

Comparative Analysis of Brand Performance and Financial Gains a Case Study of Nike, Adidas and Puma

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ABSTRACT: Digital marketing is a term for interactive marketing using digital techniques. The main objective is to create brand awareness and to raise sales. This paper finds the effects of mobile marketing of sportswear companies (Nike, Adidas and Puma) by the comparison of their fans/followers on internet and financial gains. In this study, it is found that mobile marketing helps to create awareness and to raise sales of company. Nike spends more on mobile marketing as compared to its both rivals and is also getting more profit and brand value than Adidas and Puma. Nike leads in digital market; the company has more fans and followers on internet (Facebook, Twitter and Youtube). Adidas also made strategies for mobile marketing that helped them to raise brand value and profit in recent years. Statistics shows that Puma is relatively far behind in this race. The company should develop strategies better than its rivals to raise its enterprise value and to compete in the world market.

Keywords: Financial Analysis, Brand Performance, Brand Value.

I. INTRODUCTION

Marketing is a pillar of any business; it creates demand and fulfills it. Digital marketing performs this function with the help of internet in innovative ways. Internet allows exchange of value. Going online can help a business to gain value in form of time and attention. It also adds value for the user in different form like entertainment, utility and enlightenment. Internet has changed our selling world. It is not just a marketing channel but it has created a new paradigm in which the consumers and brands are connected together. Products and services can be promoted, serviced, purchased and distributed on internet (Katharine et.al. 2012). Now days, the competition is high, so only those companies will be succeeded which develop the products that may better satisfy the consumer needs than their competitors. So the companies should fully research the consumer needs and generate solutions that may satisfy them (Gupta et.al 1986).

The groups of different knowledge, abilities, competences, cultures and resources are included in new product development (NPD) multifunctional process. A good NPD process should fulfill market needs and demands in an appropriate way. Marketing helps to know the requirements of customers and on the other side, research and development uses company's capabilities and assets to create differential products (Nusa et.al, 2011). Lack of alignment between customer characteristics, brand and mobile proposition can harm the brand. Mobile communication must be consistent along with company's strategy (Friedrich et.al, 2009). Company should respect the people's privacy and free time and should not keep messaging during weekends (Karjaluo, 2007, p16). While a study tells that communication messages most of the time were being sent to the people when they were having free time and were relaxing. This study also revealed that three industries, food and beverage, shoe and accessories and automotive and apparel industry most use mobile marketing techniques in their strategies. The most common purposes of mobile marketing are creating brand awareness, changing brand image, to gather useful information about customers and producing purchase intention (Mirbargheri, 2010). Mobile marketing is a key term of digital marketing. "Mobile marketing is the use of the mobile medium as a means of marketing communications" (Leppäniemi et.al. 2006, p.38). Mobile marketing also has another important expression and that is mobile commerce. In general, it signifies the transactions that have monetary values and are executed through mobile communication networks. It can be stated as "a business model that allows customer to complete all the steps of the commercial transaction using mobile devices" (Barutcu, 2007).

Objective of the study

Following are the objectives of this study.

- i. To find what is mobile marketing in marketing disciplines.
- ii. To find out how Nike, Adidas and Puma implement mobile marketing strategies and tools.
- iii. To find the effects of mobile marketing on brand value.

iv. To compare financial gains of Nike, Adidas and Puma.

II. LIMITATIONS OF THE STUDY

This study is explorative in nature. The wellsprings of the speculations covers scholastic articles, research papers, and articles from industry-based sites, assessment articles, books that emphasis on the subject, and also references from business related word references. It is critical to call attention to that the research endeavors to structure and arrange portable advertising standards, joining the scholarly studies with the experiences and suggestions by specialists, however not to hunt down the one genuine definition or hypothesis. The contextual analysis of Nike, Adidas and Puma's mobile marketing effort will be done to inspect brand value by these organizations. The experimental part won't sum up the outcomes, yet will be tended to and broke down based on the specific case and the inspected speculations. Hence, it should be indicated that the outcomes are time and area bound, by and by, serving enough the target to answer research's exploration question.

