill Bowerman came up

with “Nike Waffle Trainer” (a grooved pattern on the sole of trainers to help athletes grip running tracks). Since then, the U.S. Patent and Trademark Office has granted over 540 patents to Nike alone. (Nike Inc.)

Most people recognise Nike from its “Swoosh”-logo (Check figure 3, page 18) which was actually designed by a student, Carolyn Davidson, with a bargain price. The story of “Just do it”-slogan seems not that happy though. The legend tells that “Just do it” was actually inspired by serial killer Gary Gilmore, who said “Let’s do it” just before his execution on 1977. “Just do it”-campaign (launched in 1988) however has been a great success for centuries and it has featured many great athletes such as LeBron James, Serena Williams and Ronaldinho. The very first “Just do it” ad featured an 80 years old running icon, Walt Stack, who truly inspired the audience by telling about his active lifestyle. Even though the athletes featuring the campaign have changed many times during the years, the idea is always same: “to inspire viewers to push their limits and strive to reach new goals”. (Nike Inc.)

Marketing campaigns have always been essential part of Nike’s strategy. Besides the most famous (and most effective) “Just do it”-campaign, Nike has launched for example “Better for it”-campaign (See figure 5, page 31) which goal is empowering women to be better through athlete inspiration and by motivating each other to push to the next level. (Nike Inc.) Nike has targeted advertising at female consumers already on 1995 when “If you let me play” ad featured a little girl stating facts about the benefits of sports and reducing the risk of health problems. The ad also aroused the problems of having abusive parents and encouraged children to get help in situations like that. (Taube, 2013)



Figure 5. Nike Better for it-campaign ad (Twitter: Nike Women)

In recent years Nike (and many other retail companies) has started to pay more attention on environmental issues. Nike's goal is to use as much recycled materials as possible and reduce the consumption of water in production. Nike also pays attention to consumption of energy and reduction of waste. The company publishes Sustainable Business Performance reports on every 2 or 3 years. In addition, Nike Inc. is very committed to building deeper communities and creating positive social change around the world. For example the company takes part in creating physical opportunities for kids, where children can have fun and get experiences that gets them moving and interacting with others. Nike wants to pay attention especially on adolescent girls around the world who (on their opinion) are the greatest unrealized source of human potential. The company wants to help young girls in poor conditions to get education they deserve and this way helping their own community when growing up. (Nike Inc.)

Besides the inspiring slogans and great success stories, Nike still invents high-quality sports products with scientific innovations even today. These innovations are made in The Nike Explore Team Sport Research Lab which is both philosophically and physically the heart of Nike Inc. Carrying the traditions of many years, the lab thrives to create great product innovations through knowledge and insight of athletes and athletic performance. "Nike sport research focuses on biomechanics, physiology, sensory/perception and data science" (Nike Inc.). Nike's ultimate goal is to deliver innovative products to everyone through enhancing performance, reducing injury, strengthening perception and feel. (Nike Inc.)

Nike has created an impressive community around Nike+, which is an application that connects a coded sensor (usually placed inside Nike shoes) to any smart phone and provides useful information about the intensity and progress of one's workouts. These results can be shared in Nike+ (online) community with others. Nike+ has many benefits such as tracking one's activities, setting personal goals, training smarter and improving one's performance. Nike+ community not only challenges people, but it also helps people to be connected to each other and finding inspiration from others success. (Nike+)

## 5.2 Branding Nike

Nike's brand strategy seems to be the classic story of the hero's journey, which arises emotional responses in consumers and makes them want to perform better in their own lives. Nike's ads are filled with true athletes (and also amateurs) pursuing to do their best

in every situation by believing in their own abilities and always pushing their limits to be better. This kind of emotional branding is very effective in inspiring the consumers and building customer loyalty with great stories and meaningful images. The twist in Nike's marketing is that "the enemy" is actually people's own laziness, internal foe instead of external enemy that needs to be conquered by "the hero". Laziness is probably a familiar feeling for most people, which is exactly the reason why this kind of advertising and story-telling has such a big effect on people.

Nike started out as the company who wanted to manufacture quality sports products for athletes around the world by using the latest innovations to offer customers the best products possible. Over 50 years of success shows that there is always a need for innovative quality products, but Nike has become so much more than just a clothing- and footwear company. Neither the "Swoosh"-logo (see figure 3, page 18) nor "Just do it"-slogan include the company's name, but people still recognise them as essential part of Nike. "Just do it"-slogan is short, simple and resonates with just about anyone. It can also be applied to basically anything allowing people to come up with their own interpretation.

Nike's co-operation with famous athletes (such as Michael Jordan and Tiger Woods) and sports teams (such as Manchester United) has been beneficial as well with no doubt. As stated before, people tend to have bigger emotional responses on specific athletes and sports teams than on apparel brands. For example attaching the emotional connection with Manchester United to teams sponsor (Nike) has probably brought some new very loyal customers to the company.

