

**Czech University of Life Sciences Prague**

**Faculty of Economics and Management**

**Department of Languages**



**Bachelor Thesis**

**Examining the Impact of Social Media: Nike Case  
Study**

**Anastasiia Sharkova**

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# **BACHELOR THESIS ASSIGNMENT**

Anastasiia Sharkova

Business Administration

Thesis title

**Examining the Impact of Social Media: Nike Case Study**

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## **Objectives of thesis**

The aim of this thesis is to investigate the impact of social media on the business's development. Specifically, the study will examine the nature and composition of social media, including the various social institutions that comprise the media sphere. Further objectives of the study are to explore the ways in which social media influences society and how this impact is manifested in the business operations of companies. The research will also seek to identify the key factors contributing to the success of businesses utilising social media in their operations. Ultimately, the findings of this research aim to provide valuable insights into the relationship between social media and business development.

## **Methodology**

The methodology for the theoretical part of this thesis will consist of an in-depth analysis of the phenomenon of social media, relevant terminology, and its impact on the business. The materials for this analysis will be sourced from scientific papers, academic journals and articles available in the public domain on the Internet. For the practical part, a quantitative assessment of Nike's social media activities and their impact on its business performance will be evaluated. To determine the success of Nike's social media strategy, metrics such as brand awareness, sales and revenue, customer engagement, and return on investment (ROI) will be analyzed.

## The proposed extent of the thesis

30-40

## Keywords

Social media; Nike; Case study; Advertising; Digital marketing; Social media platforms; Social media analytics

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## Recommended information sources

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## **Declaration**

I declare that I have worked on my bachelor thesis titled "Examining the Impact of Social Media: Nike Case Study" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the bachelor thesis, I declare that the thesis does not break any copyrights.

In Prague on 15.03.2024

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## **Acknowledgement**

I would like to thank Jared Daniel Jacques and all other persons for their advice and support during my work on this thesis.

# Examining the Impact of Social Media: Nike Case Study

## Abstract

The aim of this thesis was to investigate the impact of social media on business development based on the example of Nike, which is one of the world's biggest fashion retailers specializing in the sports apparel industry. Specifically, the bachelor thesis examined the nature and composition of social media, including the various social institutions that comprise the media sphere, based on the example of Nike. Further objectives of the thesis are to explore the ways in which social media influences society and how this impact is manifested in Nike's business operations. The thesis used both qualitative and quantitative techniques, which helped to address the main objectives of the thesis properly. Consequently, it was concluded that the impact of social media on Nike's operations was high, and the utilization of digital marketing significantly helped the company increase the gap between them and their competitors, which are largely represented by Adidas and Puma, both Germany-based. However, it is vital to understand that contributing the overwhelming success of Nike entirely to its digital marketing practices will not be correct since it is a mixture of many different aspects, including proper management and reliance on sustainability and CSG reporting.

**Keywords:** Social media, Nike, Case Study, Advertising, Digital Marketing, Social Media Platforms, Social Media Analytics

# Zkoumání dopadu sociálních médií: Případová studie

## Nike

### Abstrakt

Cílem této práce bylo prozkoumat dopad sociálních médií na rozvoj podnikání na příkladu společnosti Nike, která je jedním z největších světových prodejců módy se specializací na sportovní oděvní průmysl. Studie konkrétně zkoumala povahu a složení sociálních médií, včetně různých sociálních institucí, které tvoří mediální sféru, na základě příkladu Nike. Další cíle jsou prozkoumat způsoby, jakými sociální média ovlivňují společnost a jak se tento dopad projevuje v obchodních operacích Nike. V práci byly použity kvalitativní i kvantitativní techniky, které pomohly správně řešit hlavní cíle práce. Dospělo se k závěru, že dopad sociálních médií na provoz Nike byl vysoký a využití digitálního marketingu významně pomohlo společnosti zvýšit propast mezi nimi a jejich konkurenty, které z velké části zastupují Adidas a Puma, oba se sídlem v Německu. Je však důležité si uvědomit, že přispění ohromného úspěchu společnosti Nike zcela k jejím praktikám digitálního marketingu nebude správné, protože se jedná o směs mnoha různých aspektů, včetně správného řízení a spoléhání se na udržitelnost a CSG reporting.

**Klíčová slova:** Sociální média, Nike, Případová studie, reklama, Digitální Marketing, platformy sociálních médií, analýza sociálních médií

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# 1 Introduction

Today, the impact of social media on brand dynamics and consumer behavior can be categorized as a relatively high one, according to the development of the business milieu over the last years. The digital age continues to redefine communication despite obstacles. Furthermore, the use of social media has become a must for brands seeking resonance all around the globe. This bachelor thesis aims at a comprehensive exploration of the impact of social media, with an emphasis put on one of the world's most iconic brands, Nike.

Over the past decade, the ascension of social media platforms has driven a complete paradigm shift in the way how individuals and organizations communicate and perceive information. These platforms, ranging from Facebook and Instagram to Twitter and TikTok, and even Snapchat, have evolved beyond being platforms for personal expression to become potent arenas where brands and consumers intersect. As the role of those digital platforms and spaces increases, businesses had to come to grips with changing their communication strategies entirely, recognizing the role that social media plays in shaping public perceptions and consumer choices, according to Tuten (2023).

In this context, Nike emerges as an interesting company for performing a case study. Established in 1964, the brand has since come a long way from a sportswear manufacturer to a symbol of sportsmanship, cultural influence, and profound innovation. Renowned for its iconic swoosh logo and the motivational "Just Do It" slogan, Nike achieved the point of ingraining itself deeply in the cultural fabric. Yet, beneath the surface of its tangible products lies a meticulously crafted narrative strategically disseminated through a variety of communication channels, with social media standing out as a particularly potent platform (Childs & Jin, 2018).

This bachelor thesis aims at researching the social media's impact on Nike, with the sub-objective of identifying the ways through which Nike uses social media marketing. The findings of this thesis can be used beyond the realm of academia. Effectively, they extend their relevance to specialists and professionals in marketing, brand management, and digital communication altogether. As the digital landscape evolves and social media's role in shaping consumer perceptions deepens, insights derived from the Nike case study offer

valuable lessons and frameworks applicable to businesses navigating the complexities of the digital age.

## **2 Objectives and Methodology**

### **2.1 Objectives**

The aim of this thesis is to investigate the impact of social media on the business's development. Specifically, the study will examine the nature and composition of social media, including the various social institutions that comprise the media sphere, based on the example of Nike, a major international firm based in the sports retail industry. Additional sub-objectives of the thesis are related to exploring the ways in which social media influences society and how this impact is displayed on the business operations of companies based on the case study of Nike.

The research will also seek to identify the key factors contributing to the success of businesses utilizing social media in their operations. Ultimately, the findings of this research aim to provide valuable insights into the relationship between social media and the business development of Nike, as well as to analyze the effect of utilizing social media marketing on the company's internal situation.

### **2.2 Methodology**

The methodology for the theoretical part of this thesis consists of a detailed analysis of the phenomenon of social media, study of relevant strategies used today, and its impact on various industries, which is made possible with the help of a literature review. The sources for this analysis are scientific papers, academic journals and articles available in the public domain on the Internet, thus representing secondary sources of information.

For the practical part, a quantitative assessment of Nike's social media activities and their impact on its business performance is assessed, where the company's market capitalization, revenue and other important indicators are addressed. The practical part also employs qualitative techniques, where a large emphasis is put on Porter's Five Forces analysis, SWOT and TOWS analyses that are used in tandem to address Nike's business situation.

