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How it was just done?



Stanford changed Knight's life. Finally, school wasn't drudgery. For the first time, he was excited to read about something other than sports. And it was in Frank Shallenberger's small-business class that Knight conceived Nike.

Shallenberger gave his class the following assignment: Invent a new business, describe its purpose and create a marketing plan. In his paper, "Can Japanese Sports Shoes Do to German Sports Shoes What Japanese Cameras Did to German Cameras?" Knight developed a blueprint for superior athletic shoes, produced inexpensively in Japan, where labor was cheaper. "That class was an 'aha!' moment," Knight says. "First, Shallenberger defined the type of person who was an entrepreneur--and I realized he was talking to me. I remember after writing that paper, saying to myself: 'This is really what I would like to do.'1

SO, WHAT DID JAPANESE CAMERAS ACTUALLY DID TO GERMAN CAMERAS?

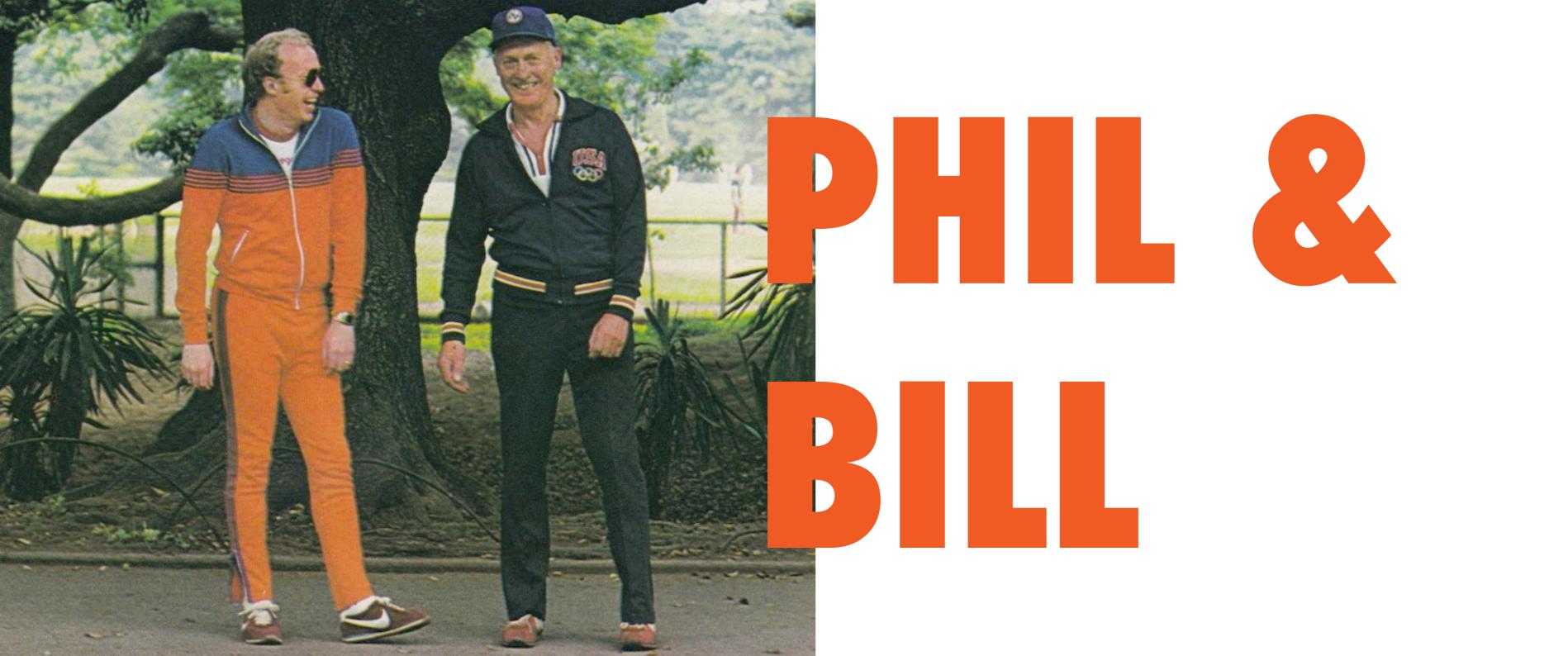
1950 and 1960. Before World War II, the camera industry was dominated by Germany. The military needs of World War II created efficient optical industries in Germany, Japan, the United States and Great Britain. But after the war, competent Japanese copies of German cameras developed faster than the originals. Knight took the idea and wanted to apply it fully in American Sports Shoes Market, which was being dominated by two significantly successful German brands, Adidas and Puma who were manufacturing in America.