Nike's social campaigns (for example Nike women campaign "Better for it") have probably given the brand some transparency and appreciation. Women are too often seen as weak, but Nike reminds everyone that women are powerful, competitive and passionate. Environmental issues are also one of the main concerns of many people and they appreciate brands that have specific sustainability goals, just like Nike does. Nike truly believes that competitive advantage is achieved by working together effectively driving innovation. Every employee, stakeholder and partner is expected to comply Nike's code of conduct including issues such as corporate social responsibility and reducing environmental impact of manufacturing. (Nike Inc.)



Nike+ is basically just an interactive training programme, but lately it has become trendy to share information about workouts and one's personal progress with others. Nike+ makes this simple since the programme gets all the needed information straight from the coded chip in users' shoe. Especially when training specifically for something, for example a marathon, it can be inspiring to share own experiences with others in the same situation.

Nike has been decreasing the amount of commercials in recent years, but in the same time it has become very active in using digital marketing such as social media. Nike currently has the most followers and subscribers on all of its social channels. Nike uses social media to share a lifestyle and a sense of community among its fans by using hashtags (such as #justdoit), showing inspirational images (See figure 5, page 30) and sharing interesting content (such as latest news from its website). Nike is using social media to create two-way interactions between the company and fans, same time strengthening the customer brand relationship.

Finally, should not forget about the innovative products either. Even though Nike does not launch new super-innovations every year (as Reebok seems to do), its products are always high quality and they are renewed from time to time according to new innovations. The Nike Explore Team Sport Research Lab is built to create great product innovations through knowledge and insight of athletes and athletic performance. Nike aims to deliver innovative products to everyone through enhancing performance and strengthening perception and feel of the products to create the best products possible to every athlete\* in the world. (\*If you have a body, you are an athlete). (Nike Inc.)

### 5.3 What makes Nike better than the others?

In the Forbes top 10 most valuable company brands has 3 well-known sports (clothing, shoes and apparel) brands: Nike, Adidas and Reebok. (Forbes) On the surface it seems that all of these brands have quite similar products which serve active people to always do better. Still somehow Nike simply sells more than the others. "Many of Nike's competitors try to beat Nike's products on the basis of innovation and style. But Nike's success has much more to do with its focused use of athlete relationships and innovative brand experiences to inspire its customers to feel like athletes" (Yohn 2014). Nike's prod-

ucts are always high quality, but they are also linked to values like achievement, aspiration and status. Nike's design director for America, Heather Amuny-Dey, once said "Nike is more than performance. Nike is also about how we live. Nike focuses on innovation, style, story and experience to create the emotional connection" (Yohn 2014). The success of "Just do it" lies in its simpleness and huge amount of advertising dollars spent on promoting Nike "heroes" rather than products. (Davis 2009: 21)

Besides the great products, innovative brand experience and inspiring marketing campaigns, Nike also knows how to maintain customer brand relationship. The company's website is packed with information about new product lines, community impacts and sustainability goals. In the news section, Nike shares updates practically every day about the marketing campaigns, new designs and upcoming events. In Facebook, Nike has over 22 million likes from around the world and all the "sub-brands" (such as Nike Women and Nike Football) have their own Facebook-page. People seemingly love the videos and images Nike is sharing since every post has thousands of comments, likes and shares. On Twitter, Nike has almost 5 million followers and the company has made over 19 000 tweets. Many companies try to be active in social media these days since that is the easiest place to contact fans over the world, but Nike seems to "just do it" better than anyone else.

It is hard to give a simple answer to the question why Nike is better than the other sports brands (according to sales). Perhaps it has something to do with the fact that Nike does not really market products, but instead it markets images of healthy athletes and inspirational messages. Nike has managed to create a deep relationship with its customers that is just impossible to duplicate.

## **6 Primary Research**

### **6.1 Questionnaire**

This survey was conducted as a quantitative research with an aim to complement theory base of this research. This survey consists of 3 dimensions: background questions, questions about brand relationships and questions about sports brands (especially Nike). The results of this survey were used as a tool to understand what people think are the

strengths of Nike and what kind of marketing activities effect on people's loyalty towards the brand.

At first the survey-link was distributed only via Facebook to author's friends and to specific groups that included people mostly from Metropolia business school. The author also picked out some people who are known to be active and having clear opinions about lifestyle brands and Nike. Facebook however did not bring enough answers so after one week author also shared the link in some Finnish web based forums (such as Cosmopolitan, Fit, Hyv Terveys and JuoksijaForum). This increased the number of respondents quite a lot and also increased the number of older respondents (above 30 years old). Some of the questions were multiple-choice question where respondents could choose either one or multiple answers depending on the question (See appendix 1). The remaining questions were open-ended, because the author wanted to hear as many different opinions as possible and creating ready-made answers would have not fit into that idea.

