



Nike Brand Loyalty Case Study

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Nike is Losing Customers

- Nike is considered one for the most popular clothing and sneaker companies is facing a brand loyalty issue.
- Though the brand has a rich heritage and is globally recognized, shifting consumer preferences, increased competition, and product quality issues are changing customer perceptions.
- Over the 4 quarters in 2024 alone, sales have declined as consumers gravitate toward emerging brands and cost-effective trends.
- Nike must develop a deeper understanding of what drives consumer purchase and how customers perceive its current loyalty program. Identifying the key motivators, and perception will be crucial in shaping the strategy and next steps to build loyalty.

Challenge & Solution



Research Question

- "How can Nike improve its brand loyalty through improving its current loyalty program?"

Challenge

- Understand what motivates customers to purchase Nike and where the brand can improve its loyalty program

Solution

- Identify what features of Nike's loyalty program drive loyalty
 - Driver analyses using regression

The Data

- **Primary Data:**
 - Conduct surveys of current customers in the loyalty program who have made a purchase in the last year.
- Respondents will be asked questions regarding attributes of the current Nike membership program. (1-7 Likert Scale)
- Respondents will be asked loyalty questions (1-7 agreement scale)
 - Is my favorite shoe brand (preference)
 - Is my favorite clothing brand (preference)
 - Is a brand I will continue to purchase from in the future (future usage)
 - I would recommend Nike to someone who does not own an item (endorsement)
 - I am on Nike.com constantly (current usage)

Attributes
Access to Limited Addition Sneakers
Access to Limited Addition Clothes
Free Shipping
Member Support
Extended Wear Test
Nike Training and Fitness Content
Receipt less Returns
Exclusive Member Events& Experiences
Personalized Offers and Rewards
Customization Options
SNKRS App
In store benefits

Analyzing the Data

- Create a loyalty composite score
 - The average of the preference, future usage, and endorsement items
 - Weight by the current usage item
- To Identify the key drivers a regression analysis will be performed.
 - Drivers of Loyalty (Current Attributes as the predictor variables to identify the key drivers of loyalty).
- The findings will allow Nike with an in-depth understanding of what drives customer loyalty. This insight will allow Nike to identify which features of the current program should be emphasized and advertised to attract more members.
- Additionally, understanding the key drivers will allow them to add to the program to enhance Nike Loyalty so reoccurring purchases are rewarded and beneficial to the members.



Data Driven Insights & Recommendations

- A recommendation to further improve the loyalty program is to investigate adding features that would improve engagement and loyalty.
- Running a separate survey to both current loyalty program members and those who are not but have purchased within the last 3 months would provide insight while doing a Top-2-Box analysis along with plotting it on a quad map.
- Additionally, a recommendation that can be tested through a pilot program is for Nike to introduce a points-based system. This system would reward members that spend more at Nike with discounts and/or free items. Creating this would increase sales and strengthen brand loyalty as it benefits people to keep shopping at Nike for their clothing and sneaker needs.

Potential Challenges & Issues

- **Responses:** A challenge that may arise is current loyalty members may not respond to the survey. To increase the response rate, offering a gift card or complimentary item to increase engagement would be key.
- **Inaccurate Representation:** Another challenge is the potential for an inaccurate representation of current loyal customers. To avoid this, it is important to ensure that a diverse population of current loyalty program members are surveyed.

Sources

<https://www.forbes.com/sites/pamdanziger/2024/11/04/nikes-reputation-falls-just-when-it-needs-a-strong-brand-reputation-most/>

<https://solvcommunications.ca/nike-brand-equity/>
