

Client Backgrounder

Nike Women

Worldwide headquarters:
Beaverton, Oregon
1 Bowerman Drive, Beaverton, OR 97005
Phone: 503-671-6453
Company website: <https://www.nike.com/>



Social Media

Facebook: @nikewomen
<https://www.facebook.com/nikewomen/>
Instagram: @nikewomen
<https://www.instagram.com/nikewomen/?hl=en>
LinkedIn: Nike <https://www.linkedin.com/company/nike/>
Pinterest: @nike <https://www.pinterest.com/nike/>
Snapchat: @Nike <https://www.snapchat.com/add/nike>
TikTok: @nike <https://www.tiktok.com/@nike?lang=en>
Twitter: @Nike <https://twitter.com/Nike>
YouTube: NikeWomen <https://www.youtube.com/user/NikeWomen>

Client Description

Nike is the largest athletic apparel company in the world and is best known for its clothing and footwear products (Fortune, 2022). Its products range from shoes, T-shirts, leggings, sweatpants, sweatshirts, hats, bags and sports equipment. The company engages in the development, design, marketing and sale of athletic footwear, apparel, services and equipment (Forbes, 2022). The company is a team comprised of Converse, Jordan and Nike brands that aim to promote inclusivity and the company's motto "if you have a body, you are an athlete." Nike attracts more than the typical athlete and is inclusive to a person's athletic ability and body type. Nike Women, which is the largest women's footwear and apparel brand in the world, offers a wide range of products in different sizes and style (Moore, 2022). The company has multiple apps and a membership program that it uses to promote its products and generate customer loyalty.

Mission

According to Nike's About page, their mission is the following (Nike, 2022, para.1):

Bring inspiration and innovation to every athlete in the world. If you have a body, you are an athlete.

History

Nike's roots trace back to a shoe store in Eugene, Oregon, that was founded by a track and field coach and his former athlete (Meyer, 2019). Bill Bowerman coached at the University of Oregon, where he tinkered with his runners' shoes to develop different models (Meyer, 2019). Coach Bowerman offered to fix up a pair Phil Knight's shoes and the athlete accepted his offer (Meyer, 2019). After Knight graduated from college, he went to Japan and struck a deal with



businessmen to export running shoes for a Japanese company. Knight and Bowerman entered a business partnership and established Blue Ribbon Sports in 1964 (Meyer, 2019). The pair distributed Japanese running shoes in the store and out of Knight's car at track meets until they made the move to manufacture original designs in 1971 under the name Nike (FastCompany, 2014). Bowerman's former student designed the swoosh logo and the company's infamous "just do it" slogan, which was debuted in 1988, was inspired by the final words of an inmate on death row (Bostock, 2019).

Industry

The activewear industry, which has seen growth over the last half decade, which includes companies that have products ranging from footwear, yoga wear, sportswear and swimwear (Smith, 2022). In 2020, the size of the global activewear market accumulated to nearly \$353.5 billion and the global women's activewear market was valued at nearly \$178 billion in 2021 (Smith, 2022). During the COVID-19 pandemic, more people began to wear activewear in their everyday life. The lines between fashion and activewear blurred as a new category of apparel, called "athleisure," was created (Smith, 2022). The growth of the global athleisure market has been fueled by a rise in health and wellness, participation in physical activities and an upsurge in the number of millennials purchasing athleisure clothing (Allied Market Research, 2020). Leggings and yoga pants are the key clothing items of the athleisure trend, with the leading brands for these items including Nike, ALO, Lululemon, Beyond Yoga and Victoria's Secret (Allied Market Research, 2018). The major players in the women's activewear market include Nike, Gap, Adidas, H&M and Hanesbrands (Industry Research, 2022).

Management Team Members

John Donahoe	President and Chief Executive Officer
Matthew Friend	Executive Vice President, Chief Financial Officer
Nigel Powell	Executive Vice President, Chief Communications Officer
John Slusher	Executive Vice President, Global Sports Marketing
Dirk-Jan VanHameren	Chief Marketing Officer

Graphic and Target Markets

Nike's core market remains in the United States. In 2021, 39%, or \$17.2 billion, of Nike's revenue came from North America (Statista, 2022). Nike's other largest markets include China and Western Europe. The company is mostly located in urban centers (Statista, 2022).