## 6.2 Survey Results

### 6.2.1 Background information

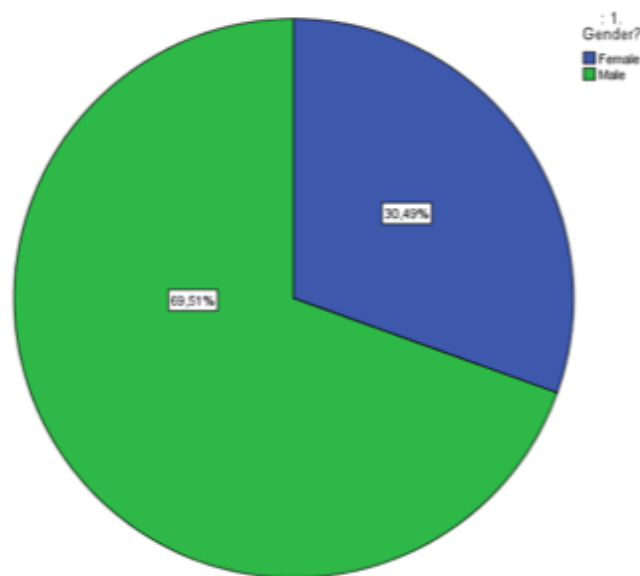


Figure 6. Gender division of survey respondents (female/male)

Total number of respondents was 82 in which 30,5% were females and remaining 69,5% were males (See figure 6, page 36). The author had set the age range as: 16-19 year olds, 20-25 year olds, 26-30 year olds, 31-35 year olds, 36-40 year olds and above 40 year olds. During the survey process it however came clear that it was clearer to divide the respondents only into two categories: under 30 years old and over 30 years old. As can be seen in the figure 7, 58,5% percent of respondents were under 30 years old and 41,5% of respondents were over 30 years old (See figure 7, page 37).

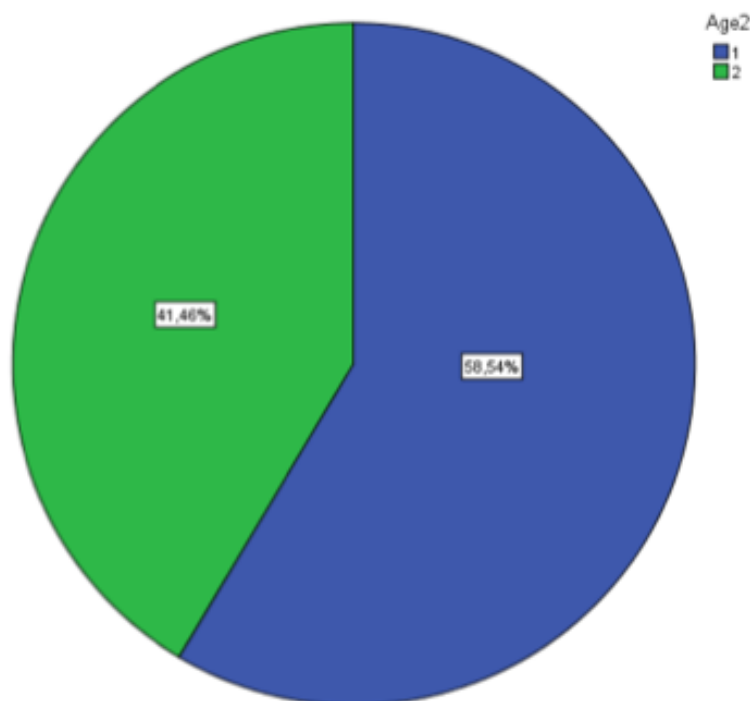


Figure 7. Age division of survey respondents (under/over 30 years)

The author divided the respondents based on nationality into “Finnish” or “Foreign”. Respondents who chose “Foreign” were asked to define their nationality. Almost all of the respondents, 95,1% were Finnish and only 4,9% of the respondents were foreign. Other nationalities mentioned were: Bangladesh (2 respondents), Colombian (1 respondent) and American (1 respondent). (See table 1, page 38)

Table 1. Nationality of survey respondents (Finn/Other)

**: 3. Nationality?**

	Frequency	Percent	Valid Percent	Cumulative Per- cent
Finn	78	95,1	95,1	95,1
Valid Other	4	4,9	4,9	100,0
Total	82	100,0	100,0	

Based on the topic of the survey author also wanted to know if the respondents would consider themselves as an active people or not. It seems that chosen distribution channels of the survey reached right kind of people, since 85,4% of the respondents answered “Yes, I consider myself as an active person”. (See the figure 8, p. 38).

