

Analysis of Nike's Co-Branding Marketing Strategies—SWOT Method

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Abstract:

Nike is an American footwear, sports and apparel company. For the past year it has always been at the top of the industry, proving itself every year through its innovative and game-changing ideals, as one of the greatest and most influential sports brands in the world. This paper will concentrate on the marketing strategies of the company, analyzing its most important partnerships, collaborations with different market sectors and their impact on the company's revenue and brand image. Through the use of SWOT analysis and Ansoff's Matrix, the paper will dig deeper into the major partnerships that have helped the brand achieve its success today. Including the historic sportswear shoes deal with Michael Jordan, which till this day, is still one of the most important and influential shoes collections for the brand and is what started everything, bringing the brand to the top of the scene, contributing every year a big percentage of its yearly revenue. Additionally, sponsorships and influence in sports such as Basketball, Football, Tennis and Baseball and the collaborations with luxury brands such as Tiffany and Dior, also had a huge impact, attracting a wider range of customers and strengthening the brand in the global market.

Keywords: Marketing strategies; SWOT analysis; Ansoff's Matrix; collaboration; partnership.

1. Introduction

Nike, Inc. starting from a handshake between Bill Bowerman and Phil Knight arriving to become a leading multinational corporation in athletic footwear as well as sportive clothes and accessories, demonstrated how the company's unique business vision paired with its determined strategies guided itself to the road to success [1]. Understanding how Nike achieved its success is extremely important, as it

demonstrates how a renowned sports brand has kept prospering after such a long time through innovative ideas, marketing tactics, famous campaigns and partnerships.

This paper will focus on the brand's marketing strategies, emphasizing different partnerships. It aims to investigate how Nike's decision to launch partnerships with different high fashion houses has been effective in leading the multinational forwards on its road to success. In order to complete this inves-

tigation, information will be gathered through secondary research including several previous studies on different aspects of Nike, official data presented by the multinational and both quantitative and qualitative data published by third party platforms. Different types of analysis from the business management toolkit will be utilized with the following investigation including the SWOT Analysis and Ansoff's Matrix [2]. The SWOT Analysis will be utilized with the following investigation in order to assess Nike's position within the market during different periods allowing a clearer examination of the overall success achieved [2]. On the other hand, Ansoff's Matrix will be adopted within the commentary in order to analyse whether a marketing strategy adopted by Nike has been successful or not [2].

It is extremely important to analyse how Nike has achieved its success as it is the only brand that has stood out and taken a leading position within the sportswear market. Different brands have been trying to replicate Nike's success by imitating its price settings and by replicating its product portfolio. However, none of them have ever been able to achieve the same dominating market status and the influence that Nike owns. Nike's marketing strategies, more specifically its sponsorships in different sports as well as its collaborative marketing, played an important role in bringing success to the company [3]. This is exactly what the following report is going to focus on.

The following report will start with an overview of the different marketing strategies that Nike have adopted in order to achieve incredible success within the sportswear market. This will be assisted by the analysis on the partnership with Michael Jordan illustrating the impact this move had on the company as well as including other strategic decisions the company had made [4]. This will be followed by an overall overview of the strengths of Nike by applying the tool of SWOT Analysis on the case study which helps within the examination of Nike's introduction of their product into the luxury market as well as how this has contributed to the company's success. By the end of this commentary, it will be clear how marketing strategies that Nike has adopted drove the company to success.

2. Nike's Core Marketing Strategiest

Nike, as one of the world's largest sports brands, has had an edge over its competitors by choosing with great attention its partnerships and collaborations [3]. Expanding not only in sports but also with the luxury fashion markets, attracting not only its main fanbase to continue and purchase, but also bringing new unique market segments and different age groups [5].

Marketing is an extremely important concept within the subject of business; it defines the accomplishments of many companies. Marketing has been defined as an "organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders" by the American Marketing Association [6]. As the objective of all business enterprises is defined as to generate profit by satisfying customer needs, it is evident the crucial role marketing plays in defining a business' profitability and success [2].