To determine the success of Nike's social media strategy, metrics such as brand awareness, sales and revenue, customer engagement, and return on investment (ROI) are taken into consideration and interpreted in a comprehensive way, thus providing valuable insights.

## **3 Literature Review**

### **3.1 Social Media**

According to Edosomwan (2011), social media have seen their accession in the first decade of the 21<sup>st</sup> century in the form to which modern societies are accustomed to. Yet, it is wise to take an insight into the background of the creation of contemporary social media platforms. One of the first-ever predecessors of social media was Usenet, which was created in 1979 and it became one of the earliest forms of online communication, representing a special forum where users were able to post their messages in topical categories. Despite the fact that social media was somewhat different from what is observed as social media today, it was an important cornerstone that helped to form the modern understanding of social media platforms. Nevertheless, it is crucial to specify that the main idea of social media was simply to connect people in different parts of the world (Edosomwan et al., 2011).

As time progressed, there were similar platforms created, such as Usenet. One such platform was the Bulletin Board Systems of the late '70s and '80s, which allowed users to interact with one another through message boards, simple file sharing, and various games. In 1997, one of the first modern social media platforms was developed and released under the name Six Degrees. The trait that distinguishes the platform from its predecessors lies in the fact that users were finally able to create profiles and list friends, which would soon become one of the most crucial cornerstones of social media platforms (Hauben & Hauben, 1997).

In the early 2000s, the world of social media was changed after the introduction of MySpace in 2003, which expanded the concept of social media even further by allowing users to connect with each other in a more comprehensive and unique way. Despite its wide popularity and a community built around the platform, its success was a short-lived one due to the accession of another giant in 2004 under the name of Facebook (Dissanayake & Nasr, 2014).

Facebook was founded by Mark Zuckerberg and his college roommates in 2004, and the platform literally revolutionized not just the world of social media but also the Internet

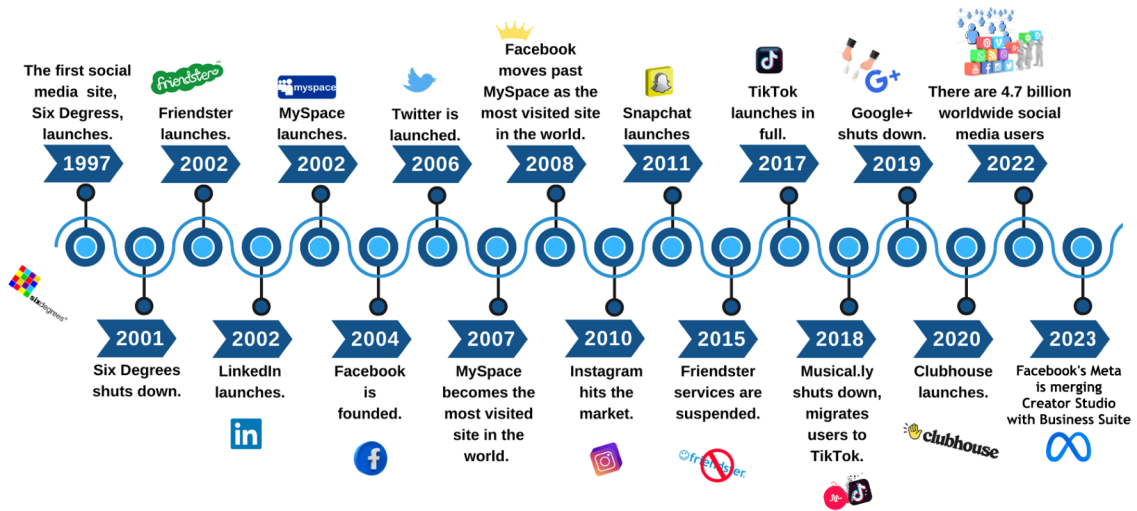
as a whole. The platform was originally launched as a specific forum for college students but soon gained recognition by other people who were instantly attracted by the public, first around the US and then around the globe (Kirkpatrick, 2011).

Given the fact that Facebook was more oriented towards interpersonal communication and interaction between people using mainly text messages, there was room for other creative ideas. One such idea was YouTube – the platform was created to allow people to share small video clips mainly for entertainment. The rise of the startup was then soon noticed by major corporations, which eventually led to the acquisition of YouTube by Google in the years that followed (Paolillo et al., 2019).

Consequently, by the end of the 10s, the number of new social media platforms emerging did not stop increasing. In contrast, the late years of the first decade of the new millennium saw the emergence of other major players in the world of social media today – Twitter (2006), Instagram (2010) and Snapchat (2011). However, the technological progress did not stop there, and a new wave of social media platforms – messengers, soon manifested themselves (Jordan, 2019).

One of the last major social media platforms to emerge was TikTok, which was created in 2016. As a matter of fact, the existence of the aforementioned social media platforms was rather often accompanied by different issues and legal troubles, but no other platform has faced so much criticism as TikTok, which is mainly related to its Chinese nature and the growing concern of the American government about a potential intervention in private lives and surveillance of Chinese over the private lives of Americans. Those claims are sometimes believed to be blown out of proportion, but particular issues do raise concerns among scholars regarding their real nature. Figure 1 provides a modern timeline of social media platforms (Anderson, 2020).

**Figure 1, modern timeline of social media platforms**



Source: Seitz, 2023

### 3.2 Marketing

Marketing, in essence, is a unique discipline that is inevitably related to economics, but, on the other hand, it takes an insight into human behavior from a slightly different angle, where psychological factors rather than economic and utilitarian ones are considered. Undeniably, taking an insight into the history of marketing is relevant, but it is wise to believe that it will not yield much result mainly due to the fact that the form of marketing that one can observe today emerged mainly in the sixth decade of the 20<sup>th</sup> century (Baker, 2017).

Marketing, as it was specified already, is inevitably tied to the concept of psychology that had not originally been a very important major as the majority of studies were overlooking the psychological side of the question. In the 40s and 50s, there was a real boom for psychology, where scholars were interested, in particular, in motivation, which is seen as a driving force of any human being (Gilliam & Voss, 2013).

At the same time, some scholars indicate that the Golden Age of Advertising, which is a particular discipline within marketing, had already happened prior to the events described in the earlier paragraph. The period between the 1920s and 1950s is often viewed as the

Golden Age of Advertising, which is explained by the rapid growth of various advertising agencies all around the US and other developed economies, but mainly in the US. The main determinant of this period was the rise of advertising mediums that allowed companies to reach their target audiences. Such mediums were first radio and then television, which became a widely used device in households all around the world in the 50s and 60s (Jones & Shaw, 2002).

The use of traditional media such as magazines, journals, radio and television continued until the late years of the 20<sup>th</sup> century. By the end of the millennium, it started to become more and more obvious to market experts and companies that the Internet is an extremely promising environment that can bring a lot of benefits to corporations all around the globe. As such, traditional post-marketing could finally be replaced with something significantly less costly and more efficient – email marketing. There are infinitely many examples of how the Internet did reshape the modern world of marketing. Another crucial aspect that has driven the world of marketing into new realms was the introduction of social media, which allowed companies not just to display their products but also communicate with their customers in various ways (Winer, 2014).

