



MIKOŁAJ JAN PISKORSKI

RYAN JOHNSON

Social Strategy at Nike

NIKE+ allows us to connect the physical world of sport with the social elements of digital to create a better sport experience for every athlete. It's about much more than a shoe. It represents a shift for NIKE from product, to product + experiences.

— Mark Parker, Nike CEO¹

The beginning of 2012 was a busy time for the Nike Digital Sport division. Founded in 2010, after initial digital and social successes in football (soccer) and running, the Nike Digital Sport division, based in the Jerry Rice Building at Nike's headquarters in Beaverton, Oregon, aimed to build products and platforms that enabled consumers to track and share performance.² In doing so, the team hoped to build online communities to foster a closer relationship with its consumers.³ In January 2012, Nike launched the Nike FuelBand, a wristband that displayed time and tracked energy output, calories burned, and steps taken.⁴ Then, in February 2012, Nike launched Nike+ Basketball and Nike+ Training, which, together with successful earlier iterations in running and football, built a vibrant, online resource and community.⁵

Nike, which first started experimenting with social media and networking in 2004, had been consistently reducing its spending on traditional advertising. Nike had cut TV and print budgets by 40% since 2009.⁶ Yet Nike had not pulled back on its overall marketing budget, which reached a record \$2.4 billion in 2011.⁷ Nike stood out from other large companies in digital and social marketing; it spent \$800 million on nontraditional advertising in 2010, more than any other U.S.-based advertiser.⁸ It began to focus on building integrated social campaigns around major sporting events such as the World Cup and the Olympics, despite not being an official sponsor of either event. In 2011 alone, its Digital Sport group grew from 100 to 200 employees.⁹

Over time, Nike's social strategy had shifted "Ultimately, we are about connecting with the consumer where they are," said Jesse Stollak, Nike's global digital brand and innovation director. "We started with a notion that this was about publishing to them with the right message and at the right time. We've quickly evolved to a focus on conversations and engaging them to participate as opposed to using new media in traditional ways."¹⁰

By 2012, Nike had committed to a social strategy that linked product with experience. With the release of the FuelBand and the new Nike+ Basketball and Nike+ Training initiatives, which featured innovative, digitally enabled products as well as social networking platforms, the firm showed a commitment to building products that acknowledged and were integrated into social networks. Soon the company would discover if this strategic jump was reflected in the bottom line.

Associate Professor Mikolaj Jan Piskorski and Research Associate Ryan Johnson, Global Research Group, prepared this case. This case was developed from published sources. HBS cases are developed solely as the basis for class discussion. Cases are not intended to serve as endorsements, sources of primary data, or illustrations of effective or ineffective management.

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Nike

Originally known as Blue Ribbon Sports, a small, custom, running shoe company started by Phil Knight, a University of Oregon runner, and Bill Bowerman, University of Oregon track coach, Nike adopted its name and famous swoosh logo in 1972. After early successes in running shoes, notably in the creation of innovative rubber “waffle” soles, Nike had a huge uptick in popularity in the late 1970s. By 1979, Nike had captured more than half of the U.S. running shoe market and filed for an IPO in 1980.¹¹

In the 1980s, Nike, supported by successful product launches and strong marketing campaigns, experienced rapid growth. Soon, the company moved into other sports, including basketball, baseball, football, tennis, and cross-training. By the 1990s, Nike had become known for its innovative and compelling marketing, including its slogan, “Just Do It.”¹² During the 1990s, Nike made additional investments in new sports and athletes, including soccer and the Brazilian National Team, golf and Tiger Woods, and cycling and Lance Armstrong. Long linked with iconic athletes, Nike prided itself on working closely with top professionals to develop high-performance footwear and equipment.¹³