"THE ONLY TIME YOU MUST NOT FAIL IS THE LAST TIME YOU TRY."

-Frank Shallenberger





PHILIP HAMPSON KNIGHT (BORN FEBRUARY 24, 1938) IS AN AMERICAN BILLIONAIRE BUSINESSMAN. HE IS THE CO-FOUNDER AND CHAIRMAN EMERITUS OF NIKE, INC., AND WAS PREVIOUSLY CHAIRMAN AND CEO OF THE COMPANY.²

After the paper he delivered, Phil graduated from Stanford. The shoe business idea was still in the form of 'an idea', and he was a confused kid at his twenties, without an idea what to do in life. This obstacle of indecisiveness didn't stop Phil, instead he bought a one way ticket to Hawaii, went to Europe and traveled across Asia and Egypt, and lastly Japan, thinking it is a good place to see around. When in Japan, Phil came to the understanding that the shoe prices were so low, that an opportunity was there. The year was 1962. With no experience, Phil in his twenties did what would be expected from Phil Knight, he went and arranged a meeting with the Japanese shoe manufacturer, Kihachiro Onitsuka.

Onitsuka at this point was the founder of Onitsuka Shōkai Co. Ltd., the company who created Onitsuka Tiger in 1949. They have started manufacturing for basketball, to better acclimate the shoes for basketball players, based on how they started and stopped on the floor. He was searching for function.

When the two met, there were Japanese corporate suits infront. With no experience. What was the company that he represented? An immediate answer came from Knight, "Blue Ribbon". There were no traces since the year was '62, Onitsuka. luckily, were also interested in expanding their distribution to the U.S. Phill ordered a thousand shoes, without any money.

Phil Knight was a businessman. He, in the literal form, 'Just did it.'

When he came back to America, he went straight to his running coach, Bill Bowerman, about this 'Japanese opportunity'. With 1000 shoes already ordered.



WILLIAM JAY BOWERMAN (FEBRUARY 19, 1911 — DECEMBER 24, 1999) WAS AN AMERICAN TRACK AND FIELD COACH AND CO-FOUNDER OF NIKE, INC. OVER HIS CAREER, HE TRAINED 31 OLYMPIC ATHLETES, 51 ALL-AMERICANS, 12 AMERICAN RECORD-HOLDERS, 22 NCAA CHAMPIONS AND 16 SUB-4 MINUTE MILERS. AS CO-FOUNDER OF NIKE, HE INVENTED SOME OF THEIR TOP BRANDS, INCLUDING THE CORTEZ AND WAFFLE RACER, AND ASSISTED IN THE COMPANY MOVING FROM BEING A DISTRIBUTOR OF OTHER SHOE BRANDS TO ONE CREATING THEIR OWN SHOES IN HOUSE. ³

Bill was a designer. He worked on function and the availability the shoe gave to the athlete. Bill Bowerman single handedly invented jogging in America, making the term a daily routine. He wrote the book 'Jogging' in 1967, which also involved Nike's first printed advertising, He was already designing function, by taking the shoes of his students and opening them up, changing the materials to make them lighter, playing with the sole to bend it better. When Phill returned from Japan, it was an undeniable match. A businessman with 1000 shoes ordered. He gave 500 dolars, sharing the total input with Phil 50%, and Blue Ribbon started distrubuting.

Their first success point was Tiger Cortez in 1967, designed by Bill, in collabration with Onitsuka. From that point to 1971 Bill was literally designing for Onitsuka full time, and taking care of innovations and design. This shift wasn't a problem for Onitsuka, they both designed for function, based on the experience.



NIKE INC.

Blue Ribbon Sports had their first store on the East Coast in Wellesley Hills, Massachusetts, which was very near the Boston Marathon route. Jeff Johnson, called The First Employee and found the word 'Nike' as a suggestion on the last day of the patent being submitted, saving Nike Inc. from being 'Dimension Six' as Phil suggested, was the manager, and he would attend many AAU meets, as well as high school cross country races, where he would be commonly seen selling his Onitsuka brand shoes from the trunk of his red Austin-Healey 3000 sports car.