Philip Kotler, who is regarded as the father of modern marketing, believed that marketing as a whole is strongly based not just on psychological considerations and various theoretical frameworks explaining why people make specific choices. He, on the other hand, believed that integrated marketing communication is something that ensures the success of marketing campaigns and major organizations (Kotler, 2012). He, as a consequence, shaped the following series of components that make up complex marketing communication campaigns of enterprises:

- 1) **Sales promotion.** This specific aspect of the marketing communication mix is responsible for attracting customers to new and old products that have been rapidly losing interest. Providing sales or specific promotions helps to rekindle the interest of large masses and remind them of how good a particular product is (Kotler et al., 2015).



- 2) **Advertising.** One of the most crucial aspects of any marketing communication. Advertising is responsible for providing nudges to people and directly communicating with them using various media and ways. Advertising uses specific metrics, one of which is the return on investment (ROI), reach (number of people seeing an advert), reach per campaign, etc. (Armstrong et al., 2014).
- 3) **Personal selling.** Over the course of the last year, the importance of this component has decreased slightly, but it does not matter at all that it is not relevant anymore. Personal selling is responsible for building a path towards customers by offering them to buy products directly, thus creating a psychological connection between the company and customers (Kotler & Armstrong, 2010).
- 4) **Events and experience.** This specific aspect was introduced slightly later than the original series of the marketing communication mix. This specific concept follows more or less the same logic as the idea of personal selling, which was introduced earlier. Contrary to the previous one, events and experiences are represented mainly by specific free events and competitions organized on the part of the enterprise (Tafesse, 2016).
- 5) **Mobile marketing.** Another aspect that was added slightly later, which is explained by the fact that mobile marketing was not such a big deal prior to the 10s when the cellphones became the new computers and started to offer more or less a similar pool of functionalities as personal computers and laptops. This domain encompasses various forms of advertising aimed at mobile users, such as geofencing and adverts in applications and games (Ström et al., 2014).
- 6) **Direct marketing.** This component is similar to personal selling but is mainly used for reminding customers about the existence of a particular company and their products. One of the most common forms of this kind of marketing is email marketing or post-marketing (Roberts & Berger, 1999).
- 7) **Public relations.** Public relations, or PR, is another crucial aspect of the marketing communication mix. It is represented by the interactions that a particular company

has with public authorities and other agencies, thus increasing the degree of publicity and contributing to the company's positive perception in the eyes of the general public (Botan & Taylor, 2004).

The overview of the original aspects of the marketing communication mix is presented in Figure 2.

**Figure 2, the original series of marketing communication mix**



Source: Aghighi, 2015

Lastly, another crucial concept within the marketing discipline is the marketing mix, which traditionally represents the 4 key concepts that should be taken into consideration when considering the implementation of any marketing techniques. The marketing mix consists of 4 elements – price, product, promotion and place. Price is responsible for all

mechanisms that are related to the process of formulating the final price of any given product. Product is responsible for creating different traits and adding functionalities into products in order to attract as many customers as possible. Promotion is related to all techniques used by companies in order to attract more customers to a particular product. Place is responsible to all venues and places where a good will be displayed and eventually sold (Constantinides, 2006).

### **3.3 Modern Environment of the Sports Retail Industry**

The contemporary business environment in the sports retail industry with the emphasis put on the years from 2020 to 2022, is categorized by an interaction of various factors that significantly influenced the strategies, operations, and competitive landscape of businesses operating in this sector, but also created a series of repercussions, where the COVID-19 pandemic and the subsequent economic shock played a major part, according to Mostaghel (2022).

During the specified timeframe, the sports retail market was subject to many exogeneous factors of various natures. Economic fluctuations, rapidly changing consumer preferences, and supply chain disruptions resulting from the COVID-19 pandemic emerged as prominent forces shaping the industry landscape and becoming the most evident factors influencing the sports landscape. The pandemic, in particular, exerted profound effects on consumer behaviour, supply chains, and the overall economic climate, prompting businesses to adapt rapidly to unprecedented challenges, as per Grommer (2022). On the other hand, the pandemic was not the only factor playing a major role over the observed period of time.

A vital trend that gained prominence during 2020-2022 was the increasing dominance of e-commerce in the sports retail sector and retail sector in general. This shift was strengthened even further by the pandemic, which prompted consumers to favor online platforms for their sports-related purchases over traditional over the counter shopping. Traditional retailers found themselves obliged to change their strategies, placing an emphasis on establishing a robust digital presence, fostering omnichannel experiences, for which digital marketing and e-commerce are especially known and famous, and implementing efficient and comfortable delivery solutions, as Butt (2022) indicated.

Technological advancements, in addition to the earlier mentioned factors, played an important role in shaping the modern sports retail business environment. The integration of augmented reality (AR) and virtual reality (VR) applications emerged as a notable trend, enhancing the online shopping experience, but still not gaining enough attention as it was predicted (Wassan et al., 2022). These technologies allowed consumers to virtually try on products before making a purchase, adding a new dimension to the digital retail landscape and erasing the barrier between customers and retailers even further. Moreover, data analytics and artificial intelligence became integral tools for personalized marketing, allowing firms to adapt to consumer preferences (Wassan et al., 2022).

The addressed time period did also record an increasing focus on sustainability within the sports retail sector among almost all major players as Nike, Adidas, Under Armor, New Balance, Puma and others. As environmental awareness became more prevalent among consumers and international organizations promoting it, there was a considerable shift in preferences toward eco-friendly or sustainable products. In response, businesses actively incorporated sustainable practices, manufacturing, and eco-packaging into their operations. Corporate social responsibility initiatives related to environmental conservation and ethical labor practices became critical elements in shaping the brand image and consumer loyalty (Aslan & Güngör, 2023).

A notable feature of the modern sports retail business environment during this period was the surge in collaborations and partnerships, which the former ones growing especially numerous. Recognizing the power of influencers and celebrities in shaping consumer preferences, brands strategically aligned themselves with influential athletes, celebrities, and influencers to strengthen their market reach. These collaborations extended beyond traditional advertising, often involving the creation of co-branded product lines and immersive experiences designed to enhance brand affinity and resonate with target demographics (Liu et al., 2022).

While the sports retail sector experienced growth and innovation during the three addressed years, there were still considerable and sometimes even enormous challenges. Supply chain disruptions, complexities in inventory management, and the continuous evolution of consumer expectations posed ongoing challenges to businesses are among them,

as it was already mentioned slightly earlier in the narrative. However, these challenges also presented opportunities for enterprises to invest in elastic and more robust supply chains, adopt agile business models, and leverage digital technologies for enhanced customer engagement (Wassan et al., 2022).

Supply chain disruptions, on the other hand, exacerbated by the pandemic, underscored the vulnerability of global supply networks and often regarded as the most complex phenomena emerging after the pandemic of COVID-19. Unsurprisingly, businesses in the sports retail sector faced unprecedented challenges in ensuring a constant flow of products from manufacturers to consumers. The disruptions prompted a reshaping of supply chain strategies, with an emphasis on building resilience, gaining a portfolio of diversified suppliers, and implementing technologies that enhance visibility and responsiveness (Noble, 2022).

## 4 Practical Part

### 4.1 Nike's Business Indicators

To begin, it is wise to focus on the company's overall business situation, which is expressed in terms of the number of stores, revenue, market capitalization and the ROI. The analysis presented in the chapter is largely based on Table 1, which is presented below, whose content will be addressed shortly in the narrative.