Nike’s mission was: “To bring inspiration and innovation to every athlete in the world. If you have a body, you are an athlete.”¹⁴ The firm had revenues of \$20.8 billion,¹⁵ over 35,000 employees on six continents, and sales in 160 countries worldwide.¹⁶ The firm continued to design and sell footwear, uniforms, apparel, and equipment for a wide variety of sports. Additionally, Nike managed several wholly owned subsidiaries, including Cole Haan, Converse Inc., Hurley International LLC, NIKE Golf, and Umbro Ltd. Nike operated 690 retail stores worldwide, managed 23,000 retail accounts in the U.S., and worked with multiple distributors and licensees around the world.¹⁷

Early Experiments in Social Media

After launching its Nike.com website in 1998 and its first sport-specific website, NikeFootball.com, in 2000, the company began to experiment with ways to use the emerging medium to connect with consumers.¹⁸ Initial attempts were limited to working with the up-and-coming media group Gawker and emerging Internet video site YouTube in order to better understand how consumers interacted with brands on the Internet and through social media.

Art of Speed In 2004, before social networking had garnered the public’s full attention, Nike experimented with its first social-based marketing campaign. Nike teamed up with the media company and website, Gawker, to create a blog, Art of Speed.¹⁹ The blog featured 15 filmmakers Nike had challenged to interpret the idea of speed. For 20 days, the blog featured content about the directors, the short films, and the digital technology used to create the films.²⁰ At the time, Gawker had between 400,000 and 700,000 unique visitors each month.²¹ While the traffic was not staggering, Nike was curious about how those visitors would interact in a conversation with the sponsor.²² A Nike communications manager commented, “It’s the right community. It may be small but it’s an important and influential group.”²³

Touch of Gold Nike Football, which focused on the global football (soccer) market, continued to lead the charge into digital. In 2005, as part of the preparation for the 2006 World Cup, Nike Football worked with social network MySpace, acquiring 50,000 friends, to become one of the largest brand communities at the time.²⁴

The Nike Football marketing team also looked for ways to leverage social media to create a buzz around its products and athletes. In September 2005, the team decided to create a homemade-looking video featuring global superstar and Brazilian player Ronaldinho.²⁵ The video featured Ronaldinho receiving a new pair of Nike cleats on a playing field and then kicking a ball back and forth off the goal's crossbar, an impressive feat, over and over again. While the video had compelling content, the team members were not certain how best to release it.²⁶ They considered a traditional commercial or a link back to the Nike website on their MySpace page. At the time, Stollak, a digital manager working on Nike Football, had been developing a relationship with the emerging video site, YouTube. Stollak suggested uploading the ad to YouTube and creating a Nike Football channel on that site.²⁷ The video, entitled "Touch of Gold," received nearly 20 million views in just a few weeks.²⁸ It was Nike's first "viral" video,^a Stollak reflected:

We were the first company to really leverage YouTube with branded content. When I posted the "Touch of Gold" video, people were a little freaked out here. They said, "Are you crazy? Why isn't this on Nike's website? How are people going to know it is Nike?" But when I posted it, I created a Nike Football channel. We were really cutting edge in how we were using the new technologies that were out there. Beyond the technology, we were trying to figure out how to connect with our consumers using the new platforms. This was our first understanding that you could use the Internet and social networking sites to communicate with the young consumer in their context, in their language.²⁹

Joga.com

Around the same time, Nike partnered with Google to develop a social network, Joga.com. The site was launched in February 2006 and attempted to use social networks to highlight a fun, creative approach to football and associate it with the Nike brand.³⁰ Stollak explained, "Joga.com was a custom social network built on the Orkut platform before social networks were the norm. Focused on football [soccer] and targeted at the football-obsessed teen."³¹ Nike hoped users would talk about football and the upcoming World Cup online. In five months, the site signed up 1 million members.³²

Joga.com was rolled out in 140 countries and 14 languages. The site hosted an online TV channel, JogaTV, hosted by French footballer Eric Cantona. JogaTV featured well-known football stars performing tricks and other highlights. Along with the stars, users generated content and football analysis. Discussion groups formed that focused on teams and players, and a variety of video content was created.³³ However, as the site attracted more and more users, some complained about the site's design and usability. Furthermore, the marketing team recognized that most of the content was viewed by only a small number of active participants. Immediately following the World Cup, Nike stopped contributing to and managing Joga.com. Trevor Edwards, Nike's vice president of global brand and category management, reflected on Joga.com:

It was ahead of its time, but we learned some interesting things. We had a great ramp-up, we attracted a lot of people to the site which affirmed our effort, we had real conversations and user-generated content through which we created a community and learned about our consumers, but after the World Cup we didn't stay focused on it. We built this community of a million people and then we just kind of disappeared and let it drift away.³⁴

^a A video became "viral" when it was watched and rapidly shared by users beyond the original creator.

Edwards reflected on what Nike learned from Joga.com about social networks and what it could apply in future projects:

The content we created was for people who were rabid about football and the site was where they would come to talk with others about their passion. But on Facebook and other social networks, content is more about your broader life. So, moving forward instead of trying to bring them into our world, we wanted to go and be part of their daily lives, we wanted to be pervasive and connect with the consumer in the ways that they already connect with things they enjoy and are interested in. We basically said, "Where is the consumer, where does the consumer congregate? Let's be there and provide them with great content and great stories."³⁵

Nike+

Almost immediately following the World Cup, in July 2006, Nike announced a partnership with Apple to create Nike+.³⁶ Nike engineers, noticing the growing popularity of the Apple iPod, developed a plan to sync an iPod with a user's running data. When Nike pitched the idea, Apple CEO Steve Jobs was enthusiastic.³⁷ Nike brought people from across the company, including managers from the apparel, technology, research, footwear design, and digital marketing divisions, and the team worked closely with Apple to develop and perfect the technology. One manager recalled the teamwork: "The best teams get a little borderless. We got really borderless, much more than we have on some other ideas."³⁸ Nike+ was made up of a sensor placed inside running shoes that monitored the runner's speed, distance, and calories burned and transmitted that information to the iPod, which received and stored the data. The iPod program, which could be downloaded from iTunes, included a voice prompt that offered distance remaining if a distance had been set, an average speed, and the ability to queue up a "power song" when an extra boost was needed.³⁹ The data the iPod collected could be uploaded and viewed on the NikePlus.com website, which could store and view the data.⁴⁰ The platform also offered training tips and the ability to share workouts with friends, both through the website and externally on social networking sites Twitter and Facebook.⁴¹ The sensor retailed for approximately \$30, while the running shoes averaged \$80.⁴²

After its founding, Nikeplus.com continued to build a strong following. By 2007, the website became the largest online running destination.⁴³ In 2008, Nike added additional functionality to the site, offering users more specific data, such as a favorite day of the week to run, number of steps per year, and a list of other runners who ran at a similar pace.⁴⁴ As Nike added features, outside software developers created open source projects to help users control data.⁴⁵ These programs were able to export the data from the iPod. Nike largely supported these developments and ideas, including one that automatically posted users' data to Twitter when users synced their iPods. Stefan Olander, Nike's global brand connections director, explained, "The more we can open up Nike+, the better. The only reason to close it out is because you actually don't believe that you have a strong enough product for others to want to take it and do good things with it."⁴⁶

In 2010, Nike increased functionality by adding the Nike+ GPS app, which allowed runners to map their runs as well as track pace, distance, time, and calories burned.⁴⁷ (See Exhibit 1 for a photo of the app.) It also added the Nike+ GPS SportWatch, which was integrated into the system. (See Exhibit 2 for a photo of the watch.) Stollak explained the increased integration: "Using these devices, users are able to track their routes and share them with the community. The result has been one of the single largest databases of running routes in the world, created in just over a year."⁴⁸

Nikeplus.com's growth continued through 2012. Stollak reflected on the evolution:

The Nike+ community has grown tremendously in the past couple years with the addition of new products like the (Nike+ GPS App and Nike+ GPS SportWatch). To date [2012], we have 5+ million members in the Nike+ community. We've added new features like the new Maps site, which leverages a wealth of run route data to provide recommendations. We also included the "cheer me on" functionality inside the Nike+ GPS app, which taps into the runners' friends on Facebook for additional motivation and support. When they are running, they hear applause on top of their music when friends "cheer" them.⁴⁹