Nike split from Tiger in 1971, when the full re-branding took place, including the invention of the famous Swoosh logo. The trademark was designed by graphic designer Carolyn Davidson and was first used on 18th June 1971. When designing the logo, she took 35 dolars, and 500 shares of Nike Inc., which each of them worthing 1 million dolars today. In 1976, Nike hired its first ad agency. John Brown and Partners of Seattle created the first brand ad in 1977 with the slogan, "There is no finish line." The venture expanded further in the 1970s with the opening of several stores, taking on more employees. Nike's products grossed \$1.96 million and they took on 45 corporate staff. Operations expanded to Canada – the first time Nike had gone into a foreign market. They then got a foothold in Australia. Nike opened its first American plant in Exeter, New Hampshire, in the mid-1970s. Its payroll grew to 250 and global sales reached \$5 million. Nike shoes were worn at the 1976 Olympic Trials by the rising athletics stars.

In 1979, Nike moved into sports clothing as well as footwear. This was also the year the legendary Nike Air shoe cushioning design was launched. By 1980, Nike had already grabbed a 50% market share of the US athletic shoes' market. The company went public in December that year.

In 1986, Nike further expanded into new lines including women's casual apparel, the less expensive Street Socks athletic shoes, tennis gear branded under the "Wimbledon" name and golf shoes. By the middle of the year, the company's sales topped \$1 billion for the first time.

In 1988, 'Just Do It' was introduced through a TV ad.

In 1990, Nike moved into its World Headquarters eight-building premises in Beaverton, Oregon. The brand dominated the market in the 1990s and survived the economic recession of the early 2000s to emerge as the world's leading sports brand. Designed for function. Designed from the experience of athletes.



HARWARD BUSINESS REVIEW/ HIGH-PERFORMANCE MARKETING: AN INTERVIEW WITH NIKE'S PHIL BY GERALDINE E. WILLIGAN

HBR: Nike transformed the athletic shoe industry with technological innovations, but today many people know the company by its flashy ads and sports celebrities. Is Nike a technology company or a marketing company?

Phil Knight: I'd answer that question very differently today than I would have ten years ago. For years, we thought of ourselves as a production-oriented company, meaning we put all our emphasis on designing and manufacturing the product. But now we understand that the most important thing we do is market the product. We've come around to saying that Nike is a marketing-oriented company, and the product is our most important marketing tool. What I mean is that marketing knits the whole organization together. The design elements and functional characteristics of the product itself are just part of the overall marketing process.

We used to think that everything started in the lab. Now we realize that everything spins off the consumer. And while technology is still important, the consumer has to lead innovation. We have to innovate for a specific reason, and that reason comes from the market. Otherwise, we'll end up making museum pieces.

HBR: What made you think the product was everything?

PK: Our success. In the early days, anybody with a glue pot and a pair of scissors could get into the shoe business, so the way to stay ahead was through product innovation. We happened to be great at it. Bill Bowerman, my former track coach at the University of Oregon and cofounder of the company that became Nike, had always customized off-the-shelf shoes for his runners. Over the years, he and some other employees came up with lots of great ideas that we incorporated. One of Bowerman's more legendary innovations is the Waffle outsole, which he discovered by pouring rubber into a waffle iron. The Waffle Trainer later became the best-selling training shoe in the United States. We were also good at keeping our manufacturing costs down. The big, established players like Puma and Adidas were still manufacturing in high-wage European countries. But we knew that wages were lower in Asia, and we knew how to get around in that environment, so we funneled all our most promising managers there to supervise production.

HBR: Didn't you do any marketing?

PK: Not formally. We just tried to get our shoes on the feet of runners. And we were able to get a lot of great ones under contract—people like Steve Prefontaine and Alberto Salazar—because we spent a lot of time at track events and had relationships with the runners, but mostly because we were doing interesting things with our shoes. Naturally, we thought the world stopped and started in the lab and everything revolved around the product.

MARKETING STRATEGIES

'While the shoes proved possible from a production standpoint, it still needed its crucial retailer co-sign. After meetings that Sean McDowell attended alongside future NIKE, Inc. president and CEO Mark Parker, a Foot Locker executive suggested an offbeat experiment in market research: put the shoe on a shelf at the store right when school lets out and see what happens." 6

Nike Inc.'s marketing mix (4Ps) determines the profitability and growth of the athletic footwear, apparel, and equipment business. A company's marketing mix refers to the strategies and tactics applied to execute the marketing plan, with focus on products, place, promotion, and price (the 4Ps). In this business case, Nike has a marketing mix that involves athletic products. For example, the company specializes in shoes that are designed to satisfy the needs of professional basketball and football athletes. However, these products are marketed to all consumers around the world, for athletic and leisure activities, based on the specifics of Nike's corporate mission and vision statements.⁷

PRODUCT

'Nike Inc.'s growth comes with changes in its product mix. For example, the business continues its investment in research and development to produce new products and enhanced versions of its current products. Originally a distributor of shoes, the company now manufactures various shoes, apparel, and equipment for different sports.

