

THE BOOT THAT WON THE WORLD CUP 2014

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Abstract

Purpose -

The objective of the study is to explore the strategy of sports companies, specifically Nike to enhance their goodwill and market share by capitalizing on the tournaments like FIFA World cup 2014. This study depicts how Nike, Inc. has impacted FIFA World cup 2014 and vice versa by means of a comparative analysis between Nike and Adidas with respect to their fan following and brand preference during FIFA World cup 2014.

Design/Methodology/Approach –

A survey instrument was designed specifically for this research. Sample size chosen for the survey was 500 FIFA World cup 2014 followers.

To understand the impact of Nike on FIFA World cup 2014 and vice versa both primary and secondary research have been used.

Findings -

An independent one sample t-test have been used to test whether the average of sample differ significantly from a population mean.

Research limitations/Implications –

The accuracy of the analysis is heavily dependent on the accuracy of the responses received.

Practical Implications

The analysis of the study can help Nike in establishing relation between its strategies used during FIFA World cup and after effects. In addition this can help the competitors to understand their loopholes and bridge the gap.

Originality/Value –This study is probably the first one in India to perform impact of Nike on FIFA World cup 2014 and vice versa.

Keywords –**Brand preference, market share**

Paper Type – Research Paper

Introduction

The FIFA World Cup is a very important tournament for the world. It plays a crucial role in the lives of players, audiences, the team staff and countries. It is needless to say that the tournament draws such an importance and demand through it's agreed upon time period, which is 4 years.

However, it is not just the teams or fans battling during the World Cup; The World Cup is a competitive ground for companies in the sports industry as well. The FIFA World Cup 2014 was like any other World Cup where we witnessed the clash of major sports brands like Nike, Adidas and Puma. Since, Puma was new to the limelight in the World Cup 2014; the major competition was between old rivals, Nike and Adidas.

Adidas being the official brand of FIFA World Cup 2014, had a competitive edge over Nike since the inception of the tournament. Nonetheless, Nike played hard and did everything it could to give Adidas a tough one month campaign. The research talks about the strategies and formulations Nike had used during the World Cup to out-perform Adidas.

This research work was carried out by a series of questions through a questionnaire which was distributed online to 500 football fans across India, who witnessed the football event between June and July 2014. The method has delivered valuable insight into the perceptions of football viewers, both directly and indirectly towards Nike and Adidas, and their role in the FIFA World Cup 2014.

Company Profile: Nike



Type	Public
Traded as	NYSE: NKE DowJonesIndustrialAverageComponent S&P500Component
Industry	Apparel, accessories
Founded	1964 (as Blue Ribbon Sports) ^[1] 1971 (as Nike, Inc.)
Founders	BillBowerman PhilKnight
Headquarters	WashingtonCounty, Oregon, United States (Near Beaverton, Oregon)
Area served	Worldwide
Key people	PhilKnight (Chairman) MarkParker (President and CEO)
Products	Athletic footwear and apparel,sports equipment and other athletic and recreational products

Revenue	▲ US\$25.3 billion (FY 2013)
Operating income	▲ US\$3.040 billion (FY 2012)
Net income	▲ US\$2.223 billion (FY 2012)
Total assets	▲ US\$15.465 billion (FY 2012)
Total equity	▲ US\$10.381 billion (FY 2012)
Employees	44,000 (2012)
Website	www.nikeinc.com

Nike, Inc. is an American multinational corporation that is engaged in the design, development, manufacturing and worldwide marketing and selling of footwear, apparel, equipment, accessories and services. The company is headquartered near Beaverton, Oregon, in the Portland metropolitan area. The company was founded on January 25, 1964, as Blue Ribbon Sports, by Bill Bowerman and Phil Knight, and officially became Nike, Inc. on May 30, 1971. The company takes its name from Nike, the Greek goddess of victory. Nike markets its products under its own brand, as well as Nike Golf, Nike Pro, Nike+, Air Jordan, Air Force 1, Nike Dunk, Foamposite, Nike Skateboarding, and subsidiaries including Brand Jordan, Hurley International and Converse. Nike also owned Bauer Hockey (later renamed Nike Bauer) between 1995 and 2008, and previously owned Cole Haan and Umbro. In addition to manufacturing sportswear and equipment, the company operates retail stores under the Niketown name. Nike sponsors many high-profile athletes and sports teams around the world, with the highly recognized trademarks of "Just Do It" and the Swoosh logo.