III. BRANDING

The brand equity entails brand identity and promotion with the help of marketing communications. The brand identity is “a unique set of brand associations that the brand strategist aspires to create or maintain” (Aaker, 2002). It also consists of core as well as extended identity, credibility factor and value propositions. Brand communication can be better understood by investigating the idea of integrated marketing. The conclusion can be that the brand identity inferred both, the company efforts for promotion of brand by communication and customer’s connection with the brand. So, it is of significance to explore how companies utilize particular marketing approaches and then how connections of such activities produce brand identity. In subsequent section, mobile marketing is discussed. Mobile marketing has impact of brand management; it is because of change in consumers lifestyles. It is “The age of participation and collaborative marketing” that belongs to brand efforts and two way communications (Kotler, 2010).

IV. MOBILE MARKETING

3.1. Mobile marketing

Mobile marketing is “a systematic planning, implementing and control of a mix of business activities intended to bring together buyers and sellers for the mutually advantageous exchange or transfer of products where the primary point of contact with the consumer is via their mobile device” (Carter, 2008, p.62). The Mobile Marketing Association (MMA) has also proposed a concept of mobile marketing in 2006 as “the use of wireless media (primarily cellular phones and PDAs) as an integrated content delivery and direct response vehicle within a cross-media marketing communication program” (Karjaluoto, 2007, p.11). It included strategies like push and pulls for the marketing communication but did not have the affirmation of customer involvement and active participation in communication between organization and its customers. To fill this gap, MMA introduced a new definition which described mobile marketing as “a set of practices that enables organizations to communicate and engage with their audience in an interactive and relevant manner through any mobile device or network” (MMA, 2009). Set of practices means relationship management, media, industry standards and various activities (MMA, 2009). This new explanation as opposing the one of 2006, demonstrate a shift in consumer lifestyle and marketing transmissions from one sided communication to brand co-creation.

3.2 Features of mobile marketing

Mobile marketing features are as follows.

1. Messages should be relevant, permission based and targeted to the particular public.
2. Value added material for mobile marketing strategy.
3. The advantage of from mobile marketing must be prompt and measurable.
4. Seclusion matters of mobile users must be tackled.
5. Mobile applications should be innovative, creative and user friendly.
6. The mobile marketing strategies and campaigns should be appropriate for industry and victorious execution can direct to better efficiency.
7. The contributors of mobile marketing should co-operate to make common benefits.
8. Customer centered (Varnali, 2010, p. 147).

3.3 Fundamentals of mobile marketing

The three fundamental ways of mobile marketing are advertising, direct marketing and sales promotion. Customer relationship marketing must also be considered while it is not publicity gadget (Leppäniemi, 2008, p.54)

These methods can be assigned to communication areas in common and not supposed as tools themselves. So, it is pivotal to distinguish between different mobile marketing strategies that may be applied in brand communication.

MMS, SMS

An advertisement through text messages is called SMS marketing. It is most widely used mobile marketing technique. Marketers send tailored content to customers. Customers also can forward messages to companies to take part in marketing initiatives. In MMS marketing, text message medium is used but it provides wider range of features like videos or pictures (Mobile Marketing Trends, 2011). MMS and SMS are supposed as consent based marketing where consumers or customers subscribe to let companies to send messages on their mobile devices (Varnali, 2010, p.147).

Internet on Mobile (mobile website, videos, social media)

Web content delivery that gives content conforming to mobile context is narrated as Mobile Web. Mobile context is denoted by type of user data needs, special capacities (location, connection type) and mobile phone features (keypad and screen size etc.) (MMA, 2008). Mobile websites should serve the needs of customers by letting them using the key functions. Other data sources should also be furnished. Mobile website content has to deliver user compelled experience by special functions and interactive solutions (Krahnert, 2010). The social media mentions the initiatives, implementations and activities of different societies of people who together share the knowledge and information online. This needs a platform where dissemination of material like audios, videos, texts and pictures might be easier. Social media includes four basic features that are collaboration, entertainment, education and communication (Safko, Brake, 2009).

Games and Applications

Games and applications can be downloaded on smart phones and tablets. Applications are of different types, these allow from playing games on mobile to examining gas prices and booking of airline tickets (Marketing news, 2010). Mostly, the applications are used to target a special audience for enhancing interaction and either may be long term or short term as well (Scheffier, 2011). Games may be downloaded individually or as application and entertains the people.