Nike's target market includes a wide range of customers, who are typically aged 15 to 45 (Statista, 2022). The company also sells children's clothing and footwear, which allows them to target all age ranges. Although Nike targets male, female and gender-neutral customers, the company continues to make significant investments in its women's line, focusing on "athleisure" (Statista, 2022).

Business Operating Model

Nike Women has an online presence and physical footprint. As of this year, Nike operates in more than 1,000 retail stores worldwide and over 300 stores in the United States (Tighe, 2022). Nike Women products are sold online and on multiple Nike apps. In 2021, Nike's digital channels and applications accounted for 26% of company revenues, with a net income of \$1.39



billion (The Stack, 2022). The SNKRS app, which is dedicated to its sneakers, made up 18% of Nike's total online sales in fiscal year 2020 (Salpini, 2021). Nike also outsources all its manufacturing and has more than 300 external independent suppliers in over 35 countries, including Mexico, Italy, India, China and Vietnam (Pereira, 2022). Nike also sells its shoes and clothing products in other stores, including Finish Line, Dicks Sporting Goods, Nordstrom, Khol's, Foot Locker, Zappos and Tillys.

Relevant Financial Information

Nike is a publicly owned business and is traded on the New York Stock exchange under the symbol NKE (Yahoo!, 2022). Philip Knight, one of the co-founders of Nike, is the largest shareholder of the company and holds 17% of shares outstanding. The Vanguard Group, Inc. is the second largest shareholder with 6.7% of common stock (Simply Wall St., 2022). Other top shareholders include Mark Parker, Andrew Campion, Swoosh LLC and BlackRock Inc (Reiff, 2022). Phil Knight, his son Travis Knight and the holding companies and trusts that they control own more than 97% of Nike's Class A shares. This enables the Knight family to exercise effective control over the company even though Nike is a publicly traded business (Reiff, 2022). Nike's stock price as of market close on September 14, 2022, was \$104.12. Nike's revenue for the fiscal year ended May 31, 2022, was \$46,710,000,000 (United States Securities and Exchange Commission). The company's gross profit for this period was \$21,479,000,000 (United States Securities and Exchange Commission).

Situational Analysis

Although Nike's revenue continues to increase from year to year, the company is losing money to counterfeit products (Stanley, 2019). Nike Women sells popular shoes including Air Forces and Jordans, which are common shoes that are counterfeited. Counterfeit products pose a business threat to Nike, since it results in a loss of revenue for the company (Sularia, 2020). When someone sells a product that looks like the original Nike product, Nike loses the opportunity for a sale. The rise of social media and e-commerce has made it more difficult for consumers to spot fake products (Sularia, 2020). In 2019, the U.S. Customs and Border Protection Agency seized 14,806 pairs of counterfeit Nike and Jordan sneakers, which would have had a combined retail price of over \$2 million if the shoes had been real (Stanley, 2019). Collectors would have paid between \$1,500 and \$2,000 for a legitimate pair of the shoes (AP News, 2019). In result, Nike has created a hotline that customers can call if they think they receive a counterfeit product (Consumer Fraud Reporting, 2022).

Nike Women is also facing increasing competition from other brands. Adidas Women, Lululemon, Athleta, Alo Yoga and many other activewear brands are providing more options for women. To keep up with the competition, Nike spends a significant amount on advertising and marketing (Tighe, 2022). Nike's advertising and promotional costs include endorsement contracts, brand events, digital and print advertising, and media costs (Tighe, 2022a). In 2021, Nike spent \$3.11 billion on advertising and promotional costs, compared to the \$3.85 billion in 2022 (Tighe, 2022).