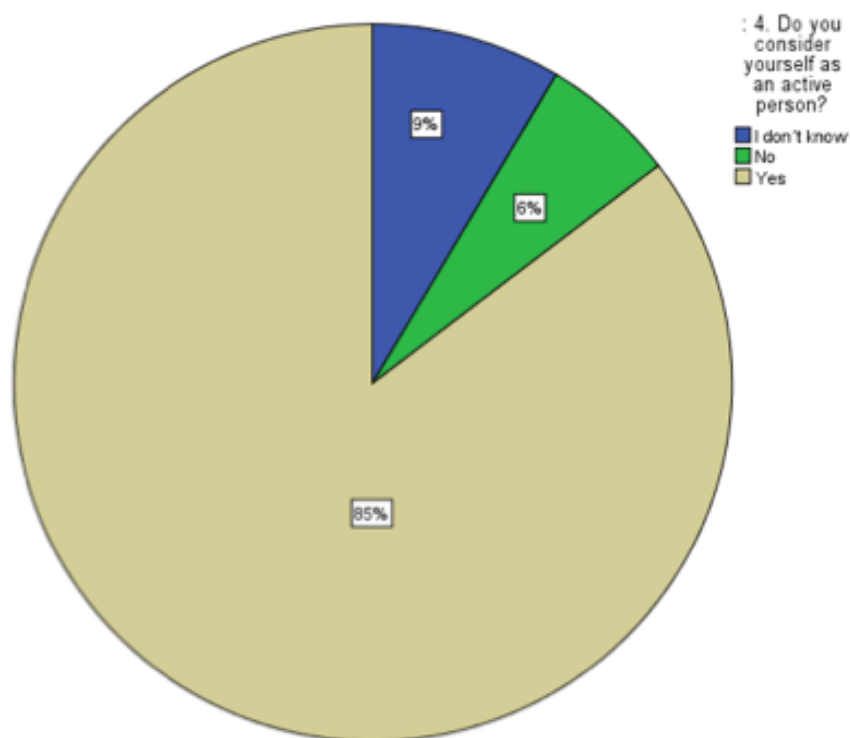


Figure 8. Do you consider yourself an active person?

Respondents were asked to define what kind of activities they are performing at least once a week. Walking, jogging and running seemed to be the most popular activities,

both gaining over 60% of the answers. Other activities that came up were mostly team sports (football, floor ball, ice hockey, basketball etc.).

### 6.2.2 Brand relationships

Second part of the survey included questions about brands and relationships people have with them. The survey showed that about half (52,4%) of the respondents prefer and buy some certain brands over the others (See table 2, page 39).

Table 2. Brand preferences of survey respondents

**: 6. Are there some shoe or clothing brands that you prefer/buy more than the other brands?**

	Frequency	Percent	Valid Percent	Cumulative Percent
No	39	47,6	47,6	47,6
Valid Yes	43	52,4	52,4	100,0
Total	82	100,0	100,0	

The author had also added an open question where respondents were asked to define which brands they prefer/buy over the others. Brands that especially stood out (were mentioned the most) were Nike, Esprit, Reebok, Asics, Diesel, Björn Borg, Lumene, Wilson and Adidas. 47,6% of the respondents admitted that there are no specific shoe or clothing brands that they would prefer over the others and instead they tend to concentrate on the specific need and a product that fits best into the situation regardless of the brand itself. Price was also considered as a big issue when choosing a brand. The author generated cross tabulation to figure out if the gender would have some effect on the brand relationship and choosing some specific brands over the others. According to this survey, it seems that there is no link between these two. (See table 3, page 40).

Table 3. Cross tabulation of gender and brand preferences of survey respondents

**: 1. Gender? \* : 6. Are there some shoe or clothing brands that you prefer/buy more than the other brands? Crosstabulation**

Count

		: 6. Are there some shoe or clothing brands that you prefer/buy more than the other brands?		Total
		No	Yes	
: 1. Gender?	Female	13	12	25
	Male	26	31	57
Total		39	43	82

Even though over half of the respondents answered that they prefer some brands over the others, only 29,3% of the respondents felt certain brands being an important element of their lives. There seemed to be no big differences between genders regarding this matter either. When it came to personality, only 36,6% of the respondents answered that they believe certain brands reflect their personality more than others. Surprisingly in this question, male respondents seemed to be more eager to believe that brands they buy do reflect their personality (See the table 4, page 40).

Table 4. Cross tabulation of gender and brands influence on personality

**: 1. Gender? \* : 8. Do you believe that brands you buy reflect your personality? Crosstabulation**

Count

		: 8. Do you believe that brands you buy reflect your personality?		Total
		No	Yes	
: 1. Gender?	Female	22	3	25
	Male	30	27	57
Total		52	30	82

The author was also interested to know if the respondents were interacting with some brands online and how. 36,6% of the respondents admitted that they do interact with the brands online. This is quite a low percentage, but the author thinks that respondents mostly understood interacting with brands only as communicating in social media rather

than considering also other activities such as visiting in the companies' website, giving feedback and finding discounts. Social media was considered as the best channel of interaction for 24,4% of the respondents. This is understandable since social media can be considered as relatively easy way of communicating with brands. Some large brands, such as Nike, have managed to create large communities in social media channels where the company shares information and interacts with customers. 19,5% of the respondents interacted with the brands by visiting companies' websites. Only 1,2% had attended competitions arranged by some brand(s). (See figure 9, page 41). Few of the respondents also mentioned Instagram as a channel of interaction.