Origin & History

Nike, originally known as Blue Ribbon Sports (BRS), was founded by University of Oregon track athlete Philip Knight and his coach Bill Bowerman in January 1964. The

company initially operated as a distributor for Japanese shoe maker Onitsuka Tiger (now ASICS), making most sales at track meets out of Knight's automobile.

In 1964, in its first year in business, BRS sold 1,300 pairs of Japanese running shoes grossing \$8,000. By 1965 the fledgling company had acquired a full-time employee, and sales had reached \$20,000. In 1966, BRS opened its first retail store, located at 3107 Pico Boulevard in Santa Monica, California next to a beauty salon, so its employees no longer needed to sell inventory from the back of their cars. In 1967, due to rapidly increasing sales, BRS expanded retail and distribution operations on the East Coast, in Wellesley, Massachusetts.

By 1971, the relationship between BRS and Onitsuka Tiger was nearing an end. BRS prepared to launch its own line of footwear, which would bear the Swoosh newly designed by Carolyn Davidson. The Swoosh was first used by Nike on June 18, 1971, and was registered with the U.S. Patent and Trademark Office on January 22, 1974.

In 1976, the company hired John Brown and Partners, based in Seattle, as its first advertising agency. The following year, the agency created the first "brand ad" for Nike, called "There is no finish line", in which no Nike product was shown. By 1980, Nike had attained a 50% market share in the U.S. athletic shoe market, and the company went public in December of that year.

Together, Nike and Wieden+Kennedy have created many print and television advertisements, and Wieden+Kennedy remains Nike's primary ad agency. It was agency co-founder Dan Wieden who coined the now-famous slogan "Just Do It" for a 1988 Nike ad campaign, which was chosen by *Advertising Age* as one of the top five ad slogans of the 20th century and enshrined in the Smithsonian Institution. Walt Stackwas featured in Nike's first "Just Do It" advertisement, which debuted on July 1, 1988. Wieden credits the inspiration for the slogan to "Let's do it", the last words spoken by Gary Gilmore before he was executed.

Throughout the 1980s, Nike expanded its product line to encompass many sports and regions throughout the world. In 1990, Nike moved into its eight-building World Headquarters campus in Beaverton, Oregon.

FIFA World Cup 2014

The **2014 FIFA World Cup** was the 20th FIFA World Cup, the tournament for the association football world championship, which took place at several venues across

Brazil. Germany won the tournament and took its fourth title; it's first since the reunification of West and East Germany in 1990, by defeating Argentina 1–0 in the final.

It began on 12 June 2014 with a group stage and concluded on 13 July 2014 with the championship match. It was the second time that Brazil hosted the competition, the first being in 1950.

The national teams of 31 countries advanced through qualification competitions to participate with the host nation Brazil in the final tournament. A total of 64 matches were played in 12 cities across Brazil in either new or redeveloped stadiums.

During the 2014 FIFA World Cup, the FIFA Fan Fest in the host cities in Brazil received 5 million people, and the country received 1 million guests from 202 countries around the world.

Nike and FIFA World Cup 2014

Nike, which has been aggressive in its approach to gain a larger share of the FIFA game, sponsored the kits for 10 out of the 32 qualifying teams in the tournament for the first time this year, including the host team and this year's favourite, Brazil. The company's increasing popularity is glaring as many players have switched to Nike shoes for the game. Nike also signed 6 of the 10 most renowned footballers in the world, compared with just three for Adidas.

Making most of this, the company used the popularity of football stars like Portugal's Cristiano Ronaldo to do the business trick. Last year, the popularity of Ronaldo helped Nike sell over 1 million t-shirts with his name on the back.

This year, the company had launched a 4-minute advertisement featuring Ronaldo and other stars, where a playground game suddenly changes into a match with these stars. This ad won a huge acclaim when Ronaldo released it on Twitter reaching out to his 26.5 million followers.

Nike's total sales rose 15 percent to \$7.98 billion in the first quarter, which ended August 31. That surpassed analysts' projections for \$7.78 billion. While rival Adidas AG was the official sponsor of the World Cup, Nike spent heavily on its own campaign and building buzz for its gear, boosting marketing by 23 percent.

Nike now has the largest market share of revenue from cleats in the world's nine largest soccer markets.