When Nike Women releases Jordans, Air Maxes, Dunks or other limited-release shoes, they sell out quickly. Nike Women announces the "drop" of a new limited-release shoe which will then be available on the Nike app or the company's SNKR app, where customers can enter a lottery for a



product (Ernest, 2022). The shoes release at exact times, usually around 7 a.m. Pacific Standard Time, and will be sold out within minutes (Dennis, 2021). Many customers are left empty handed when a shoe is released and vent their frustrations on Twitter, causing “SNKRS” to trend on the app (Dennis, 2021). Nike strategically underproduces the shoes to create scarcity and buzz, but automated accounts typically scoop of multiple pairs of the shoes and then resell them for hundreds or even thousands more than the retail price (Dennis, 2021). With the sneaker resale industry worth \$2 billion in North America, automated accounts, or “bots,” are often essential for purchasing sneakers at retail prices (Ciment, 2022).

In 2019, Nike started using plus size mannequins in its stores to celebrate the inclusivity of sports and to showcase its plus size products (DeSantis, 2019). The company first introduced its plus-size collection in 2017, with products that ranged from a 1X to 3X in size (DeSantis, 2019). Other companies, including Nordstrom, Old Navy and Adidas, are including plus size mannequins in their stores. In recent years, there has been a push for plus size representation in the fashion industry and companies are including plus size models in their campaigns and e-commerce (Russo, 2019). Plus size representation through mannequins and models helps spark conversations around body diversity and inclusivity (Russo, 2019).

Recent Communication Campaigns

Never Settle, Never Done

Nike’s 80-second video titled “Never Settle, Never Done” features female soccer players of different levels. The campaign features professional soccer players and players from club or recreational teams. The advertisement, which was aired on TV, was meant to inspire female soccer players while also promoting the UEFA European Women’s Championship. The campaign was also designed to highlight the progress of women’s soccer but also show the work that is still needed in the sport (Cowan, 2022).

Serena Williams Collection

Nike Women is using its Instagram account to promote its latest Serena Williams collection, which includes Air Forces, leggings, jackets, T-shirts, a crossbody bag and woven pants that have been designed by the tennis player. Serena Williams joined the Nike brand in 2003 (Dodson, 2021). Her collaboration with Nike includes the Serena Williams Design Crew, which is a collective of “dreamers, innovators and creators” (Nike, 2022). Nike Women posts images of clothing items and shoes from Serena Williams’ collection on Instagram.

Recent News

On September 15, the United States Soccer Federation announced that the organization has teamed up with Nike to create the new 2022 uniform collection. The collection will be worn by the U.S men’s national team and women’s national team for the remainder of the year and part of 2023. The uniforms will be worn during the 2022 FIFA World Cup in Qatar and in the 2023 FIFA Women’s World Cup. Fans can also purchase the jersey (U.S. Soccer, 2022).

Competitor

Gap is one of Nike Women’s competitors. The company was founded in 1969 by Donald Fisher and Doris F. Fisher (Brooke, 2022). In addition to its namesake company, Gap also owns and



operates Old Navy, Banana Republic, Intermix, Janie & Jack, Hill City and Athleta (Biron 2019).

Gap acquired Athleta in 2008, which is an activewear retail store that that sales yoga pants, leggings, workout tops, jackets and loungewear (Rosenbloom, 2008). In 2020, Athleta's sales surpassed \$1 billion, with a \$16 annual sales growth (Gap Inc., 2021).

Nike Membership

Nike has a membership program that is designed to facilitate customer loyalty. Once a customer creates a free membership, they can download the app and receive certain benefits.

Through the membership, customers have access to free shipping and returns, a collection of products that is only available to members and special offers (Collins, 2019). When a customer creates a membership and downloads the app for the first time, they receive a discount on their purchase. The membership is used to incentivize customers to return to the store.

The Nike app is separate from the SNKR app. Although the SNKR app is used to drop exclusive footwear, the Nike app is also used for product launches. Members can use the Nike app to purchase new sneakers when they are released. As seen in the research questions, the research team is focusing on the Nike app. This is the app that customers create discounts with and use to shop and browse all products. Nike retail stores also focus on the Nike app and try to get customers to create a membership.

Research Questions

1. How represented do people feel when they are scrolling through Nike Women's Instagram feed?
2. What motivates customers to create a Nike membership?
3. Once customers create a membership and download the Nike app, do customers feel more inclined to shop at Nike?