Analysts suggested that a 55% Nike+ membership growth in 2011 played a significant role in the growth of Nike's overall running division, which grew 30%.⁵⁰ While Nikeplus.com had seen tremendous growth, it did suffer some technical difficulties.⁵¹ Users complained about their inability to log in, sync devices, share runs, and edit profiles. In response, Nike redesigned and launched a new site early in 2012.⁵²

"The Grid" Nike+ and Nike Running also began to embrace location-based social interaction. In 2010, the firm created a game called "The Grid," a citywide running game that used the streets of London as its gaming platform. Stollak described the effort:

It turned the city of London into a giant game board with the goal of re-energizing running in the U.K. and encouraging people to experience running in a whole new context. Runners were challenged to run to different checkpoints around the city to earn points. We augmented the usual running experience, creating an immersive layer on top of the run. This altered how the activity was experienced—ultimately building a new cultural running platform owned by the running community. The campaign ran on Facebook in May and October of 2010. The Grid is a unique example of merging real-world sport performance with digital and social channels to create a community that is self-policed and group-strategized—they even organized their own wrap party. Unlike a standard running one-day event, with a set distance and a target time, Grid's runners played for 15 full days, logging a total 30,177 runs, which equates to a distance halfway round the Earth: 12,500 miles.⁵³

"Run For" China In 2011, Nike Running turned to social media to help sway public opinion and local perceptions about running in China as well. Nike realized, upon entering the Chinese market, that most Chinese young people viewed running as boring or a punishment. Intent on changing the perception and showing off the positive sides of running, Nike, along with advertising group AKQA, launched a call-to-action video known as the "Run For" campaign on social networks and video sharing.⁵⁴ The video featured Chinese runners talking about why they run and encouraged users to generate their own reasons for running. An executive from the advertising firm commented, "We wanted to make sure it wasn't necessarily Nike telling [consumers] why running is good, so the whole entry point with the communication is really leveraging stories of the few runners who are out there."⁵⁵

Nike knew it had to inspire young Chinese, who were often too image-conscious to get out and run. Jeanne Huang, Nike's communications director in China, explained, "In China I think people generally understand the benefit of sports, but we need to give them an inspiration. How can we drive them to really go out of their house, to get off the couch and do something physical?"⁵⁶ Another account executive further explained, "[Running] doesn't come with spectators like basketball and football, where you can show your stuff and show how cool you are. There's no credibility earned through running. Running needs to give you social currency, so what can Nike do for you when you go running, so you can be recognized or worshiped by your friends?"⁵⁷

Nike built a campaign that presented running as a social event. Nike created and hosted “Lunar Runs” in four of China’s major metropolitan areas. The events, which carried the name of Nike’s running shoe, the Lunar Glide, were held at night and featured music, celebrities, and fitness instructors. Nike hoped they would create a buzz around running and exercising.⁵⁸ Between its Lunar Runs and a four-day Festival of Sports in Shanghai, Nike communicated with over 35,000 potential Chinese runners.⁵⁹

2010 World Cup

The 2010 World Cup served as a prime example of Nike’s social media campaign. As with past World Cups and Olympic games, Nike worked to build a frenzy of media attention around its brand as the tournament approached. To do so, Nike created a campaign, “Write the Future,” which focused on helping players become better soccer players and realize their potential.⁶⁰ More so than at any event in the past, the firm relied on social networks and social media to create a buzz of anticipation around Nike products and advertising.