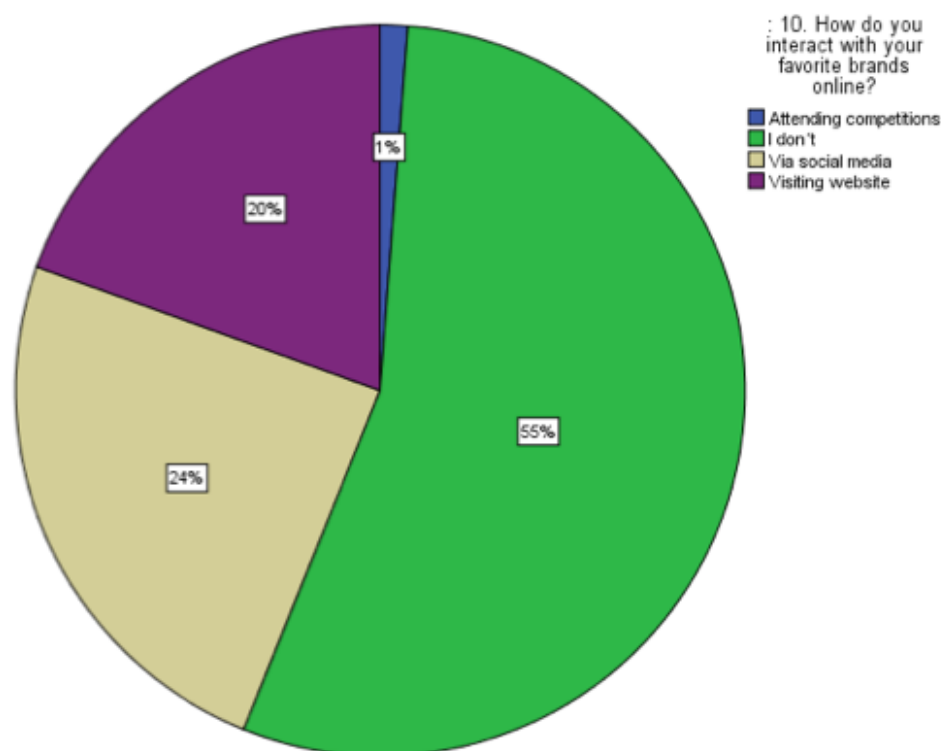


Figure 9. How do you interact with your favourite brands online?

The main reasons to follow brands online seemed to be finding discounts and hearing about new products and innovations. 32% of the respondents felt that interacting with the brands online had increased their brand loyalty. This does not seem very high percentage, but since only 36,6% of the respondents had any interaction with brands online, this is a great percentage.



Especially good customer service, extra discounts and extra services were mentioned as the main factors that could increase the customer loyalty towards the brand (See table 5, page 42).

Table 5. Factors that increase loyalty towards brands

<b>Descriptive Statistics</b>					
	N	Minimum	Maximum	Mean	Std. Deviation
14. Loyalty towards the brand - Extra discounts	82	1	5	3,65	1,047
14. Loyalty towards the brand - Extra services	82	1	5	3,40	,954
14. Loyalty towards the brand - Customer bonus cards	82	1	5	2,79	1,214
14. Loyalty towards the brand - Activity in social media	82	1	5	2,49	1,147
14. Loyalty towards the brand - Good customer service	82	1	5	3,98	,968
14. Loyalty towards the brand - Events	82	1	4	2,55	1,090
14. Loyalty towards the brand - Some other	82	1	5	2,57	1,217
Valid N (listwise)	82				

Other factors mentioned were quality of the products itself, durability of the products, corporate social responsibility and brand transparency. Popular engagement methods seemed to be good customer service, footwear/clothing trials and traditional marketing (See table 6, page 43). Other aspects mentioned were new innovations, professional personnel and using celebrities in marketing.

Table 6. Efficiency of brands engagement methods

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
15. Engagement methods - Good customer service	82	3	5	4,34	,689
15. Engagement methods - Brands sharing & personally commenting on social media	82	1	5	2,89	1,111
15. Engagement methods - Smartphone apps	82	1	5	2,59	1,065
15. Engagement methods - Group classes	82	1	5	2,52	1,021
15. Engagement methods - Events	82	1	5	2,94	1,058
15. Engagement methods - Online coaching programmes	82	1	5	2,94	,998
15. Engagement methods - Footwear/clothing trials	82	1	5	3,39	1,039
15. Engagement methods - Online communities	82	1	5	2,79	1,063
15. Engagement methods - Traditional marketing	82	1	5	3,24	1,072
15. Engagement methods - Some other	82	1	5	2,40	1,098
Valid N (listwise)	82				

In the end of this section, the author wanted to know if friend's opinions have an effect on the brands that the respondents prefer or buy more than the others. 39% of the respondents admitted that their friend's opinions influence on their buying behaviour. According to this survey, it seems that gender has something to do with this since 45,6% of the male respondents and only 24% of the female respondents admitted this to be the case. Age seemed to have some influence also since 44% of the age group 2 (respondents over 30 years old) admitted this opposite to 35,4% of the age group 1 (under 30 years old). (See table 7, page 44)

Table 7. Cross tabulation of age and influence of friend's opinions when choosing the brands

**Age2 \* : 16. Do you feel that your friend's opinions influence on the brands you purchase? Crosstabulation**

Count

		: 16. Do you feel that your friend's opinions influence on the brands you purchase?		Total
		No	Yes	
Age2	1	31	17	48
	2	19	15	34
Total		50	32	82

### 6.2.3 Sports Brands and Nike

In the final set of questions the author wanted to discover what were the respondent's favourite sports brands, were they familiar with Nike products and programmes and what they thought are the most important characteristics of Nike.

