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Practice exam questions

Little Moons

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Check your answer to the question on pp. 24–25 of the magazine. This question relates to the AQA specification.

Sample answer

Using social media as a way to increase the share of a global market may allow businesses such as Nike and Adidas to target and segment the market more effectively. They could therefore target certain customer groups who are interested in sports. Social media allows for a much broader reach and range, with businesses being able to attract and reach millions of users from different customer groups. For example, Nike and Adidas can target specific markets more effectively because social media collects personal data from potential customers, such as age, gender and even their particular sporting interests. As a result, Nike and Adidas can undertake market research very quickly to plan dynamic marketing strategies. They could personalise social media messages to link their products such as football boots to customer trends, such as more women starting to follow a particular footballer on TikTok or X. Specific products that are related to the football star can be targeted at the customers, allowing a business such as Nike to have higher sales and also foster brand loyalty. This would ultimately lead to Nike increasing its global market share in football sportswear, while also gaining first mover advantage over competitors such as Adidas in new and upcoming trends.

However, sponsorship may be more valuable than social media as this can often add value to Nike and Adidas products. Customers can view their favourite players such as Lionel Messi wearing Adidas kit or Ronaldo wearing Nike football boots while scoring a winning goal. As the items are worn by their sporting heroes, customers may feel that such brands are prestigious, glamorous and represent ideals of being successful. This may give Nike a competitive edge, as its brand is seen as superior. This may allow Nike to charge premium prices, which customers would be more willing to pay – they could view using the product, such as when playing for their local team, as allowing them to share in that sporting excellence. Through sponsorship, Nike can have global and wide-reaching advertising at big events such as the World Cup at a lower cost than having to pay for television advertising. This further increases brand awareness, increasing global sales and ultimately market share, particularly if the sponsored players and teams are perceived as being successful.

However, social media can be used for global and wide-reaching advertisement of Nike and Adidas products for relatively low cost. In some cases, sports personalities may even use Nike equipment, such as running shorts, independently of any interaction with the company and recommend them to their followers on social media. This can increase awareness of such products across the sports personalities fan base, which may be huge and have global reach. This can further increase awareness of products and the overall Nike brand without the cost of significant sponsorship fees to players or teams. This may also be effectively free advertising across a number of social media platforms such as Instagram, X and TikTok. This could target a much greater global market in places that may be difficult to reach with sponsorship, such as China. This could lead to Nike gaining a

greater foothold in such difficult-to-access markets that Adidas and other competitors may have been unable to gain entry to, leading to a large share of this market and increasing barriers to entry.

This strategy may require a significant investment in expertise and IT equipment to undertake the targeting of social media advertising and product placement with relevant influencers. It would initially have significant costs and require building relationships with relevant sporting personalities that may take some time. It is also likely that such sporting figures would have multiple competing offers in terms of being asked to try or promote products from competitors such as Adidas. This ultimately may lead to higher costs and even an element of luck as to whether products appear on social media. There may therefore be greater risks to this strategy compared with sponsorship deals, meaning that increased global market share is not guaranteed.

Social media may well be an excellent approach for gathering potential customer data and looking at trends in sports and related clothing, which can then be marketed directly to customers who are likely to have an interest in purchasing related products. With the right personnel and technology this can be automated and lead to the company gaining an edge over competitors in identifying and selling products that are currently on trend, thus increasing global market share. However, the initial upfront costs of using sponsorship may be a better guarantee of success than attempting to second guess social media trends. Sponsorship also allows Nike and Adidas to ensure that sporting stars give a high level of exclusivity to their products, to the exclusion of competitors. This would be the case on the 'pitch' as well as on social media. Whichever approach is chosen, sponsoring players such as Messi is only of use in increasing global market share if their audience perceive them as successful. If sporting stars perform badly or suffer some form of scandal, then both approaches will suffer from negative impacts such as negative brand image and ultimately a loss of market share.

In conclusion, investment in a system that focuses adverts on customers based on their sports preferences and current trends on social media is likely to be the least risky approach to increasing global market share. Sponsorship or employing social media influencers to promote products means more potential success in increasing global market share but also means much greater costs and much greater risks if the sponsored players and teams are no longer successful.

Sample examiner comment

25/25 (Level 4 – an excellent response, fully focused on the question)

The answer starts with a clear understanding of social media and sponsorship and their importance in the objective of growing market share. A depth and range of knowledge and understanding is demonstrated that is precise and well selected. Analysis occurs throughout and is applied effectively with the use of contextual examples to add depth. The student compares social media to sponsorship with a perceptive level of application, analysis and evaluation across a range of businesses. The conclusion looks at the wider considerations that affect the choice of sponsorship and social media, introducing further examples and giving a recommendation as to how a business might make the right choice.

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