



Secondary Research Report: Nike

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I. Secondary Research: Situation Analysis

Nike is an athletic manufacturer for footwear as well as athletic sportswear. Their purpose, as stated on their website dedicated to their purpose is, “to bring inspiration and innovation to every athlete* in the world. Our purpose is to move the world forward through the power of sport - breaking barriers and building community to change the game for all”. Their headquarters are located in Beaverton, Oregon, and they’re currently the world’s largest apparel manufacturer standing at a rank of 13 for the world’s most admired companies.

Their first main problem is that their products are becoming harder to find in stores. Because Nike has moved away from distributing to retailers, their goal is to have more consumers buying directly from their company rather than through other stores. An article titled, “Nikes are getting harder to find at stores. Here's why” written by Nathaniel Meyersohn, a retail reporter at CNN goes in depth regarding why Nike has moved toward this business structure. Ed Shaen, the owner of an athletic store in New Jersey, was no longer doing business with Nike after 30 plus years. The article states, “ ‘My loyalty to Nike didn't mean anything,’ Shaen said. ‘It's all about direct-to-consumer now’ ”(Meyersohn 2). In response, the article states how Sandra Carreon-John, a Nike spokesperson indirectly stated through an email how the company, “ ‘continually evaluates the marketplace to understand how we best serve consumers, making adjustments to our sales channels as needed to create a consistent, connected and modern shopping experience’ ”(Meyesohn 2). This creates a way for Nike to create more profit, but they aren’t addressing the relationships they previously built that result in a loss of customers for Nike.

Delays in shipments have been causing Nike to fall short of their estimated profits. In “Nike posts mixed results as sales fall short of estimates, hurt by U.S. port congestion by Lauren

Thomas, a reporter for CNBC who covers stories within retail, she stated, “In North America, revenue dropped 10% year over year, hurt by shipment delays that Nike said have been dragging on for more than three weeks. That also meant sales at its wholesale partners were affected, as businesses such as department stores and sporting goods outlets didn’t receive goods on time”. This is what caused Nike’s sales to decrease: “Total sales rose to \$10.36 billion from \$10.1 billion a year earlier. That was lower than the \$11.02 billion forecast by analysts” (Thomas). In other regions, globally, the company’s retail sales dropped.

Nike has a theme for being involved in lawsuits currently and in the past. The most current up to date issue that Nike faced was in regard to Lil Nas X’s “Satan Shoes”. MSCHF was sued by Nike because it wasn’t made clear the difference between the shoes created and Nike’s footwear. In “Nike settles lawsuit against company that produced Lil Nas X ‘Satan Shoes’ ” by Victoria Albert from CBS News, she references the company saying, “ ‘As a direct and proximate result of MSCHF's wrongful acts, Nike has suffered, continues to suffer, and/or is likely to suffer damage to its trademarks, business reputation, and goodwill that money cannot compensate, according to the lawsuit,’ ” (CBS News). Other lawsuits that Nike was involved in that weren’t as beneficial to the company are listed on Business Strategy Hub in Nike’s SWOT Analysis.

The main competitors for Nike are Adidas and Reebok. According to Marketing 91, in “Top 10 Nike Competitors” Bhasin states, “Nike is the leading sports footwear brands in the world and is known as one of the top 3 amongst the trio leading the sports footwear market across the world- Adidas, Reebok and Nike. All three of them are known and loved for their marketing strategies and the way they connect to their customers”(Bhasin). Adidas competes with Nike in footwear as well as clothing and accessories. According to Statista, in

“Adidas-Statistics & Facts by Tugba Sabanoglu, she states, “As of 2019, Adidas was the third largest apparel brand in the world, with a brand value of 16.67 billion U.S. dollars. The company is also one of the most valuable athletic apparel, accessories, and footwear companies in the world. Adidas held a significant share of the U.S. sports apparel market as of 2018” (Sabanoglu). In terms of Reebok, Adidas plans to sell Reebok to help the company since they are struggling. This collaboration isn’t something that I couldn’t see Nike ever doing.