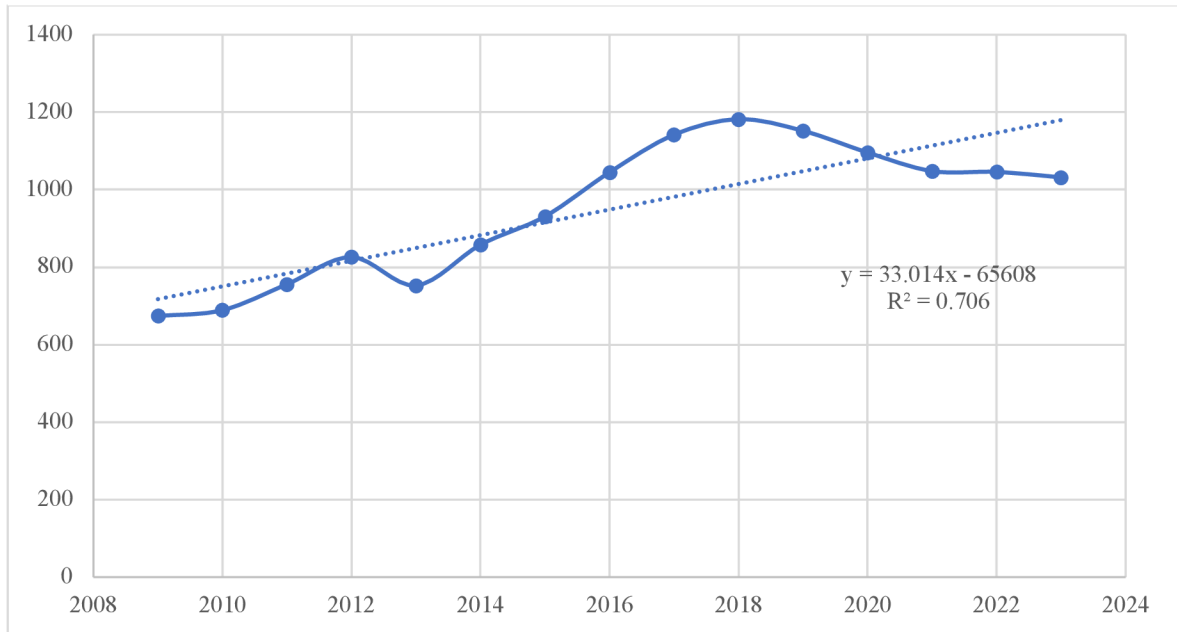
**Table 1, the dataset with Nike's characteristics**

Year	Number of Stores	Revenue, million USD	Market Capitalization, billion USD
2009	674	18.528	32.2
2010	689	18,324	40.87
2011	756	20,117	44.22
2012	826	23,331	46.21
2013	753	25,313	69.83
2014	858	27,799	83.07
2015	931	30,601	106.68
2016	1,045	32,376	84.17
2017	1,142	34,350	101.58
2018	1,182	36,397	116.91
2019	1,152	39,117	157.94
2020	1,096	37,403	223.02
2021	1,048	44,538	263.55
2022	1,046	46,710	183.07
2023	1,032	51,212	159.14

Source: Yahoo Finance, 2023

The selection of those three aspects is explained by the fact that they almost precisely explain the rate at which the company's business expands over time. Furthermore, those variables are almost certainly endogenous, meaning that they are largely dependent on the company's marketing efforts, which are addressed further in the thesis. Figure 3 presents the development of Nike's number of stores in time.

**Figure 3, Nike number of stores (2009-2023)**

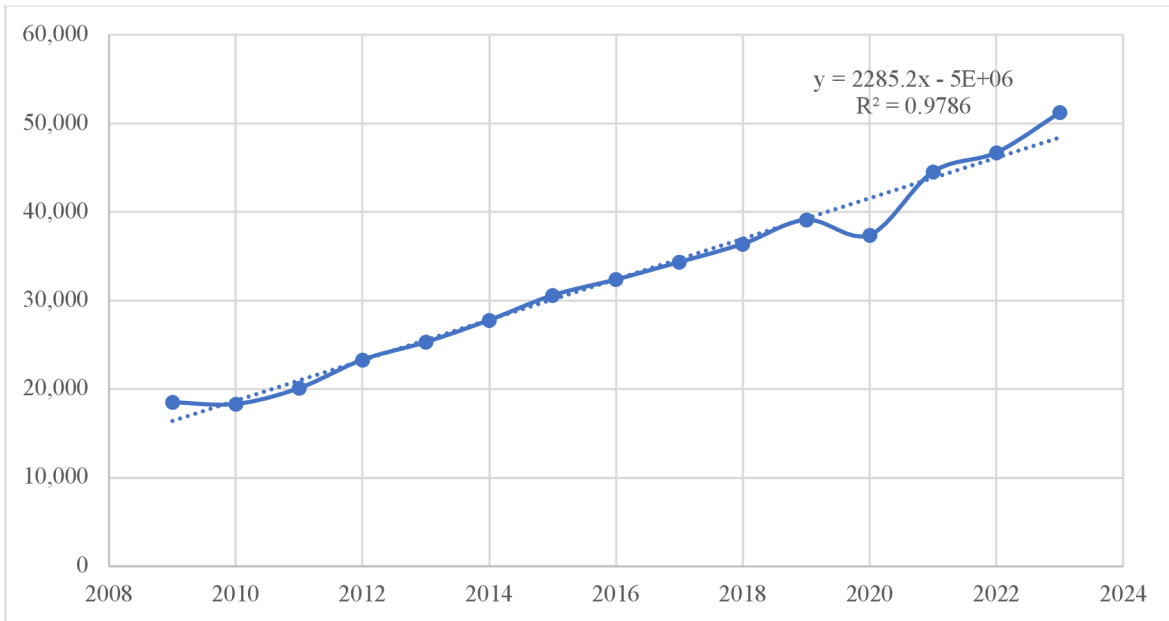


Source: own processing based on Yahoo Finance, 2023

Based on the time series plot of Nike's number of stores, it is possible to conclude that the previous decade was a very fruitful and advantageous time for the corporation. As such, the company's number of stores has increased from approximately 700 in 2009 to more than 1000 stores worldwide in 2023, which is an outstanding result considering that it took the company just a little over a decade to increase the number of stores by almost 1.5 times. Furthermore, according to the fitted trend function, the annual increase in the number of Nike stores equals 33.014 stores being built on a yearly basis, which is a good result.

On the other hand, the latest dynamic indicates that the company suffered a slight problem in their operations or that the company simply switched to online retail since the number of stores decreased after reaching its peak in 2018. This, according to the researcher's vision, is most likely influenced by the COVID factor and also by the ascension of the online retail segment all around the world. Figure 2 addresses the second variable that represents Nike's annual revenue.