Three of the marketing strategies that Nike has used most commonly, which the following investigation is going to focus on, are: sponsorships, and collaborative marketing [3]. To begin with, sponsorships consist of businesses investing funds and financial resources promoting specific events and organizations in return for publicity exposure [2]. Paul Hoang has classified the strategy of sponsorship within the category of "below the line promotion", namely to promotional strategy that does not require the involvement of mass-media and directly controlled by the business itself [2]. While, collaborative marketing, also known as partnership marketing, refers to the strategy which entails the collaboration and partnerships of a company with other brands, financial institutions, or celebrities in order to enlarge its customer pool by connecting within the partner's one [7]. This allows the company to attract more customers in a cost-effective way rather than investing large numbers in different advertisements and exposures [7].

2.1 Nike's Partnership with Michael Jordan

Throughout the years, Nike has made many partnerships with different celebrities and sportsmen, however none of them has been able to achieve the success made with the one historic deal, Nike x Michael Jordan. At the time, Nike was still a small brand compared to itself today and Michael Jordan was still an extremely young player of the NBA [4]. During the 80s, the Basketball league's sports shoes were dominated by Adidas and other brands, while Nike was "dying", controlling only 18% of the Basketball shoes market [8]. However, in 1984, Nike decided to take a gamble, signing the young Basketball player Michael Jordan for a \$2.5 million shoe deal that included a small percentage of royalties for every sneaker sold [4]. Their first collaboration debuted in April 1985, already facing a major challenge [4]. The sneaker made by Nike had a unique design with predominantly two colours, red and black [4]. This went against the NBA's rules at the time, which was that "shoes had to be 51% white and in accordance with what the rest of the team was wearing". Break-

ing this rule would have triggered a \$5000 fine per game [4]. Nike instead of changing their design, they made another bold move by paying the fine [1]. The brand utilized this chance to increase their global awareness with a unique move by making their model pronounce the words: “The NBA can’t keep you from wearing them. Air Jordans. From Nike.” [4]. The strength within the language adopted suddenly sparked this new fashion wave, inspiring large numbers of customers to buy the Air Jordans.

After just two months, approximately \$70 million worth of their new sneaker “Air Jordan 1” were sold [4]. Consequently, the company ended the year earning more than \$100 million solely with the Jordan brand [4]. This partnership has completely changed the sports shoes industry not only having a huge, short-term impact but also achieving long-term success even till this day, establishing itself as one of the best-selling sports shoes brands in the world. The Ansoff’s Matrix is a business analytical tool which, depending on whether a company enters a new or already existing market with an existing or a new product, assists the firm to select and develop different market and prod-

uct growth strategies [2]. These strategies include market penetration, product development, market development and diversification [2]. The assistance of Ansoff’s Matrix allows the evaluation of whether Nike’s partnership with Michael Jordan an accomplished marketing strategy is, and thus, assess its effectiveness in helping the brand to achieve its success.

As for the case study, this partnership should be categorized as a market penetration strategy. Market penetration strategy refers to the decision of a company centering on selling already existing products in existing markets [2]. In terms of growing strategy, as already mentioned, Nike was born as a sportswear brand, therefore previous to this partnership Nike has already been operating in this sector; while, considering Michael Jordan is also an athlete in one of the most prominent sports, the NBA. Thus, this is a relatively low risk strategy. This together with the rule-breaking and the iconic phrase: “The NBA can’t keep you from wearing them. Air Jordans. From Nike.” [4], defined the success of this partnership. Table 1 illustrates the accomplishments this partnership has achieved.

Table 1. Jordan shoes income and Nike shoes total income and proportion

Year	Jordan Shoe revenue (in billion dollars)	total Nike Shoe revenue (in billion dollars)	proportion of Jordan Shoe revenue in total Nike Shoe revenue (%)
2017	3.1	21.1	14.7
2018	2.9	22.3	13
2019	3.1	24.2	12.8
2020	3.7	23.3	15.9
2021	4.8	28	17.1
2022	5.1	29.2	17.5
2023	6.6	33.1	19.9

data of Jordan Shoe revenue (in billion dollars) is obtained from [8]

data of total Nike Shoe revenue (in billion dollars) is obtained from [9]

data of proportion of Jordan Shoe revenue in total Nike Shoe revenue are calculated manually

From Table 1 it is clear that between the years 2017 - 2023, the Jordan Shoe has accounted for an average value of 15.8% of Nike’s total revenue from the sales of footwear. As reported, by 2023 Nike was offering a total of 773 distinct footwear products [8]. This has clearly demonstrated the huge success of the partnership between Nike and Michael Jordan, whose influence has persisted in recent years since their first dropping in 1984. Thus, this marketing strategy has been effective in assisting the company to achieve its success.