Location based services

Any service that considers geographical location of the entity is location based service. Entity means object that triggers location data, it may be human as well as non-human (Junglas, 2008). This definition entails services that use location as main element of giving relevant information to customers. While in mobile marketing, such applications are marketing services based on specific location data to deliver right message to appropriate people at particular time and place (Fields, 2011).

Mobile services (shopping, banking,tickets)

Mobile services let users to perform transactions without the boundaries of time. These services allow customers to buy and pay by using internet on smart phones(Barutcu, 2007). Different companies have offered online ticketing and customer does not need to print that ticket, just download it on mobile phone. Shopping websites are another type of mobile service; these are specially designed for mobile phones to make it easier to do shopping through mobile phones.

From organization's point of view, the mobile marketing is a multi-channel marketing. According to Aberdeen Group's survey on mobile utilization for retail industry, it investigated that how organizations apply different tools of mobile marketing. Results show that companies use MMS, SMS (31%), location based service (33%), transactions and payments via mobile (35%), mobile application (37%), mobile coupons (43%) and mobile website (49%). According to this study, the most important results of using mobile marketing strategies are: brand image improvement (88%), improved customer targeting (60%), improved customer profitability (81%) and customer retention improvement (78%) (Bates, 2011). The results determine that focus should be on getting customers by developing tailored messages to grab customers and finally take them to brand image uplift and buying decisions.

V. COMPARATIVE ANALYSIS OF MOBILE MARKETING CAMPAIGNS (CASE STUDY OF NIKE, ADIDAS & PUMA)

Nike represents many brands, it is a global company. Nike's mission is "to bring inspiration and innovation to every athlete" and the goal is to continue inventive thinking by establishing "products that help athletes of every level of ability reach their potential or creating business opportunities that set Nike apart from the competition and provide value for the shareholders" (Nike, 2011). Nike's prime business components are sustainability and innovativeness.

Adidas has several subsidiaries and sub brands in the world. Adidas manufacture products for professional usage and for street wear as well. Main goal of Adidas is to empower its brands and different

products to raise company's financial position and to get competitive advantage. That is done by innovation, focusing on customer needs and diverse brand portfolios (Adidas Group, 2011).

Puma's prime principles are imagination, peace and sustainability. Puma states that "Puma starts in Sport and ends in Fashion" and its business is concentrated on sailing categories, running, golf, football and motorsports. Puma promotes itself as a company where fun and joy is first priority (Puma, 2011).

4.1. Mobile Internet

4.1.1. Mobile Website

Adidas and Nike have set up mobile websites that are promoting their campaigns. Youtube links as well as social media links are available there. These websites try to aware people about any new campaigns and are built to focus on different target audience.

Puma has not built mobile website. It may be difficult for customers to find campaigns and other information about new products and familiar to website's mobile version.

4.1.2. Social media:

Facebook

Nike has many Facebook pages. These pages may be segregated according to region, product and sport type. Nike's official Facebook page delivers overall information campaigns and products. Adidas is engaged with the audience and promote its brand with the help of several Facebook pages. Puma has seven pages on Facebook. These are categorized on sports base. All pages cover multiple audiences.

Twitter

The main objective of Twitter accounts is engaging consumers in communication. There are many Twitter account of Nike, but Nike has not created its official account of Twitter. Adidas has official accounts on Twitter and are segregated in multiple groups: by product, by region and by people's needs and interest. Puma also has many Twitter accounts; these are segregated by sport and service. The global Puma account targets the customers that are interested in sports and in Puma brand.

Youtube

Basic purpose of Youtube page is to propose the brands through videos. Nike has two leading Youtube channels, Nike Football and Nike Global. Adidas also has Youtube channel that mainly focuses on young people, interested in sharing videos and video depiction of brands. Puma Youtube channel offer videos of new campaigns and targets mainly to young people. This channel helps Puma to generate brand awareness.

4.2. Mobile services

4.2.1. Mobile store

Nike, Adidas and Puma, all of these companies have designed their mobile shops specifically to fit the mobile content and to inform their customers about the upcoming and current products and are targeted to interested customers. These are built particularly for mobile use. Customer's reviews can be checked and products can be shared through social media.