**Figure 4, Nike's annual revenue (2009-2023)**



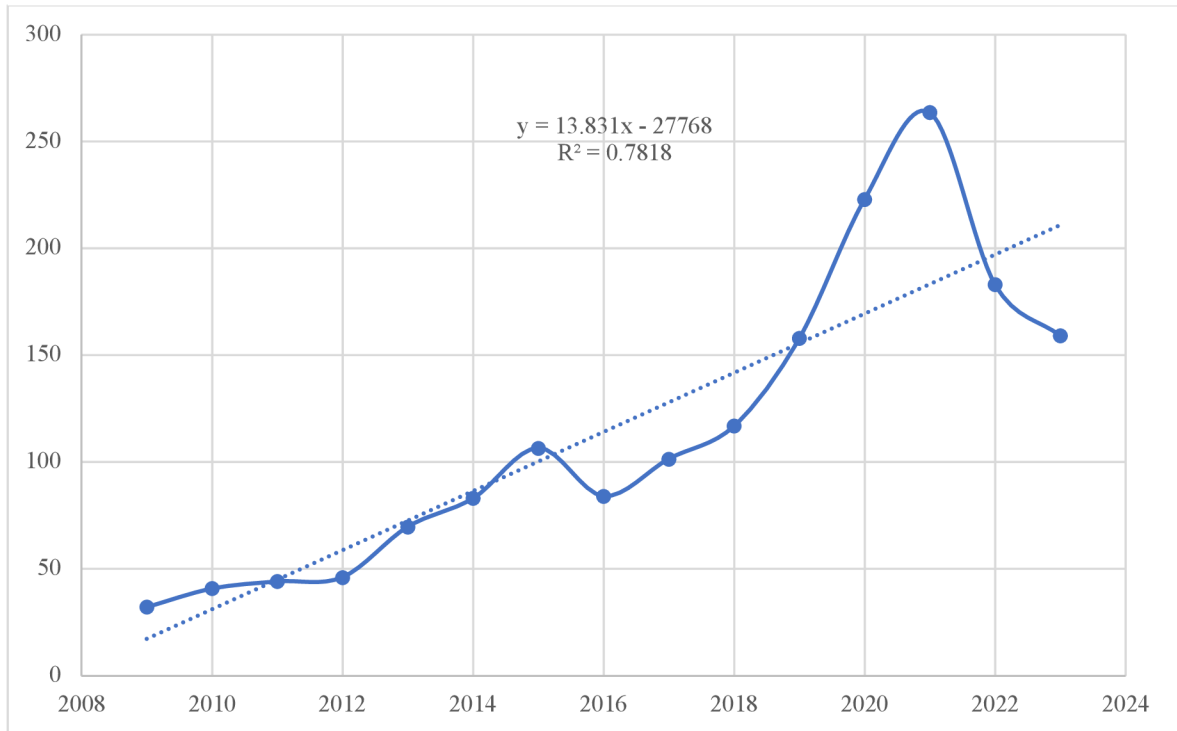
Source: own processing based on Yahoo Finance, 2023

Nike's revenue was developing in a very positive manner from 2009 to 2023, when there was no single year when the value of revenue decreased, with the exception of 2020, which is largely due to the COVID-19 pandemic. The tendency is extremely positive, which indicates the relative success of Nike's marketing campaigns since they are one of the biggest driving forces behind constant increases in the number of sales, i.e., revenue.

According to the fitted trend function, the annual increment in the value of Nike's revenue was equal to 2,285.2 million dollars per year, which is an outstanding result indicating the enormous success of the American company's business operations. On the other hand, apart from just looking at the value of revenue, it is also vital to observe the way the net income was developing, which will be done slightly later in the same sub-chapter. Figure 5 presents the last variable from the dataset from Table 1 – the market capitalization that is calculated as the number of shares times the number of shares outstanding.



**Figure 5, Nike's market capitalization (2009-2023)**



Source: own processing based on Yahoo Finance, 2023

The company's market capitalization was not developing so smooth as the previous two variable addressed in the narrative. Of course, this is largely explained by the fact that the capitalization is calculated as the product of the price of one share and the shares outstanding, where the first component is highly volatile and subject to various fluctuations explained by political, social and economic factors. However, despite this, the company did also experience a positive tendency in the capitalization over the course of the last decade, where the capitalization reached its maximum in the year 2020, thus consequently dropping to the pre-pandemic level.

According to the fitted trend function, it is possible to suggest that the annual increment in the value of the capitalization was reaching 13.831 billion USD, which is an outstanding sign. Consequently, the second dataset presented in Table 2 presents the information about the ROI.

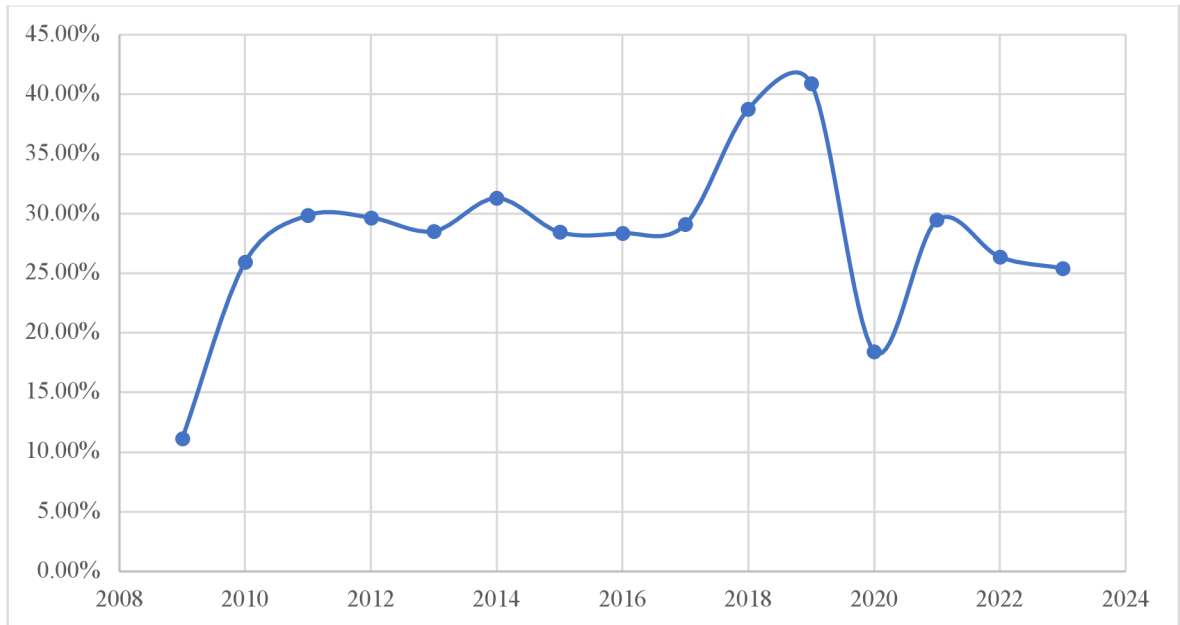
**Table 2, the dataset for the ROI calculation**

<b>Year</b>	<b>Net Income, billion USD</b>	<b>LT Investments</b>	<b>ROI</b>
2009	1.08	9.68	11.16%
2010	2.67	10.29	25.95%
2011	3.01	10.08	29.86%
2012	3.02	10.18	29.67%
2013	3.58	12.55	28.53%
2014	4.00	12.78	31.30%
2015	4.40	15.47	28.44%
2016	4.48	15.80	28.35%
2017	4.43	15.23	29.09%
2018	4.73	12.20	38.77%
2019	5.24	12.81	40.91%
2020	3.70	20.05	18.45%
2021	7.17	24.34	29.46%
2022	6.38	24.20	26.36%
2023	5.82	22.90	25.41%

Source: own processing based on Yahoo Finance, 2023

Based on the dataset, it becomes pretty evident that the company's net income was not following the path of enormous revenue growth since there was no constant increase in the value of the company's net income. However, the increase is still pretty impressive. On the other hand, the situation is pretty self-explanatory, largely due to the fact that the company's value of expenses was constantly increasing over time, which is especially visible in the LT investments' value in the period between 2009 and 2023, when it increased by more than 2 times by the end of the addressed period. At last, the chart presenting the development of the ROI in time is presented in Figure 6.