Top three favourite sports brands mentioned were Nike, Adidas and Puma. Respondents mentioned also brands like Asics, New Balance, Brooks, Craft, SOC and Fjallraven. It was surprising that Reebok was not mentioned at all even though it is one of the top 10 biggest sports brands in the world (Forbes 2014). Few respondents also explained that they do not really care about the brands, but instead the quality and that the product fits.

Nike products were seemingly familiar to almost all the respondents since 84% of the respondents admitted that they own some Nike clothing and/or shoes (See figure 10, page 45).

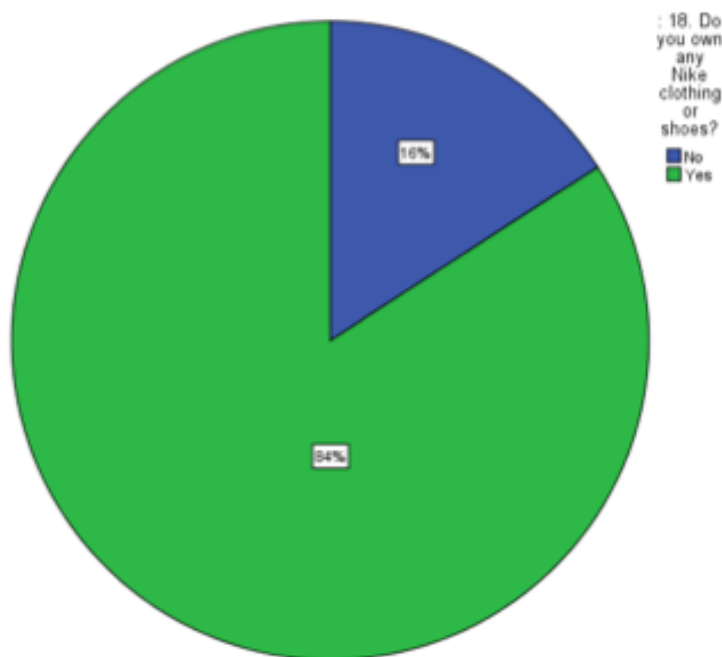


Figure 10. Do you own any Nike clothing or shoes?

The author also wanted to know on which purpose the respondents use their Nike clothing and/or shoes and what is their favourite quality of Nike products (See appendix 1). Most of the respondents answered that they use their Nike clothing and/or shoes to a purpose of exercise. Few respondents mentioned that they also use their Nike clothes as a nightwear which was surprising but understandable since the materials of Nike clothes are usually very soft and breathing. It seems that even though Nike has been entering new markets (more regarding on style and free time), it is still basically seen as a sports brands and not a conventional retail brand. Favourite quality of Nike clothing / shoes seemed to be comfort. Also style choices and colour variety were appreciated. Other qualities mentioned were durability, lightweight materials and technical qualities.

Nike+ has become a huge success especially in running cycles, which is why the author wanted to know if the respondents had any experiences of the programme. Half of the respondents admitted to be familiar with Nike+ either by currently using it, having tried it or at least knowing what it is. (See figure 11, page 46).

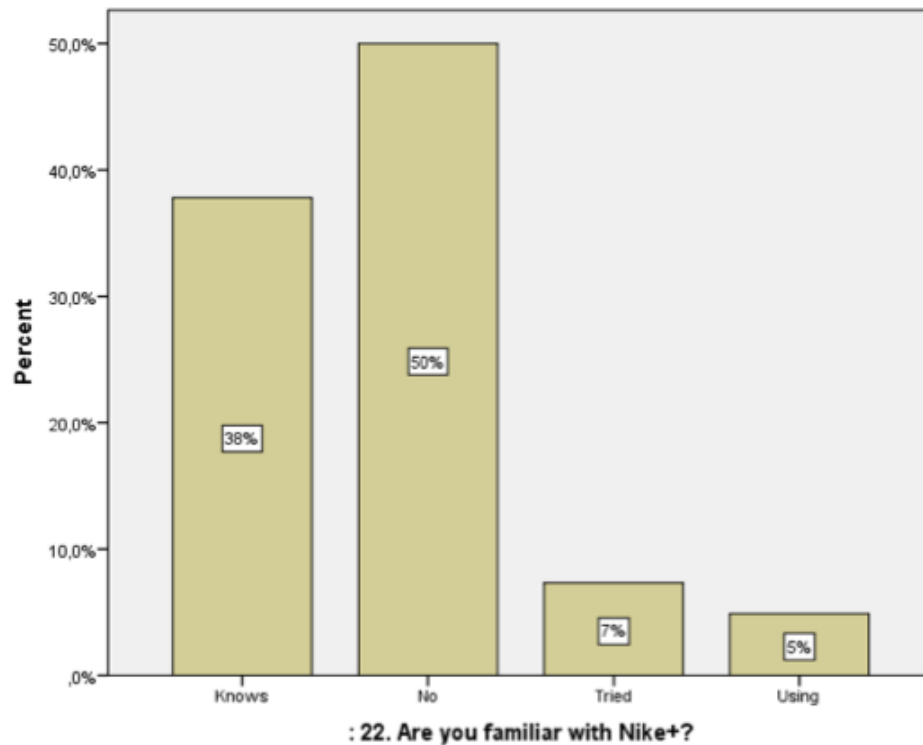


Figure 11. Are you familiar with Nike+?