4.3. Mobile sales promotion

Nike use bar codes on its products, hence the customer may scan that code with their mobile phone and may receive the information about that specific product. It means that it is an informational tool that does not involve consumers in any co-operation but may effect as purchase decision. Puma created Puma Phone and it is "made for active lifestyle both physically and digitally" (Pumaphone, 2011).

Adidas employs QR codes that are attached to the garments or products where customer may scan the code and obtain information about product. This promotion is communicative and may lead to transactions.

4.4 Applications/Games

Adidas

Adidas Urban Art

This application provides an interactive map of Berlin and Hamburg and is created by users who mark locations and post photos of urban art. This application guides the users through city via urban art routes.

Adidas Eyewear

This application is used to provide information about Adidas Eyewear collection. It provides information about the weather forecast and eyewear, which best fits to weather.

MiCoach

This application is called “The personal coaching and training system” by Adidas. It is also the purpose of the application.

Nike

Nike+ GPS

This application is built for runners to keep track of their training results. The objective of this application is to create brand awareness and associations with brand to build consumer relations.

Nike Boom

Athletes of sports teams are targeted by this application and it is also used to provide them useful tips and encouragements from renowned athletes. Nike tries to build brand association with professional sports teams with the help of this application.

NikeiD

The main purpose of NikeiD is to involve customers in co-creation to customize clothing and footwear. It shows the Nike’s struggles to build relations with its customers.

Puma

Puma Football

This application is used to encourage customers to participate in discussions with Puma and its consumers through social media.

Puma Ocean Raising Team

It gives relative information to interested participants about Puma’s sailing team. Videos are provided on it.

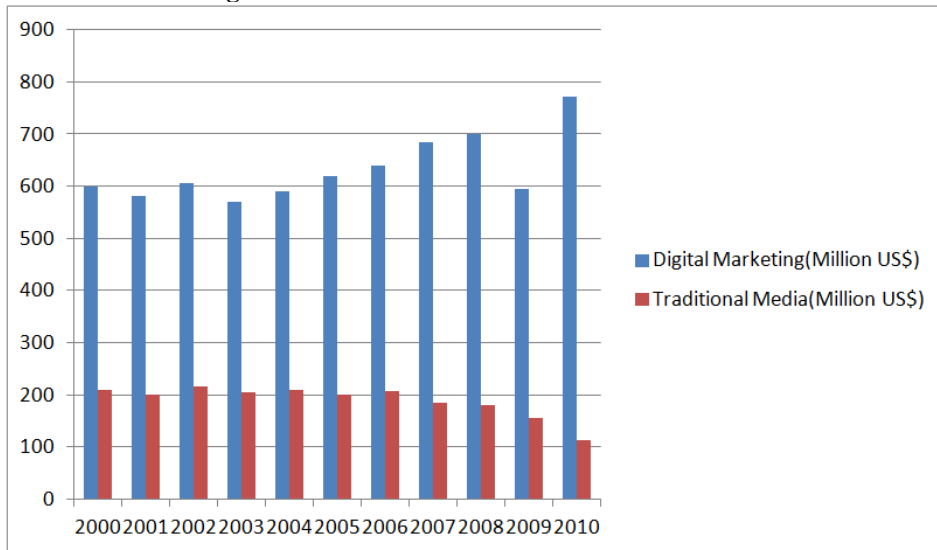
4.5 SMS, MMS

Nike, Adidas and Puma employ MMS and SMS to communicate with their customers. Adidas use authorization based marketing to send information to the customers through text messages. Puma exercise SMS marketing so long as customers have subscribed to newsletter and primary newsletters are normally sent by e-mail. Nike also uses SMS and MMS marketing and sends newsletters to specific people to stay in touch with the customers.