PLACE

Nike Inc. sells its sports shoes, apparel, and equipment through a large number of outlets worldwide. For example, these products are available at major retail stores. The following places/venues form Nike's distribution strategy, arranged according to significance:

Retail stores
Nike Online Store
Niketown retail outlets (company-owned)

PROMOTION

The following are Nike's promotional activities, arranged according to significance:

Advertising
Personal selling
Direct marketing
Sales promotions
Public relations

Advertising is one of the biggest contributors to Nike's ability to attract customers. The company heavily relies on advertisements, especially those that involve high-profile celebrity endorsers, such as professional athletes and sports teams.

PRICE

Nike's investments in technology is linked with a strategy to offer its products at a premium. Still, the company considers current market conditions in setting its price points and price ranges.



^{6.} Nike.com/ Behind the Design: AIR MAX PLUS OG

^{7.} Panmore Institude, Nike Inc.'s Marketing Mix (4Ps/Product, Place, Promotion, Price) - An Analysis

MILES

'There's a lineage to the work that we do at this company, which is an important handwriting that has been with us for nearly 50 years now. That handwriting is based in problem solving — form and function coming together.

And it's also based on an aesthetic. Tapping into a modern sport expression that is reflective of the times and uses cultural references, like the Pompidou Centre.

We always start with the athlete. For all our designs in both footwear and apparel, we design with the athlete in mind to solve a problem or to help with a performance issue.

Yes, designs can start with a sketch. But for me and the other designers at Nike, the inspiration always starts with the athlete.'

- John Hoke Nike Chief Design Officer

Nike made it's way up through well thought advertising, branding and marketing strategies. Many of them being well known athletes, Nike created the 'envy' for active lifestyle, combined this functionality of activewear and shoe designs with casuality, and fed both the sports field and daily world. Being inspired by their favorite players, many were interested in Nike's designs and the innovation they promised. Nike also pays top athletes in many sports to use their products and promote and advertise their technology and design.

Nike's first professional athlete endorser was Romanian tennis player Ilie Năstase. The first track endorser was distance runner Steve Prefontaine. Prefontaine was the prized pupil of the company's co-founder, Bill Bowerman, while he coached at the University of Oregon. Today, the Steve Prefontaine Building is named in his honor at Nike's corporate headquarters. The company has also sponsored many other successful track and field athletes over the years, such as Carl Lewis, Jackie Joyner-Kersee and Sebastian Coe. The signing of basketball player Michael Jordan in 1984, with his subsequent promotion of Nike over the course of his career, with Spike Lee as Mars Blackmon, proved to be one of the biggest boosts to Nike's publicity and sales. Nike sponsored soccer players list goes to Ronaldinho, Ronaldo, Cristiano Ronaldo, Didier Drogba, Neymar, Zlatan Ibrahimović, Wesley Sneijder, Wayne Rooney and Landon Donovan, and many others. Nike touched to many fields, and found the influencers of back in time.

In January 2013, Nike signed Rory McIlroy, the then-number one golfer in the world, to a ten-year sponsorship deal worth \$250 million. The deal includes using Nike's range of golf clubs, a move Nick Faldo previously described as "dangerous" for McIlroy's game.9

Just do it.

1988 – WALT STACK

1988 was the year for the slogan. Nike came out with the "Just Do It" campaign with an advert isement featuring 80 year-old marathon runner Walt Stack talking about his daily 17-mile run.



1993 - CHARLES BARKLEY "I AM NOT A ROLE MODEL"

The athlete gained attention with writing the text for "I am not a role model".



1996 – "GOOD VS EVIL"

It shows a dream team of European footballers from the 90s including Eric Cantona, Edgar Davids and Ian Wright as they take on a team of evildoers intent on destroying the world. It ends with the iconic Cantona collar-up "Au Revoir" shot which cemented the Frenchman as an icon of the game.



1996 — "HELLO WORLD"

Nike introduced Tiger Woods to the world when he became professional in 1996 with a TV advertising. The ad put Nike in golfing field.



2004 - "DO ANYTHING"

Nike flexed its creative muscles in 2004 with the "Do Anything" ad by imagining what would happen if top ambassadors at the time such as Serena Williams and Andre Agassi competed in different sports such as gymnastics and baseball.



2006 – MARIA SHARAPOVA "PRETTY"

In 2006 Maria Sharapova took over the tennis world. Nike was Sharapova's first sponsor.



2006 - KOBE BRYANT "LOVE ME OR HATE ME"

Nike Stood after Bryant. And reintroduced him to the audience.



