Nike Segmentation and Targeting

Sample Response

Nike is unique in the fact that they have a very general targeted demographic segment – their stated target market is “all athletes”. However, this does not mean Nike does not use market segmenting to more precisely define various market segments.

**Demographic Variables:**

Demographic segmentation is a factor used by Nike to target individuals according to their age, life-cycle stage, gender, occupation, and generation. Although with apparel and sports the market can be broad, for the most part Nike primarily targets consumers who are between the ages of 15-40. The company caters to both men and women athletes equally, and is placing an increasing focus on tweens and teens to build long-term brand loyalty. Nike addresses this segment by deploying marketing campaigns about young adults striving to be like their athlete idols. For example, right before the 2014 World Cup Nike developed a video starring important Nike sponsored soccer athletes with teenage soccer players.

Nike has recently launched a variety of women’s lines to tap into the fast growing women’s segment. Currently only 20% of Nike’s revenues are based on sales of products targeted at women, but this number is expected to grow significantly in the coming years.
Nike does not target consumers based on race, ethnicity, religion or social class. However, given the high-price of the company’s products, it does use the income and education as targeting variables.

**Geographic Variables:**

Nike uses geographic segmentation to market nations, regions, cities, and population density differently. For example, in the United States Nike focuses on American football and baseball and creates and deploys many advertisements and marketing campaigns about football and baseball products using athletes specific to those sports. However sports tend to vary by region, so it is unlikely to see American football or baseball commercials in Europe. Instead, you are more likely to see Soccer, where Nike uses soccer stars to market Nike’s products. Similarly, in India, you are more likely to see cricket, and rugby in England or Australia.

Nike’s largest markets are North America followed by Western Europe and China. In these geographies Nike’s marketing efforts are largely focused on urban areas with high market densities.

**Behavioristic Variable**

Targeting based on this attribute is the genius of Nike. While Nike occasionally focuses on lauding particular product attributes, the company largely focuses on how their products make consumers FEEL. The benefit expectations of the company’s products are clearly defined: *You are an athlete. Nike products make you feel athletic!*

In addition, with behavioral segmentation, Nike seeks to build customer loyalty. When customers develop loyal behaviors towards a specific company, the company reaps rewards by accruing incremental sales and market share. In such competitive market like the one Nike participates in, it is important to gain and retain consumer loyalty. By providing consumers with quality, choice and innovation the company excels in this realm.

**Psychographic Variable**
Nike also uses psychographic segmentation to target individuals with specific lifestyles and personalities. To use this variable effectively Nike must target individuals who enjoy sports. Whether it is playing, watching or simply talking about sports, these activities shape personalities and lifestyles. Nike’s marketing efforts are targeted at creating a “feeling” that transcends the product. Nike fosters an attitude, it develops a lifestyle. Events such as Nike: Run with Me, Sports Improvement Clinics, Social Media contests and athletic and non-athletic endorsements go a long way to create community and a feeling of “belonging” to the Nike family.