Marketing Strategies & Advertising

- Nike has produced commercials starring World Cup players and soccer-related imagery. This “ambush marketing” aimed at finding creative ways to focus advertising around the World Cup without having to pay a large price to become an official sponsor, while also navigating the legal channels so as to not violate the territory of official World Cup Sponsors. While the public is far more sophisticated today, they may not readily recognize which company is the “Official Sponsor” and which is merely advertising its product through the normal channels. Thus, Nike derives the benefits of the World Cup mania without paying huge sponsorship fees for the right to be named “exclusive” or “official” sponsor on top of advertising costs, as its competitor, Adidas, who are FIFA sponsors do.

➤ **‘Risk Everything’ campaign counts six billion impressions**

2014 has been heralded as the ‘mobile World Cup’, and if you include all views and impressions of the ‘Risk Everything’ campaign content, Nike says it’s chalked up over six billion impressions. More than two billion of these have been via mobile devices.

‘The Last Game’ film has attracted more than 62 million views on YouTube – and Nike reports this is more like 205 million views across all different platforms.

➤ **AskZlatan engages 1.3 million**

The ‘Ask Zlatan’ series, in which fans are invited to ask questions of the animated version of Swedish great Zlatan Ibrahimović, who gives third-person, megalomaniacal answers. Sweden is not at the World Cup, so neither is Zlatan, but he’s on the brand’s books. Nike report the series has achieved 18.4 million views and 1.3 million engagements.

- **Products launched during FIFA World Cup 2014**
- **Mobile Application**

Nike Football also launched a new mobile application that allowed its users to create matches, banter with friends and teammates, and be the first to access exclusive Nike products.

At its core though, this mobile application serves as a gateway to the professional games through the Nike Academy, the UK-based academy for young players, based at St. George's Park National Football Centre, which gives its players a route to the professional game through fixtures against leading clubs.

Through this app, Nike Football community members were able to be the first to get access to the latest products, stories and event experiences. "It'll be the only way to earn a spot in the Nike Academy and earn your way to the highest level of the game, something we've seen from players such as Tom Rogic (Australia), Abdul Waris and David Accam (both Ghana)," (Davide Grasso, Chief Marketing Officer for Nike).

The app, however, had some really interesting features to rave about.

- For instance, it features custom football emojis in its chat feature to extend the dressing room camaraderie, and uses geo-tracking technology to allow members to set up matches around the world.
- It also enabled players to create their own micro-communities with the "Crew" feature, staying connected to their friends and teammates. In the "Play" section, members could set up a time and location for a game and track who is in.

Sponsorships

Nike pays top athletes in many sports to use their products, and promote and advertise their technology and design.

It sponsors soccer players such as Ronaldinho, Ronaldo, Cristiano Ronaldo, Didier Drogba, Neymar, Zlatan Ibrahimović, Mario Balotelli, Wesley Sneijder, Wayne Rooney, Landon Donovan among others.

During the FIFA World Cup 2014, Nike manufactured and provided kit uniforms for the following teams:

1. Brazil
2. Croatia

3. Netherlands
4. Australia
5. Greece
6. England
7. France
8. Portugal
9. USA
10. South Korea

Objective

The objective of research is not to make generalisations to a broader population but rather to develop an in-depth contextual understanding of the phenomena that are being studied and to capture and interpret thoughts, feelings and experiences. The fourteen statements seeks to understand how people within the football world perceive and interpret from the reflections in the form of products of sports brands and teams.. Experience in terms of satisfaction and history in terms of performance are the main factors that lead to the generation of interest or preference in a brand and its loyalty.

Hypotheses

In order to interpret and analyse Nike's performance in comparison to Adidas, following hypotheses were stated:

H₀: Nike is not a preferred brand as compared to Adidas

H₁: Nike is a preferred brand as compared to Adidas

Research Methodology

Sample and data

The data was collected through online survey from FIFA World Cup 2014 followers across India. The target audience comprised of 500 candidates who are mainly people who have had

past or current experience with the products and teams sponsored by the brands. A structured questionnaire comprising of 14 items was used for the study. Simple random sampling has been used.