2.2 Nike’s Collaborative Marketing in Sports

2.2.1 Basketball

After the major success with Jordan, Nike has continued to thrive in the basketball world as the brand has recently just signed a long-term partnership until 2037 with the NBA, WNBA and G league as their official uniform and apparel provider [1]. This demonstrates how much influence the brand has in the sport controlling the league’s sport kits, which will constantly be visible by every fan that tunes in to watch the sport. Additionally, to reinforce their influence, Nike has continued its tradition, partnering with many famous athletes in the sport such as: Lebron James, Kevin Durant, Giannis Antetokounmpo, Ja Morant and Devin Booker [10]. All of them have their own signature sneakers like the Jordan partnership [10].

2.2.2 Other sport partnerships and sponsorships

Throughout the years, Nike did not only choose one single sport, but they also focused on diversification, they wanted to influence all sports throughout the whole world. Which is why they have also associated themselves with probably the biggest sport in the world, football. In football, Nike has also adopted a similar marketing strategy with Basketball, sponsoring Individual players, such as Cristiano Ronaldo, Neymar Jr., Kylian Mbappe [1]. Furthermore, the brand has also offered sponsorship deals to many football clubs in different countries like Spain, Italy and the UK, attracting also many local customers from different cities in Europe. In addition, Nike also sponsors many countries' national teams, providing them with their official jerseys [1]. This move really allows the brand to achieve global exposure, boosting its popularity, especially through the major international tournaments, such as the Fifa World Cup and the European championship. In the last World cup, there were a total of 32 confirmed nations, 13 teams out of the 32 had jerseys made by Nike, this meant that the brand had gained more than 40% of visibility in the tournament [11].

Other than football and basketball, Nike has also been dominating in other sports in the world. An example of this could be Tennis, where the brand has always had a great influence, sponsoring past champions like Rafael Nadal and Serena Williams, and now signing two of the best young players in the world, Jannik Sinner and Carlos Alcaraz [1]. This move not only strengthens itself as the leading sport brand for the sport, but it also ensures long-term domination, showcasing the company's incredible vision and innovative thinking that is capable of scouting the best young talents in the world.

In addition, Nike is also the main sponsor for two other professional sport leagues: the NFL and the MLB. The National Football League (NFL) represents the biggest professional American football league in the world, whereas the MLB (Major Baseball League), represents the North American's professional baseball league. Both leagues are crucial for their sport, attracting a huge amount of viewership. For the NFL, Nike mainly provides them with uniforms, practice gears and sideline apparel [1]. Similarly, for the MLB, Nike will also provide them with sports kits, game-day outerwear and training apparel [12]. By investing in all these different sports, the company not only attracted millions of fans around the world, but also managed to beat its competitors, by being the most influential sports brand in the industry.

3. SWOT Analysis

The SWOT Analysis is a business analytical tool which allows companies to examine and identify their internal strengths and weaknesses as well as their external opportunities and threat [2]. This is able to let companies have a clearer insight into their current position within the market, and thus, have a better vision of their future and therefore being able to assess the next most appropriate strategic decision [2].

Considering the above analyzed case study, and adopting the SWOT analysis to the company's market position after the iconic partnership between Nike and Michael Jordan, and other marketing strategies such as sponsorships within the major popular sports such as football, NBA, American football as well as baseball and other partnerships within the world of sport, but prior 2020, Nike's strengths are clearly visible. Nike accounted for a large market share within the global sportswear and achieved a huge brand awareness [2]. Furthermore, considering the average cheaper price range of the brand's products has allowed it to attract an enormous customer base. Considering 2021, the average retail price of all Nike's footwear including basic and simple models, classics, and even exclusive collaboration with celebrities is \$110.15 together with the average available lowest price of \$66.75 [13].

