



Strategic Direction of Price & promotion-Nike

Introduction

Every brand is looking to come up with an effective pricing strategy. This pricing strategy must be aligned with the promotional strategy to the brand. The purpose of the effective strategy and its alignment with the brand's promotional process is to create value for customers. Obviously, the price of the product or brand is to be communicating with customers. Pricing is an important element of the marketing process. Comparing and contrasting different pricing strategies seem interesting to understand the relationship between promotion and pricing.

Pricing Examples that Influence Promotional Strategies

- **Premium pricing**

The premium pricing is a process of setting the high prices of different products or services to create the favorable brand perception in the market. Usually, a group of customers in the competitive market perceives that high priced products are containing the high quality and value, and it can streamline the social status. For example, Apple Inc depicts the premium pricing strategy in the mobile phone market. It influences the promotion of the brand, as the company hits the perception of customers in promotional activities (Moon, 2016).

- **Penetration pricing**

The penetration pricing refers to keeping prices of product and services low initially. The firm wants to grab or convert the immense range of customers due to lower prices. It can be set for a while to increase the sales as well. For example, Wal-Mart is using the penetration pricing strategy to drive its sales and retain customers. Penetration pricing is also a promotional tool for the firm. The firm is looking to tell customers that they can buy high-quality products at a low

price. The promotion of the product is quite different when using this strategy, as target customers are different.

- **Economical pricing**

The economy pricing strategy is used for the selected or a particular group of products. This pricing strategy is widely used by many brands to target particular customers. It is a comparatively good strategy lifts several product lines and enhances the visibility of sales. The promotion can be streamlined by the firm differently as compared to the above strategies because the message is specific and related to a particular product.

- **Psychological pricing**

Psychological pricing is attractive pricing strategy. It relates to the customer's psyche. Customers are attracted by this pricing strategy. An odd price such as \$19.99 is an example of the Psychological pricing. Comparatively, it is the most interesting promotional trait. For Instance, odd numbers in advertisement tell customers that prices are lower than other brands.

- **Promotional pricing**

The promotional pricing strategy is the best sales strategy as well. The firm reduces the prices of products in the form of discounts for a short time to attract customers, sell the stock, and streamline the product in the market. As compared to all, this strategy can be aligned with the promotional strategy interests. When communicating with customers and promoting the brand, the firm can tell them that it is offering low priced products to meet the needs of customers. It makes customers assertive to make positive buying decisions.

Pricing Strategy presented by Brand & Effectiveness

Nike is using the premium pricing strategy in the competitive apparel and footwear market. The firm sets the high prices for its customers to let them create the positive perception.

Target customers of the company are sportsmen and athletes. The biggest advantage that the company has gained through this pricing strategy is the differentiation. The firm wants customers to feel the difference, and therefore, they are ready to pay high prices for products. Nike is using these pricing strata because it is effective for it. For Instance, customers are paying high prices for products. It increases the revenue streams and profit margins. Comparatively, in the competitive industry, the firm has a good financial capital to contain some improvements and ensures the business enhancements. Also, the cult status in the customer's mind makes them assertive to make repetitive buying decisions. Thus, all these elements make this pricing strategy effective and suitable for this company (Mourdoukoutas, 2015).

Aligning with the Messaging Strategy

The message strategy of Nike is based on the high brand image and positioning. In the communication process, the management of the Nike Company wants customers to perceive the products as prestigious. For Instance, in different campaigns on both traditional and social media channels, Nike always streamline its prices to depict its quality. Of course, when the company advertises the product, it wants to create the hype in the competitive market. More customers are talking about the quality of the product and the rationale behind the high (Premium) pricing. In the message strategy, the firm aims to describe extra benefits and quality features of products, and it creates the value in an effective manner (Sanusi, Lazarev, Jorgensen, Latsanych, & Badtiev, 2014).

Communicating High Value of Brand

Nike is using the premium pricing strategy, which is effective to create the high brand value. For instance, when communicating with customers on different media channels and touch points, the firm is not afraid to be different. They have a pertinent rational of this pricing

strategy, and it is to be communicated to customers. It has been revealed that the company has used this pricing strategy to demonstrate the culture of the company. For Instance, in the marketing communication process, the film depicts how employees work in a creative and innovative working environment and come up with extraordinary products for customers. The company has streamlined its premium pricing strategy in the competitive market against its different culture, creativity, and reputation. On the other hand, it enables the firm to position better in the mind of customers. Also, contests, exhibition, and many other community events, these are some important factors, which are to be streamlined to rationalize the pricing strategy. The effective communication or message regarding the premium pricing strategy makes customers assertive to buy products and enjoy the quality that has never been experienced before. The premium pricing strategy is quite pertinent because it changes the social status of customers (Moon, 2016). For Instance, the integrated marketing communication, which is based on different social media channels, involves the depiction of social value. The premium pricing strategy is a source to socialize the product, and it provides a theme for Nike Company to create the value. The promotion communicates the high value of the brand due to the effective message as well. For Instance, a customer, who perceives the product quality and features, pay less attention to pricing. They are willing to pay if the company comes up with some promising and differentiated features and benefits. Promotional activities are triggered by the high brand value, and of course, the premium pricing plays an important role in this regard (Sanusi, Lazarev, Jorgensen, Latsanych, & Badtiev, 2014).

Conclusion

In the end, it is to conclude that the pricing strategy plays an important role in the promotional process. Nike has successfully aligned the message strategy with the pricing

strategy. However, it seems necessary to create some measures to observe or derive favorable customer perceptions and buying decisions. The most important thing is to make the premium pricing strategy meaningful for promotion. Nike has ensured the brand value through promotions, and premium pricing is a big factor to influence customers. In the competitive business era, every business activity needs the rationale, and promotion of the brand is a source to meet the purpose.



References

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