In the last questions the author wanted to find out what the respondents really think of Nike as a brand and what makes it so successful. Nike was described with the adjectives: inspirational, stylish, colourful, fun, playful, active, fit and young. Some respondents felt like the brand itself is more for style and fashion rather than for “serious” sports. Some Nike products, such as Nike Dunks, can easily be seen more as a fashion statement than a basketball shoes, but the most of Nike’s products are still categorized as sports apparel products. The author thinks that recent trends concentrating on fitness and healthy lifestyle have a result of people using exercise clothing and shoe wear also on their free time (outside the gym).

Nike has always used a lot of motivational marketing campaigns and they are one essential part of Nike’s brand identity. The author wanted to know what the respondents thought about Nike’s ads. Motivational advertisement of Nike was seen overall positive and effective with the mean of 3,10 (See table 8, page 47). The author thinks that Nike ads are effective because they are interesting, motivational and they arise some emotions in the viewer’s minds. They make people feel something, whether it is feeling themselves strong as a woman (when seeing Nike Better for It-campaign ads) or feeling themselves lazy and too tired to “Just do it”.

Table 8. How effective are Nike's marketing slogans?

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
25. Nike is known for using motivational slogans like "Move more. Move better." and "Just do it." in their advertising.	82	1	5	3,10	1,161
Valid N (listwise)	82				

Last question of the survey was simply "Why Nike is the best?" (Meaning best-selling sports brand in the world). The question might be too straightforward since not everyone thinks that being the bestselling sports brand equals being the best. This is also became very clear from the answers. Overall the respondents seemed to think that the brand has succeeded well in their branding and marketing activities. High quality, great variety, constant innovations and fashionable products were also mentioned. Motivational slogans in the advertising seem to be quite important factor also. Not all respondents thought that Nike is the best though. Some of them however pointed out (again) that quite often they rather choose the product based on the quality, price and suitability for the situation, not the brand itself. These respondents could be then categorized as having economic relationship with the brand, the main factor for them being price and value. This survey did not clearly show how many of the respondents would have deeper, communal relationship with the brand.

### 6.3 Critic of questionnaire

First of all, since the number of the respondents is so low (only 82), it was impossible to make any "waterproof" conclusions. In order to get enough actual information, quantitative research would require at least a few hundred respondents which was impossible to achieve in this time frame. However the author got some great insight and variety of opinions, which was exactly what the author wanted to achieve. However if there would have been more respondents it would have been easier to make cross tabulations (for example between genders and age groups). Now there was simply not enough variation. This survey got more male respondents than females however which was actually quite surprising since the author had always thought that women are more eager and open to answer surveys. The author could have targeted the respondents better in the beginning

to get more responses from certain age groups and genders. However there was quite many over 30 year old respondents after all (even though the survey was first distributed mainly to Metropolia students). It was interesting to notice that the older age-group (over 30 year olds) admitted that they listen to their friend's opinions quite a lot before buying certain brands. There were not very young respondents at all (under 20 years old) which could have generated bigger differences between the age groups.

The respondents were not as keen into certain brands as the author had hoped for, which indicates that the survey link should have been distributed on certain groups (such as Nike Facebook fans) instead. The respondents however mentioned certain brands quite many times in multiple different questions so the author thinks some brand relationships might exist, but the respondents just do not recognise or admit them.

When it comes to Nike, it was clear that the brand is familiar to the majority of the respondents since almost all of them owned some Nike shoes and clothing. However this does not indicate any deeper relationship towards the brand. None of the respondents followed Nike in social media even though quite many identified Nike as their favourite sports brand. Of course preferring some brand over the others does not mean that they have to "like it" in Facebook. The survey included quite many open questions where the respondents could write their own opinions. The author got great variety of answers and it was clear that people tend to have clear opinions on them all (they answered quite similarly to them all). Overall the most of the respondent's opinions were alike author's own ideas and there were not that many surprises. It was good that some respondents also responded that they don't think that Nike is the best and they had some explanations to back up their mind. Being the best (according to sales) does not necessarily mean that the brand is everyone's favourite.

The author did not ask anything about the price of Nike products and does the price have an effect on the purchasing decisions. It could have been interesting to find out how important the price is to the respondents and would they choose their favourite brand (such as Nike) if it would be a lot more expensive than the other brands. It would have been great to focus even more on Nike, but the author did not want to make too long survey which could have decreased the amount of respondents. However if the point would be to figure out deeper relationships people have with a certain brand (such as Nike) it would require a lot more questions on much deeper subjects.

## 7 Conclusion

The aim of this study was to introduce the basic concepts of marketing and branding and highlight the special features of lifestyle brands. There are limitless amounts of books written about marketing and branding, but in the author's opinion they mostly included same kind of information. This is why the author felt that adding multiple internet sources (articles and blog posts) gave the research some more depth and diversity. It became clear during the research process that now is the time for companies to start creating meaningful customer relationships, since traditional marketing is just not enough anymore. In order to create competitive advantage, companies need to take account their customer's specific wants and needs and create products and services which give customers unique experiences and feeling that the company really cares about them. Marketing can no longer be a faceless action, it has to become more transparent and take account customer's emotions.