The main target audiences for Nike are athletes, sports influencers and recreational play, and adolescents. According to the Market Realist, Nike has expanded their online and digital presence to reach an even younger audience, considering athletes can be of many ages (Mohit Oberoi). Their target audience can extend from ages 8 all the way to 50. Younger children love their shoes as well as many people of all ages.

Section II. Key Takeaways

1. Nike needs to address the relationships damaged from the company shifting toward a direct-consumer business model by allowing transparency and publicly and openly addressing it.
2. Nike should explore other shipment options that could be more timely than the ones previously to avoid a shortage of products leading to a decreased profit.
3. Nike needs to set clear boundaries to other customization companies as well as the public in terms of what can and can’t be done regarding recreation of a product.
4. Nike needs to connect more on social media rather than try to monetize constantly to gather more insight into the opinions of the younger audience.

Section III. Primary Research Direction

I would love to understand more about how Nike perceived a lot of “under the table” businesses that recreate clothing that may have “Nike” on them. It isn’t an area that Nike has

focused too much on, but I'm curious as to why that is. Considering it's illegal to print the Nike logo or the word Nike on any clothing that isn't being refurbished by being sewed, people should take it more seriously. This is something popular I've noticed within friends I have as well as some pop up websites I've seen on social media or Etsy.

Another idea is asking individuals ages 18 to 30 years old about their uses for Nike sportswear and accessories. A large number of individuals I know including myself tend to like the non athletic side to Nike that has fashionable clothing such as hoodies and sweatpants that can be matched or restitched. I am curious what athletes think about the more fashionable side of Nike.

IV. Facts and Statistics

- “To bring inspiration and innovation to every athlete* in the world. Our purpose is to move the world forward through the power of sport - breaking barriers and building community to change the game for all” (Nike, n.d.).
- “Nikes are getting harder to find at stores. Here's why” written by Nathaniel Meyersohn, a retail reporter at CNN goes in depth regarding why Nike has moved toward this business structure. Ed Shaen, the owner of an athletic store in New Jersey, was no longer doing business with Nike after 30 plus years. The article states, “ ‘My loyalty to Nike didn't mean anything,’ Shaen said. ‘It's all about direct-to-consumer now’ ”(Meyersohn 2).
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marketplace to understand how we best serve consumers, making adjustments to our sales channels as needed to create a consistent, connected and modern shopping experience’ ”(Meyersohn 2).

- In “Nike posts mixed results as sales fall short of estimates, hurt by U.S. port congestion by Lauren Thomas, a reporter for CNBC who covers stories within retail, she stated, “In North America, revenue dropped 10% year over year, hurt by shipment delays that Nike said have been dragging on for more than three weeks. That also meant sales at its wholesale partners were affected, as businesses such as department stores and sporting goods outlets didn’t receive goods on time” (Thomas, 2021).
 - “Total sales rose to \$10.36 billion from \$10.1 billion a year earlier. That was lower than the \$11.02 billion forecast by analysts” (Thomas, 2021).
- In “Nike settles lawsuit against company that produced Lil Nas X ‘Satan Shoes’ ” by Victoria Albert from CBS News, she references the company saying, “ ‘As a direct and proximate result of MSCHF's wrongful acts, Nike has suffered, continues to suffer, and/or is likely to suffer damage to its trademarks, business reputation, and goodwill that money cannot compensate, according to the lawsuit,’ ” (Albert, 2021).
- According to Statista, in “Adidas-Statistics & Facts by Tugba Sabanoglu, she states, “As of 2019, Adidas was the third largest apparel brand in the world, with a brand value of 16.67 billion U.S. dollars. The company is also one of the most valuable athletic apparel, accessories, and footwear companies in the world. Adidas held a significant share of the

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- According to Marketing 91, in “Top 10 Nike Competitors” Bhasin states, “Nike is the leading sports footwear brands in the world and is known as one of the top 3 amongst the trio leading the sports footwear market across the world- Adidas, Reebok and Nike. All three of them are known and loved for their marketing strategies and the way they connect to their customers”(Bhasin, 2024).

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