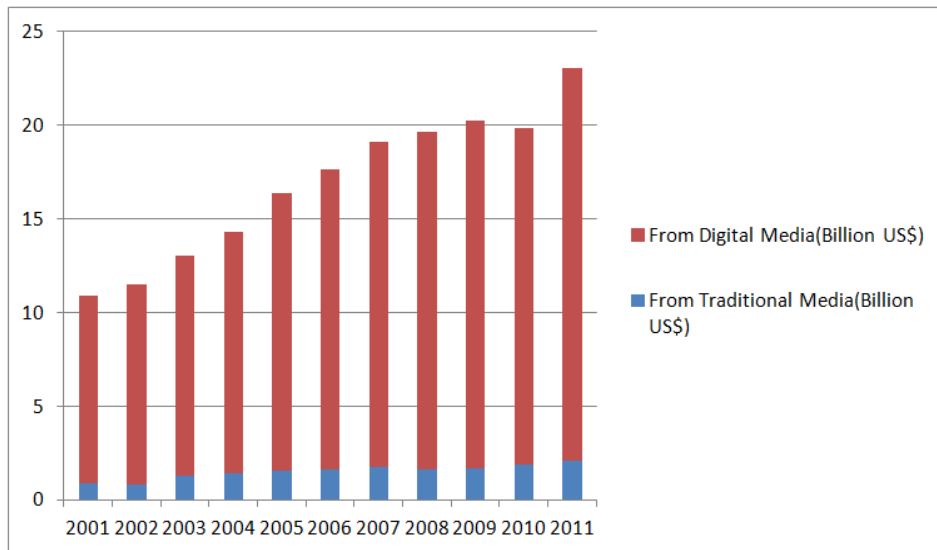
VI. FINANCIAL GAINS

Nike prevail the most worthwhile brand position in sportswear industry in Brand Finance Global 500, expanding in brand value as well as ranking (31st). 2009 was action packed year for Nike. The company turned into official sponsor of Vancouver Winter Olympics yet had to face difficult situation when Tiger Woods, world’s no. 1 golf player and Nike’s old spokesperson, availed leaves from sports. This happening heavily affected the Nike’s commercial interest with many sponsors like Accenture withdrawn its support contracts. In such situations, digital marketing made a contribution in Nike’s success story. Nike spends a lot on digital marketing and is getting something heavier in return that makes it world’s one of the best sportswear companies. Mobile marketing helped Nike to reborn the passion again globally. Adidas is the main competitor of Nike and tried to overtake the market leader but failed to defeat Nike this year in Global 500 and remained on 139th in ranking. The brand value of Adidas has grown from previous year to 6.8 billion US\$. Adidas, who has been official kit sponsor of Olympic Games for the Great Britain Team, declared in 2010 that Adidas would work to design kits stylish with Stella McCartney a British designer. FIFA World cup of 2010 in South Africa engaged both of companies in competition. 12 teams wore Adidas kit and 9 teams wore Nike kit. In spite of Adidas became the official sponsor for the event, Nike applied several marketing strategies especially online to generate and develop brand awareness. When Nike introduced its world cup advertisement presented by Cristiano Ronaldo with Wayne Rooney, it was viewed by 14 million people in just one month. Adidas came in competition and composed Star Wars subjected advertisement featuring the football star David Beckham and it got 2.8 million views initially in first week. In comparison with Nike and Adidas, Puma is still far behind. In 2009, the brand value of Puma fell down to 1.5 billion US\$, but has grown up in recent years. In 2011, the company has achieved its top Global 500 brand value figure of 2.3 billion US\$. When Usain Bolt, the Jamaican athlete strolled to 100 and 200 meters record breaking in 2009 in Puma kit, the company alone got media value over 105 million US\$. In 2010, Bolt signed a sponsorship deal with Puma and it was comparable to Nike’s four years deal with Cristiano Ronaldo that worth 32.5 million US\$. Puma was placed on 492nd rank in Global 500 in that year and declared that Bolt will perform an important role in company’s marketing up to London 2012 run. Puma employed digital marketing techniques and raised its revenue and brand position (Haigh, 2011).