20<mark>07 – "NO EXC</mark>USES"

Nike's "No Excuses" ad keeps it simple by bringing in American wheelchair basketball player Matt Scott to reel off the excuses people use not to do something.



2008 — BOTTLED COURAGE

Nike's 2008 Beijing Olympic Games tie-in opts for the tried and tested method of contrasting moments of sporting success with moments of sporting achievements. Nike uses the Killers' "All These Things That I've Done" single alongside some iconic imagery to highlight the sacrifices athletes make it to reach their goals.



2010 – WAYNE ROONEY ST GEORGE'S CROSS

2010 World Cup. A war against Sweden.

Wayne Rooney St George, and a legendary print advertising.





John Hoke has a tough job: envisioning the future of sport. Along with his team of over 1000 designers, Nike's current Chief Design Officer designs hundreds of apparel and footwear styles each year. That includes the Tokyo Olympics Team USA Medal Kits, a set of products that the American athletes will wear during the medal ceremonies. The kits are quintessential to Nike's goal of designing inclusive footwear and sportswear "by innovating and designing with impact" but in no way sacrificing quality and performance.¹⁰

Time has passed, but form still follows function.

- John Hoke

DOMUS: You mentioned sustainability. How do you approach this topic, and in which way are you integrating it into your design process?

JH: When I was a young designer, there was a design adage that was pretty powerful and pretty prevalent, and that's "form follows function", right? In a way the marriage of beauty and utility alone created a great design. Obviously, there are other emotional components, aesthetics compositions, et cetera. Where Nike is going is far more interesting, and it is to have form and function follow the ecological footprint. What I mean is that beauty and utility now must also respond contextually to responsibility and sustainability and eventually circularity.¹⁰

D: Another element that you're exploring with your design is inclusiveness. How do you create a product that's good both for the elite athlete, Olympian or Paralympian, and the regular person?

JH: We view the Olympics and the Paralympics as an invitation to create amazing products that meet the ambition of the athletes who spent a good chunk of their life getting ready for these moments. This becomes a point of inspiration and innovation, to show the world what's possible. I really enjoy that challenge. There is as always a spectrum of solutions that Nike creates helping athletes to break world records and win gold medals, and also breaking through the barriers. Helping athletes achieve what's possible is a bit like Nasa going to the moon. If we obsess over the details at the elite athletes level, those learnings can cascade all the way down to the everyday athlete. ¹⁰



NIKE

Take the Breathe collection, for example, we have updated our iconic footwear, Air Max, to fit the needs of consumers today. So for those in the southern hemisphere, the Breathe collection offers breathability and comfort and it's lightweight. Take the collection's Air Max Lunar 1 and Air Max 1. You can still clearly see the original Air Max from 25 years ago in the silhouette. The basic aesthetics haven't changed. We just updated the construction to make it suitable for today's needs. That is Nike's take on "modern meets retro".

- Jordan Delta Designer Graeme McMillan

So who we are now?

Today's environment continues to challenge every company to leverage their core strengths while adapting quickly. At Nike, we do both by focusing on what we do best – create great product, tell compelling stories, and seize every opportunity to increase competitive separation. We are a strong and competitive leader in our industry across every dimension – by geography, by product type where the innovation drives us and now, and most importantly, by sport performance categories where we have the most focus. When we do these things successfully, we're convinced over time, we will be a larger, more profitable, and ultimately more valuable company.

- Nike inc. A Growth Company

We are innovative designers. We know the experience, and we design for perfection in movement, comfort on the body and feeling of the product, We know our customer but won't stop observing and analyzing, never. Because the experience is our inspiration. We will customize and create opportunities to express, we are here to be your voice in the first glance. And your language to speak your comfort. We will keep creating.

We are here, for you, with you.



'Nike was founded by two athletes seeking to improve athletic footwear. Bill Bowerman (1909–) was track coach at the University of Oregon and Phil Knight (1938–) was an accounting student he had coached. They sought good quality inexpensive shoes for runners and found them in Japan. In 1962 they formed a company, Blue Ribbon Sports, and began to import Japanese track shoes, selling them at track meets from the trunks of their cars. Bowerman began experimenting with shoe designs himself, and by 1966 Bowerman, Knight, and others formed their own manufacturing company, which they named Nike, for the Greek goddess of victory. A graphic arts student at the University of Oregon named Carolyn Davidson designed a logo for the new company, a simple "swoosh," a curved shape that suggested motion."

This is our story.

The future?

As always, we will 'Just Do It'.

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