**Figure 6, Nike's ROI (2009-2023)**



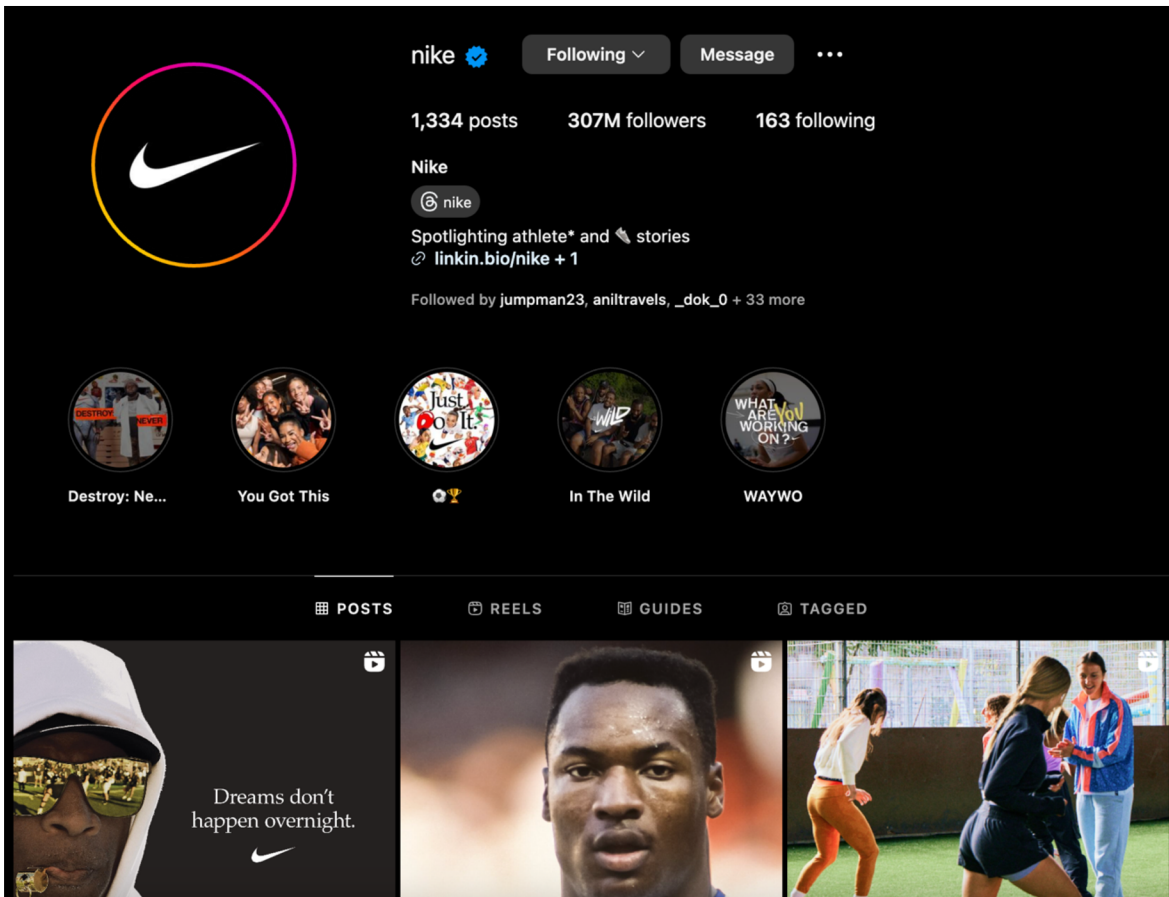
Source: own processing based on Yahoo Finance, 2023

The company's ROI saw a huge increase in the middle of the previous decade, while it also reached its peak in 2018-2019, it was followed by a sharp decrease in its value. However, the company quickly recovered, and its ROI returned to the level of 20%, which is a very good sign. The next chapter addresses Nike's digital marketing practices.

## **4.2 Digital Marketing**

This chapter's findings are based entirely on the market and social media research performed by the researcher. First, it is essential to specify that Nike maintains a high presence on many different social media, where the company's account on Instagram definitely stands out from the crowd mainly due to the activity of the company on this social media platform, a snapshot of which is presented in Figure 7.

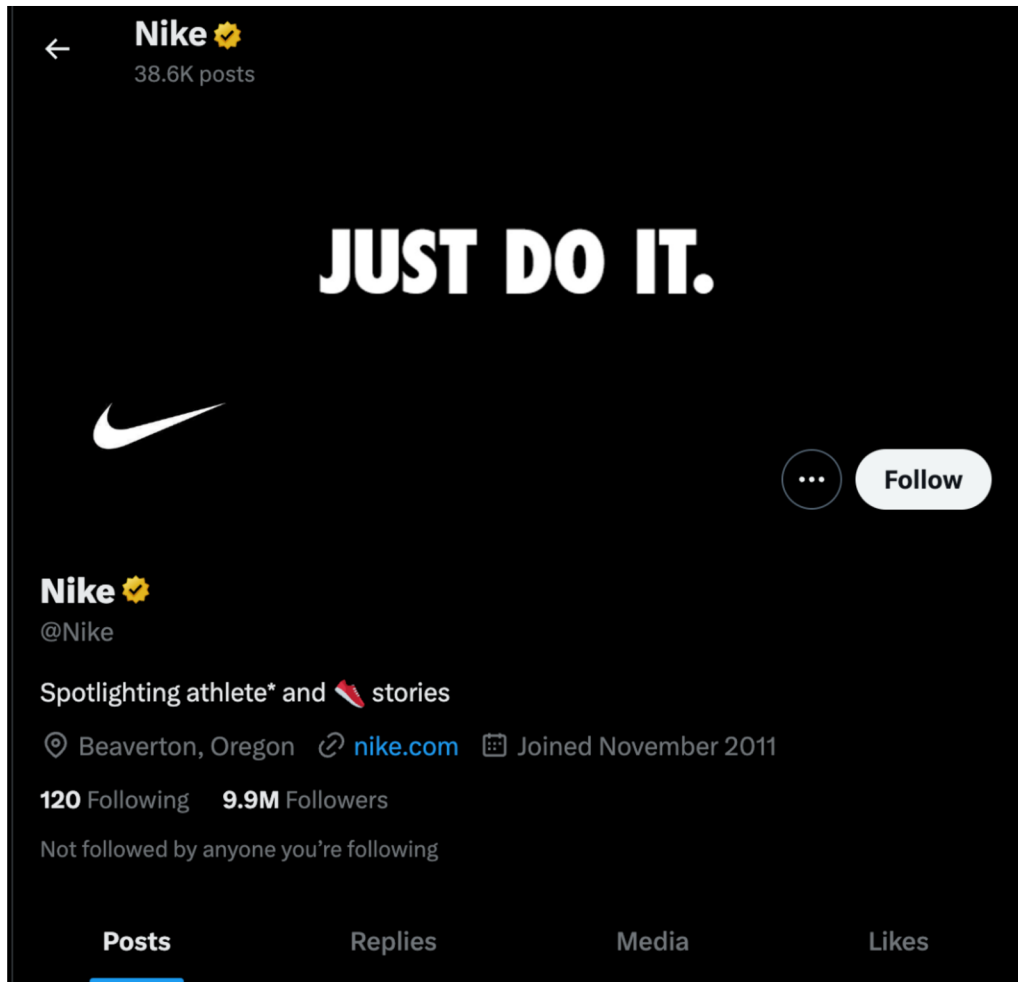
Figure 7, a snapshot of Nike's Instagram account



Source: own research

Consequently, it is essential to continue the narrative by pointing out the fact that Nike is also active on other crucial social media platforms, such as Twitter, which has recently become known as X, following the acquisition of the social media platform by Elon Musk. A snapshot of the company's Twitter account is presented in Figure 8.