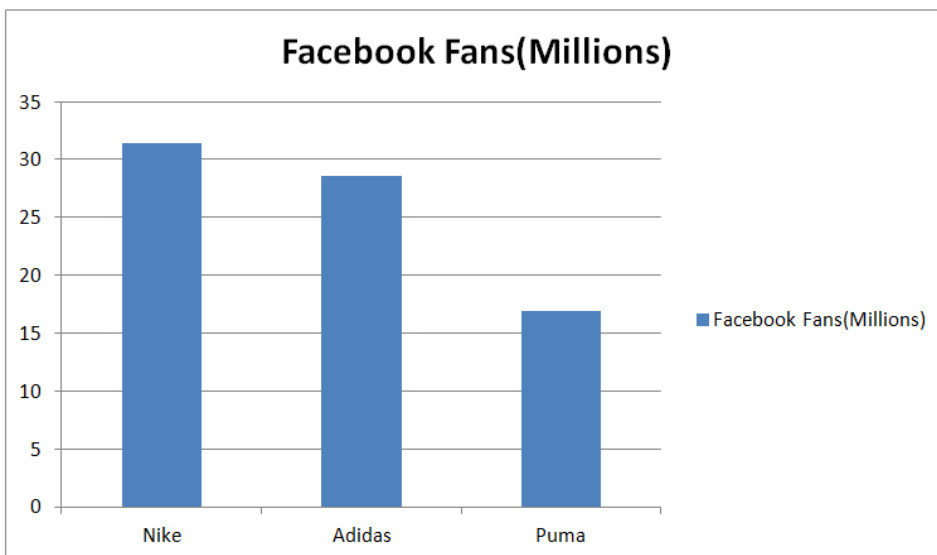
Nike Expenditure on Marketing:



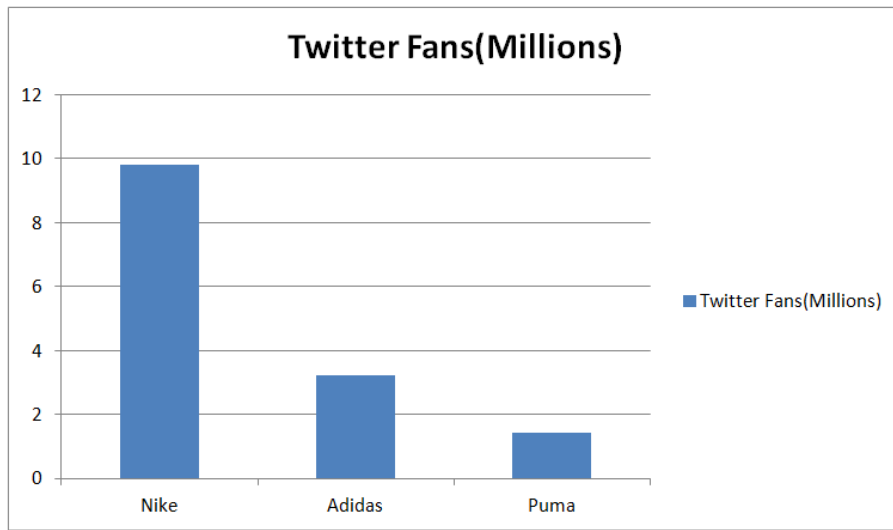
Nike Revenue:



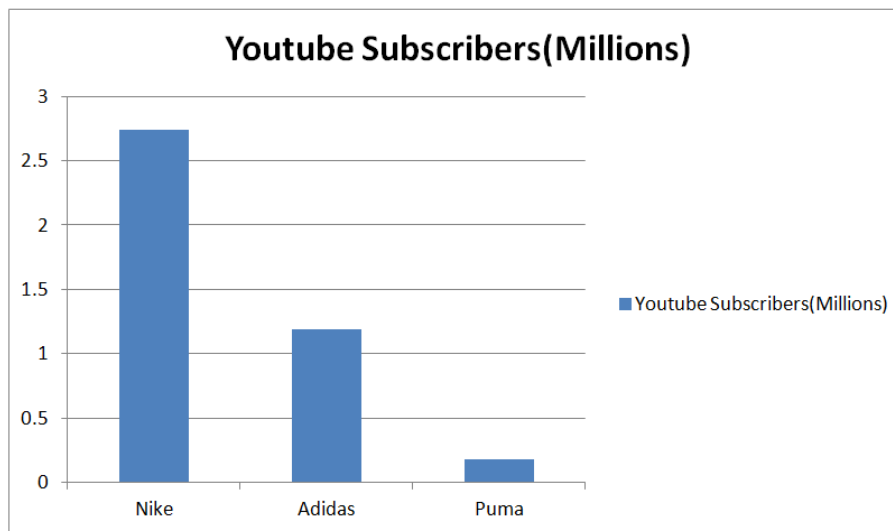
Facebook Fans:



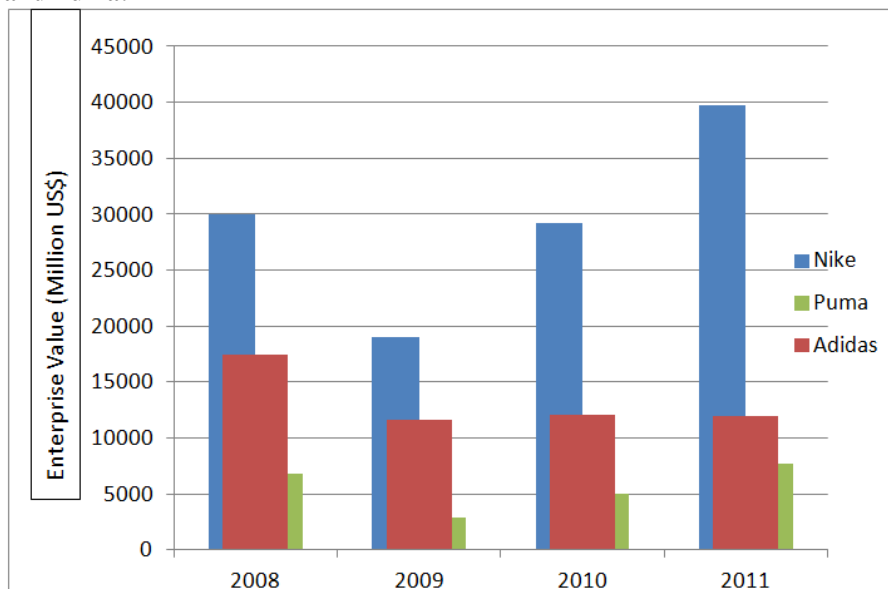
Twitter Fans:

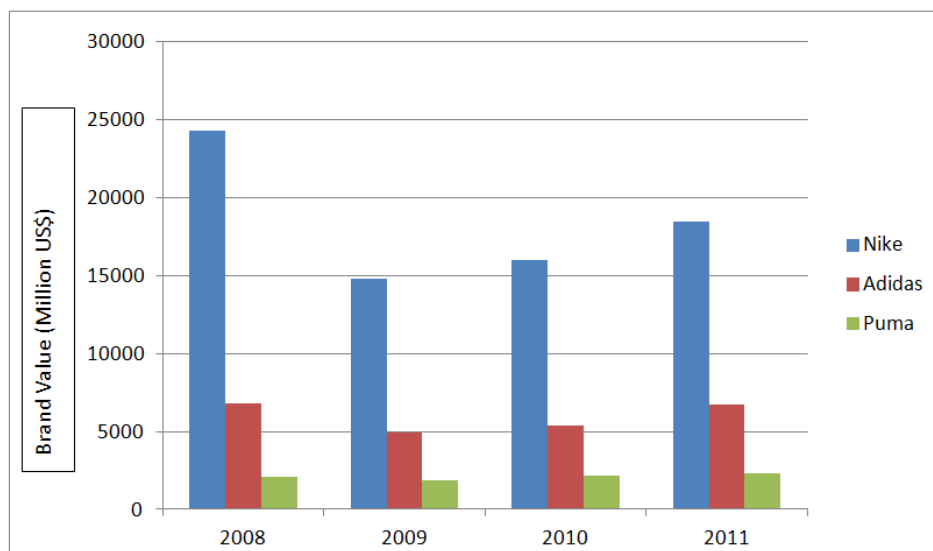


Youtube Subscribers:



Nike, Adidas and Puma:





VII. CONCLUSION

Digital marketing is a rising trend in this era. The sports companies are in a war of snatching consumers. Every company needs to define a strategy to meet the customer's requirements. Nike, Adidas and Puma are the world leaders in sportswear. These companies are rapidly changing their marketing strategies. As From 2000 to 2015, Nike has made expenditure on digital marketing and in return, Nike has left far behind its competitors in revenue generation. Adidas is the 2nd leader after Nike in sports wear but still there is a lot of difference in their revenues. These three companies are using direct as well as digital marketing to boost their sales and in return, they are getting market share. Nike used one of best ways of mobile marketing and has captured the sportswear market. Adidas also used it and generated huge revenue. Puma also worked on it, it could not use as much strategies and spent percentage of revenue as its competitors do. If Puma make good mobile marketing strategies in future, it may also raise the revenues.

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