During the research process the author noticed that the amount of sources about lifestyle branding are barely non-existent and the only form of information were several articles and blog posts. Perhaps the concept of lifestyle branding is so new that the information is just on its way or perhaps marketers feel that same marketing and branding principles apply with lifestyle brands also. Some guidelines could be helpful though. Some brands, for example Reebok, are trying to make a conscious move from traditional branding to branding a lifestyle, but it might not be that simple. Not every brand can be a lifestyle brand regardless if it strives to portray it.

The purpose of the quantitative research was to gain valuable information about people's perceptions of lifestyle brands and especially Nike. However the answers were not conclusive enough and there were not enough respondents to get enough diversity to the answers. The author could have added several survey questions about brand relationships to truly reveal the connections people have with certain brands. The questionnaire did not reveal anything unexpected and it did not express any true relationships between respondents and certain brands. The respondents were very active and they had many insightful answers, but they were not very passionate about any brands and especially not Nike. At least the author should have contacted people from more appropriate resources such as Nike's social networks (such as Facebook and Twitter) to get information she wanted.



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## 9 Appendices

### Appendix 1. The quantitative survey questions

#### **Background questions:**

1. Gender?

- Male
- Female

2. Age?

- 16–19
- 20-25
- 26-30
- 31–35
- 36–40
- Above 40

3. Nationality?

- Finnish
- Other. What? \_\_\_\_\_

4. Do you consider yourself as an active person?

- Yes
- No
- I don't know

5. Which of these activities you do at least once a week?

- Walking
- Jogging/Running
- Going to gym
- Swimming
- Biking
- Fitness and/or dancing classes
- Some other. What? \_\_\_\_\_
- None

#### **Questions about brand relationships**

6. Are there some clothing or shoe brands that you prefer / buy more than the others?

- No
- Yes. Which brand(s)? \_\_\_\_\_

7. Why these brands? (Some special features, price etc.)

\_\_\_\_\_

8. Do you consider certain brands to be important element of your life?

- Yes
- No

9. Do you believe that brands you buy reflect your personality?

- Yes
- No

10. Do you interact with your favorite brands online?

- Yes
- No

11. How do you interact with brands online?

- Following them in social media
- Visiting brand's website to see the latest news
- Attending brand's competitions
- Some other, what? \_\_\_\_\_
- I don't interact with brands online

12. Why do you follow brands online?

- To hear about new products and innovations
- To find discounts
- To be identified with the brand
- To be entertained
- To find similar people
- To find inspiration
- To provide feedback to the brand
- Some other. What? \_\_\_\_\_

13. Do you feel that interacting with brands online increase your brand loyalty?

- Yes
- No

14. Do you feel that interacting with the brands online has increased your purchase intentions?

- Yes

· No

15. In your opinion, how well do the following aspects increase your loyalty towards the brand on a scale 1-5? (1=not at all, 5=really well)

	1 (not at all)	2 (not really)	3 (neutral)	4 (quite well)	5 (really well)
Extra discounts					
Extra services					
Customer bonus cards					
Activity in social media					
Good customer service					
Events organized by the brand					
Some other. What?					

16. In your opinion, how effective are the following engagement methods on a scale 1-5? (1=not effective at all, 5=very effective)

	1 (not at all)	2 (not really)	3 (neutral)	4 (quite effective)	5 (very effective)
Good customer service					
Brand sharing and personally commenting on social media					
Free smartphone applications					
Group classes					
Events					
Free online coaching programs					
Footwear/Clothing trials					
Online communities and forums					

Traditional marketing					
Some other. What?					

17. Do you feel that your friend's opinions influence on the brands you purchase?

- Yes
- No

### **Questions about sport brands and Nike**

18. What is your favorite sport brand? Why?

\_\_\_\_\_

19. Do you follow any sport brands in social media?

- No
- Yes. Which brand(s)? \_\_\_\_\_

20. Do you own any Nike clothing or shoes?

- Yes
- No

21. What do you wear your Nike clothing and shoes for?

- Style
- Exercise
- Both
- Some other. What? \_\_\_\_\_

22. What is your favorite quality of Nike shoes and clothing?

- Comfort
- Color Variety
- Style Choices
- Other. What? \_\_\_\_\_

23. Do you use any Nike smartphone application?

- No
- Yes. What? \_\_\_\_\_

24. Are you familiar with Nike+?

- Yes, I use it
- Yes, I have tried it
- Yes, but I have not tried it
- No



25. Have you attended a fitness or running class offered by Nike?

- No
- Yes

26. Nike is known for motivational slogans like “Move more. Move better.” And “Just do it.” in their advertising, In your opinion, how effective is this kind of marketing on a scale of 1-5? (1=not effective at all, 5=very effective)

1 (not at all)	2 (not really)	3 (neutral)	4 (quite effective)	5 (very effective)

27. When thinking about Nike, what adjective(s) come first to your mind?

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