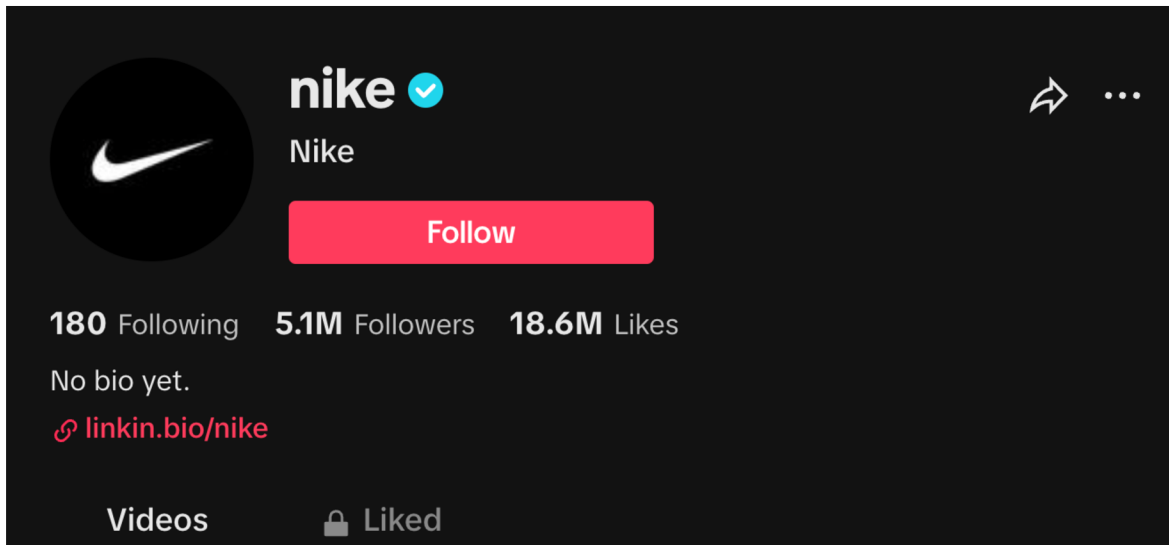
Figure 8, a snapshot of the Nike account on Twitter (X)



Source: own research

The final piece of the puzzle that represents the company's content management and social media management is the company's account on TikTok, which has recently become one of the most important and widely used platforms for sharing content. A snapshot of the company's account on that platform is presented in Figure 9.

**Figure 9, a snapshot of Nike's account on TikTok**



Source: own research

On its official website, Nike has adopted content marketing as a mean to connect with its audience on a deeper and more profound level. Their content extends beyond just a product promotion, positioning Nike as not just a sportswear provider but as a lifestyle brand, which is often seen as the main advantage of the company over their competitors. Through storytelling and informative articles, Nike creates a narrative that resonates with its diverse customer base scattered all around the globe, further reinforcing the brand's identity.

Email marketing has been employed by Nike to establish a direct line of communication with its customers, which itself succeeded the mail marketing that was very common in the 20th century. The company uses personalized email campaigns, creating messages based on individual preferences, purchase history, and online behavior thus promoting products and prompting customers to return to their favorite retailer and buy more products. As such, exclusive offers and early access to new releases are common incentives, fostering a sense of exclusivity and encouraging customer loyalty through direct communication with customers. Nike's strategic use of email as a marketing tool enables it to stay connected with its audience while providing added value through targeted promotions. Yet, in that regard, the company is not unique at all as almost all major companies actively rely on this mean of marketing.

In the field of mobile marketing, Nike has embraced the shift towards mobile applications in the second half of the second decade of the 21st century. The Nike mobile app is designed to offer a seamless and personalized shopping experience for users, where additional applications were equally created, such as Nike Running club and the likes of it. Beyond facilitating easy browsing and transactions, their applications incorporate features such as fitness tracking and exclusive content, enhancing user engagement and providing a deeper sense of attachment to the company. Through embracing mobile optimization, Nike focuses on the evolving preferences of consumers who increasingly rely on mobile devices for their online interactions with the mobile users' number slowly prevailing over the users of personal computers.

Search Engine Optimization (SEO), on the other hand, does also play a major role in ensuring that Nike's online content remains highly visible in search engine results, notably Google. Through optimizing product pages, blog posts, and other web content, Nike traditionally aims to attract organic traffic and maintain a competitive edge in the digital landscape. The strategic application of SEO principles contributes to the discoverability of Nike's offerings, ensuring that potential customers find their way to the brand through online searches.

Continuing with emerging technologies, Nike has also ventured into the milieu of augmented reality (AR) and virtual reality (VR), which were addressed in the theoretical part of the thesis. These technologies are harnessed to provide interactive online experiences, offering users the ability to virtually try on products before making purchase decisions. By integrating AR and VR features into its digital platforms, Nike enhances the online shopping experience, bridging the gap between the physical and digital realms.

Community building has been a central focus for Nike in prompting a sense of belonging among its customer base, which is a common strategy among multinational brands. Online communities dedicated to sports enthusiasts and brand advocates have been established. These platforms serve as spaces for users to share their experiences, participate in discussions, and actively engage with the Nike brand. By facilitating these virtual communities, Nike strengthens its connection with consumers, turning brand advocates into active participants in the brand narrative.

At last, based on the performed market analysis, it is possible to conclude that the digital marketing strategy exercised by the company represents all fundamental aspects of digital marketing that were mentioned in the theoretical part of the work.

### 4.3 Porter's Five Forces

Porter's Five Forces is a useful framework that helps address the macro and micro environments of a company. In individual paragraphs, each of the five aspects of the company is addressed.

**The Power of Buyers.** For this domain, it is possible to say that the power of buyers of Nike is not extremely high, mainly due to the fact that Nike is the world's leading brand of sports clothing, which is significantly ahead of its closest competitors, Adidas and Puma. However, the aforementioned competitors do, in fact, have nothing to do with the situation since the main determinant of the low power of Nike's customers is the fact that the company is present in almost every imaginable corner of the world and replacing one group of customers by shifting focus and increasing marketing intensity in another corner of the world will not be complicated for the company. Of course, it can result in additional expenses, but it will definitely not be too catastrophic.

**The Power of Suppliers.** When it comes to the second part of Porter's most famous framework, it is possible to indicate that the power of suppliers is also low. Of course, the company's production lines are concentrated in South Asia and partially in Africa, but the company did, in fact, diversify its production lines in the past. This piece of evidence indicates that the company is able to quickly shift to different countries, thus cooperating with other businesses and entities, which can happen at any time when the production circumstances are not favourable anymore.

**The Threat of New Entry.** On one hand, the industry in which Nike operate can be categorized as a hard-to-entry one, but on the other hand, with the rise of e-commerce and digital marketing, even small brands have the opportunity to build their customer bases. According to the researcher's vision, the current economic conditions put additional constraints on potential entries, thus securing Nike's situation with regard to the emergence



of new potential competitors. However, as time progresses, it is fair to anticipate that small brands that emerge thanks to digital marketing will become more and more prominent over time. Thus, there is certainly a threat of new entry in the long term, but there is no such threat in the short term.