Survey instrument

Reliability of the scale: In order to ensure the soundness of the scale, reliability of the scale was computed and the Cronbach Alpha of the scale came out to be 0.989 (Table 1)

Table – 1
Reliability

Cronbach’s Alpha	No. Of Items
0.989	14

An online survey instrument was designed specifically for this research. Sample size chosen for the survey was 500 FIFA World cup 2014 followers. To understand the impact of Nike on FIFA World cup 2014 and vice versa both primary and secondary research have been used. Likert type scale was used for measuring the response of respondents on scale ranging from ‘strongly disagree strongly agree’, in all 14 items were used for the purpose. One sample t test was undertaken to analyse the data.

Results

One-Sample Test

Test Value = 3						
t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	Lower	Upper

1. In comparison to Adidas, Nike is a strong brand.	11.878	499	.000	.772	.64	.90
2. In comparison to Adidas, the products of Nike are value for money.	12.163	499	.000	.754	.63	.88
3. In comparison to Adidas, Nike had a strong visibility in FIFA World Cup 2014.	10.809	499	.000	.712	.58	.84
4. I would recommend Nike to my friends.	13.166	498	.000	.824	.70	.95
5. I relate more with Nike, than Adidas.	13.797	499	.000	.858	.74	.98
6. In comparison to Adidas, Nike is my favourite in terms of innovation.	14.944	499	.000	.890	.77	1.01
7. From the football boots as released for the FIFA World Cup 2014, Nike's innovative shoe-engineering (Flyknit) was my favourite.	14.918	499	.000	.876	.76	.99

8. Nike's brand endorsement in FIFA World cup 2014 was better than Adidas's endorsement.	15.666	499	.000	.934	.82	1.05
9. Nike's "Risk Everything" ad-campaign is better than the ad-campaign of Adidas, "All In or Nothing".	15.850	499	.000	.942	.83	1.06
10. The teams sponsored by Nike at the FIFA World Cup 2014 have a greater All-Time Performance Record than the teams sponsored by Adidas.	13.530	499	.000	.836	.71	.96
11. During the FIFA World Cup 2014, I found the released Nike football boots better than Adidas football boots.	13.553	499	.000	.838	.72	.96

12. FIFA World Cup 2014 influenced me to opt for Nike as a brand (For any of the products offered by Nike).	13.845	498	.000	.860	.74	.98
13. I opted for Nike products (Jersey, Football, Football Boots, etc.) because of the team that I supported	13.372	498	.000	.856	.73	.98
14. I followed/supporte d a team which was sponsored by Nike.	12.483	498	.000	.814	.69	.94

To compare each sample to hypothesis independent one sample t test is used. Since it is less than 0.05, null hypothesis will not be accepted.

Conclusion

It can be recommended from these research findings, that Nike was the clear winner in the battle of brands in the FIFA World Cup 2014. A key recommendation from this research in the context of questionnaires is to ensure that engagement is prioritised above presence since it is the creative, engaging, exclusive and relevant content which builds loyalty, advocacy and interaction amongst fans.

This research argues that a strategy based exclusively on winning is not the optimal way to ensure that profits are generated on a regular and sustainable basis. Since winning is only

possible for a select few in every World Cup, a strategy that places the fan at the centre of a team/product will prove beneficial to the company at all levels in the long term. Nike successfully engaged the fans with the products it launched during the competition and banked on their ambush marketing strategy, which led to overshadowing the FIFA World Cup official brand, Adidas.

Hence, Nike was successful in luring more attention for FIFA World Cup 2014 than Adidas. Nike's powerful ad-campaigns did not only create sky-rocketing TRPs but also a humongous demand for their products.

The final two teams consisted of Argentina and Germany, which were both sponsored by Adidas, nonetheless, it was that one spark and mark of brilliance that brought smiles on the face of the Germans, and shattered the dreams of the Argentines. An Adidas sponsored team (Germany) although won the cup with Mario Gotze scoring a perfect goal with his left foot, in the 113th minute. With one strike of his Nike Magista boot, the German striker sent his nation into raptures and sealed his place in football history.

For Nike Football, the moment capped an exciting year for both the brand and business.

This fact did not only lead to the Germans winning their fourth World Cup title, but also created a shift in the paradigms of many. The focus moved over to the apparels the athletes were using rather than their ability. The apparels enhanced the performance of the players and earned the limelight in the tournament.

In the battleground of brands it is clear that Nike, Inc. emerged victorious in making the World Cup a big hit. It is needless to say that Nike Magista football boot was indeed 'the boot that won the World Cup 2014'.

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