However, one of Nike's weaknesses at this stage is being labelled as "cheap products" [2]. Such a phenomenon occurred exactly due to their lower price setting compared to other brands as well as the fact of focusing primarily and even only on the sportswear market [2]. Clearly this phenomenon has somehow restricted Nike's customer pool, despite their already large customer base.

Therefore, taking into account this weakness of the brand, Nike sought opportunities of embracing this missing customer group as well as of obtaining an entry ticket to the luxury market by collaborating with prominent luxury brands and launching co-branded products [5].

Considering the external threats of this marketing strategy, it is worth pointing out Nike's biggest competitor: Adidas. As Adidas has already adopted this type of marketing strategy and achieved recognized successes [2]. The two iconic collaborations between Adidas and the Italian luxury fashion house Prada first launched in 2019, as well as with Stella McCartney in 2004 are worth to be mentioned [14]. Therefore, the general public's expectations of Nike's co-branded products would be extremely high. Furthermore, Nike's products can hardly escape any critical comparisons with Adidas' products. This means that any error, even a less significant one, is able to cause a diminution in customer trust and loyalty.

4. Nike's Collaboration with Luxury Brands

Talking about collaborations with luxury brands, Nike's collaboration with the French high fashion house Christian Dior cannot be overlooked. This collaboration launched one of Nike's most prominent co-branded products. This collaboration consisted of including Dior's classic monogram on Nike's most iconic Air Jordan which was released for the first time in April 2020 [15]. The exclusivity of these Air Jordan 1 OG Dior made it become "the most-wanted trainers of all time" [15].

By adopting the Ansoff's Matrix to this collaboration, this marketing growth strategy can also be considered as diversification, which is basically when a firm is aiming to attract new customers within a different market and using new products [2]. In the case of Nike, the company explored diversification within their new co-branded Air Jordan 1 OG Dior into the luxury footwear market.

The success of this collaboration can also be attributed to the rising phenomenon of the trend of considering sneakers as investment assets within the Asian market, in particular within the Chinese market [16]. This trend made the Chinese market full of enthusiastic collectors aiming to collect exclusive products and limited-edition collaborations between well-known brands or celebrities [16]. Therefore, referring back to the Ansoff's Matrix and diversification strategy, with the launch of Air Jordan 1 OG Dior, Nike was able to attract these enthusiastic collectors to buy their new products, at the same time, having a greater brand exposure within the Asian market, in particular in China, where this trend has influenced the most. Other than Dior, another example for the brand's partnerships with luxury brands, is its collaboration with the jewelry brand Tiffany & Co. The sneakers were highly successful, as they sold out very fast, attracting many customers, proving that sometimes exclusivity is also a very important factor for a company to be successful [5].

This brand collaboration with luxury brands has had a significant impact on the revenue of the company [17]. From 2017 to 2025, the US markets didn't have a significant increase, instead it has been pretty consistent without major changes, and from the year 2023 to 2024, the region actually had a slight decrease in revenue [17]. Contrastingly, the company has seen rapid growth in the Asian and Chinese markets, where compared to the Americas and Europe, the region has seen constant increase every year except for this year, 2025 where every region has seen a decrease in revenue [17]. One of the reasons for which Asia and China have seen this rapid growth is exactly due to the increasing tendency of considering exclusive shoes as traded assets [16]. Customers within the Asian markets

are much more in demand for products that represent exclusivity and higher status [16]. Through this collaboration, the company has had mainly a positive impact for the company's sales, as it has attracted fans from all over the world not only in the US and Europe, but also in regions such as Asia and China.

5. Conclusion

Thus, through the various marketing strategies, including collaborations with different market sectors, such as sports, individual athletes and luxury brands, it has helped the brand achieve its goals of becoming one of the biggest sportswear brands in the world. Adopting these marketing strategies not only has boosted its overall global reach and influence, it has also improved the brand's image, transforming it into one of the most historic sports icons. Looking ahead, in order for Nike to keep its global dominance in its market sector, it is crucial for them to always keep an innovative mindset and adapt to modern customer needs.

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