**The Threat of Substitution.** The market for sports apparel started to develop in the early 20<sup>th</sup> century, which was then significantly boosted by the emergence of Adidas and Puma in the 30<sup>th</sup> and 40<sup>th</sup>. Since then, it is hardly imaginable to anticipate that the market will collapse under a potential substitution, especially when there is an overall trend in the world for healthy lifestyles and increasing sports activities. Therefore, the threat of substitution is characterized as low.

**Competition rivalry.** As things stand, it is possible to categorize the competition that exists within the sports apparel industry as an oligopolistic one, mainly due to the fact that the majority of products that are offered by companies vary within the same price horizon. Furthermore, the market is mainly split between three major sharks – Nike, Adidas and Puma, while other companies, such as Under Armor and New Balance, are significantly lagging behind the rest. On the other hand, categorizing the competition between Nike, Adidas and Puma as fierce and aggressive will not be correct as people tend to combine all three brands based on the visual appeal of their products for a particular person.

#### 4.4 SWOT and TOWS

Based on the explained internal situation of the company, a SWOT matrix is created, from which another matrix of the TOWS kind will also be created. Table 3 presents the SWOT matrix based on the literature review and performed analyses.

**Table 3, SWOT matrix**

<b>Strengths</b>	<b>Weaknesses</b>
<i>S1: Strong Brand Identity</i>	<i>W1: High Product Prices</i>
<i>S2: Extensive Product Portfolio</i>	<i>W2: Overreliance on Third-Party</i>
<i>S3: Innovation and Design Capabilities</i>	<i>W3: Controversial Past Marketing Campaigns</i>
<b>Opportunities</b>	<b>Threats</b>
<i>O1: Emerging Markets</i>	<i>T1: Intense Competition</i>
<i>O2: Technological Advances</i>	<i>T2: Economic Fluctuations</i>

<b>O3:</b> <i>Growing Health and Fitness Trends</i>	<b>T3:</b> <i>Shifting Consumer Preferences</i>
<b>O4:</b> <i>Sustainable practices</i>	<b>T4:</b> <i>Supply Chain Disruptions</i>
<b>O5:</b> <i>Online Sales Growth</i>	<b>T5:</b> <i>Trade Regulations</i>
<b>O6:</b> <i>Collaborations</i>	<b>T6:</b> <i>Counterfeit Products</i>
<b>O7:</b> <i>Expansion into New Product Categories</i>	<b>T7:</b> <i>Environmental Concerns</i>

Source: own research

Consequently, based on the outcome of the SWOT matrix, it is possible to formulate a TOWS matrix, which is made based on the earlier introduced SWOT matrix and is indicated in Table 4.

**Table 4, the TOWS matrix**

	<b>Strengths</b>	<b>Weaknesses</b>
<b>Opportunities</b>	<b>S1O1:</b> <i>Leverage Strong Brand Identity to Expand into Emerging Markets</i>	<b>W1O1:</b> <i>Collaborate with Partners to Overcome High Product Prices</i>
	<b>S3O2:</b> <i>Utilize Innovation and Design Capabilities to Take Advantage of Technological Advances</i>	<b>W2O5:</b> <i>Improve Supply Chain Resilience to Address the Challenges Posed by Trade Regulations</i>
<b>Threats</b>	<b>S1T1:</b> <i>Address Controversies to Mitigate the Impact of Intense Competition</i>	<b>W3T3:</b> <i>Invest in Sustainable Practices to Counteract Limited Product Variety</i>
	<b>S2T2:</b> <i>Diversify the Product Portfolio to Reduce Vulnerability to Economic Fluctuation</i>	<b>W4T6:</b> <i>Mitigate the Impact of Labor Controversies by Exploring Online Sales Growth</i>

Source: own research

The next chapter of the bachelor thesis is dedicated to the interpretation of the results and a pertinent discussion.

## 5 Results and Discussion

As a whole, the analysis of the current state of Nike's affairs sheds a brighter light on a series of very important aspects of the company's business and digital marketing. First and foremost, it is vital to specify that the company did extensively rely on marketing as a means for achieving the goal of significantly increasing brand awareness and, consequently, revenue and market capitalization. According to the researcher's view, digital marketing did help to build the Nike empire that can be observed today with its presence in almost every imaginable corner of the world. Similar conclusions are also achieved by rf and rf.

However, in the case of Nike, it is downright crucial to highlight that the company did not entirely rely on simple marketing and techniques to increase the turnover of customers. The company tried to build a reputation and brand that is perceived as one of the most advanced and environment-friendly ones. The reliance on the CSG and sustainability practices in time led the company to astonishing success in the 10s when those practices were just starting to be adopted by other major organizations. On the other hand, Nike had made a step forward by building the basis for their sustainability marketing in the 00s, thus positively contributing to the rapid ascension of the 2010s.

In the end, a series of strategies using the TOWS matrix is made, which can help the company extend the victorious path that it had been following throughout the 2010s and early 2020s in the late 2020s and even further in the 2030s. However, this can only be made possible if the company, at different periods of time and business cycles, is able to understand the risks and threats that emerge around the company in different environments, such as micro and macro ones. At the same time, the main recommendation derived from the TOWS matrix concerns the company's pricing, which can become more accessible in the near future. On one hand, it is fair to anticipate that emerging markets and developing countries will become richer, thus increasing their purchasing power, but it is still vital to maintain a customer-friendly reputation among different consumers, especially in the age when prices for almost everything are rapidly increasing. Another recommendation concerns the company's digital marketing practices, which can be used to establish a good brand image in emerging markets and markets where Nike has just recently performed market entry, which is a crucial aspect to consider.

## 6 Conclusion

The aim of this thesis was to investigate the impact of social media on business development based on the example of Nike, which is one of the world's biggest fashion retailers specializing in the sports apparel industry. Specifically, the study examined the nature and composition of social media, including the various social institutions that comprise the media sphere, based on the example of Nike. Further objectives of the research are to explore the ways in which social media influences society and how this impact is manifested in Nike's business operations. The thesis used both qualitative and quantitative techniques, which helped to address the main objectives of the thesis properly.

It is possible to conclude that the impact of social media on Nike's operations was high, and the utilization of digital marketing significantly helped the company increase the gap between them and their competitors, which are largely represented by Adidas and Puma, both Germany-based. However, it is vital to understand that contributing the overwhelming success of Nike entirely to its digital marketing practices will not be correct since it is a mixture of many different aspects, including proper management. However, according to the researcher's vision, one of the most crucial aspects that led to the success of the company in the 2010s is their reliance on the sustainability agenda that had begun in the 00s. Therefore, when the wave of sustainability-related agendas manifested themselves in the 2010s, and many companies switched to marketing practices related to them, Nike was far ahead of other companies, which quickly led to positive dynamics in the market capitalization, revenue and other aspects of their operations.

It is recommended that Nike carefully analyze their business environment and take all changes, even minor ones, into account when planning for future expansions and business cycles. The modern business environment is highly dynamic, which practically means that anything can change in just a matter of a few years. Therefore, the company has to constantly analyze marketing and business trends, check with their competitors and comply with the ever-changing regulations of governments and trading organizations all over the world. When it comes to the analysis itself, it is recommended to expand the existing analytical framework by incorporating other major companies from the same industry and comparing

the performance of Nike against the performance of Adidas and Puma in more detail rather than just briefly commenting their market situation.

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### 8.3 List of Abbreviations

<b>NYSE</b>	New York Stock Exchange
<b>ROI</b>	Return on Investment
<b>SWOT</b>	Strengths, Weaknesses, Opportunities and Threats
<b>PR</b>	Public Relations
<b>AR</b>	Augmented Reality
<b>VR</b>	Virtual Reality