Invitation back to Nike Football Beginning in 2008, Nike first attempted to reconnect with the young football-obsessed teens it had targeted with Joga.com. Stollak said, “This was mostly through Facebook. But we created substantial followings on QQ in China, Mxit in South Africa, and VKontakte in Russia.”⁶¹ Nike also offered teens access to “Bootcamp,” a training regimen for interested consumers through NikeFootball.com. The website had over 30 drills, mostly focused on fitness, with diagrams and videos showing correct execution.⁶² While participant feedback was high, it also became clear that there was room for improvement.⁶³

Nike Football+ Hoping to build off and learn from the success of Nike+, the Nike Football team launched Nike Football+ a few months before the World Cup began. Nike Football+ was a digital application and website that allowed users who had purchased a Nike Football product to log in and receive video tips and training advice from global football superstars. Products were sold with access codes, and the site’s content was broken down by skill discipline, including control, speed, touch, and accuracy. The application enabled users to share their results on Facebook and Twitter.⁶⁴ The application encouraged consumers to commit to a four-week training regimen to improve skills and become better players. Olander said, “We’re bridging the gap between the physical and digital world to give football players a competitive edge and inspire them through new experiences. Nike Football+ is an exciting innovation for footballers worldwide and a new development in training that will work hand-in-hand with our football products to deliver benefits to players at every level.”⁶⁵

“Write the Future”: Leveraging Facebook In May 2010, just weeks before the World Cup kicked off, Nike launched its major commercial for the World Cup, “Write the Future.” The commercial was directed by Mexican movie director Alejandro González Iñárritu and featured many of soccer’s biggest stars. Nike decided to launch the commercial on Facebook, rather than on air. In order to view the commercial, users had to become fans of the Nike Facebook page.⁶⁶

Nike hoped its dedicated Nike Football fans would feel rewarded by having access to the spot before its wider release. Edwards elaborated on the strategy: “Our entire approach that we’re playing around is insider, it’s access. What we are trying to do is to help bridge the gap between the greatest players in the world and people who have the passion for that game of football.”⁶⁷

The video, which was considered a resounding success for its high production quality, message, and effectiveness, quickly went viral. The advertisement set a record for the largest audience in the first week of a campaign, with 7.8 million views.⁶⁸ The Nike Football Facebook page jumped from 1.7 million fans to 3.4 million fans in the same week.⁶⁹ Nike later released shorter versions of the advertisement on air throughout the World Cup. However, the original, full-length version remained exclusively viewable on Facebook. The "Write the Future" advertisement later went on to win the Film Grand Prix at the Cannes International Festival of Creativity.⁷⁰

"The Chance" Following on the momentum of the "Write the Future" release, in June 2010 Nike announced "The Chance," "a global search for talented footballers to join the Nike Academy, a high performance training program supported by the Premier League in England."⁷¹ Young teens were invited to register at Nikefootball.com, where they could use various digital tools to build a campaign for their candidacy in The Chance. One such tool allowed candidates to upload a video that showed their potential future success, assuming they won the competition. Additionally, entrants were encouraged to create a Facebook fan page to share their experience with friends and fans and gain more notoriety. Edwards explained, "They'll see themselves in the campaign, they'll be able to interact with the campaign, be able to promote themselves with the campaign. Everything we're doing is really about that young football player who wants to connect with their heroes."⁷² Within six months of the campaign's start, nearly 75,000 players had created profiles for themselves.⁷³

Eventually, Nike selected the top 100 players, based on performance at events in 32 cities around the world as well as the exposure of their online social platform. These 100 players were then invited to compete in a tryout in England, where eight spots at the academy were awarded. The drama and intrigue of this selection process played out via continued player campaigns and online videos hosted on Nikefootball.com.

Nike Life Center Another aspect of Nike's World Cup 2010 social strategy was the rental of the Life Center, in Johannesburg, South Africa (site of the 2010 World Cup). On June 21, Nike lit up Johannesburg's fourth-largest building with 90-meter images of two of the World Cup's biggest stars, Cristiano Ronaldo and Robino. Additionally, there was an interactive LED ticker that showed fan-submitted messages to the whole city (see Exhibit 3 for a photo of the building). Fans were able to submit messages via Twitter, Facebook, and other global social networking sites. Nike CEO Mike Parker commented on the effort: "We are excited to deliver yet another compelling way to engage and inspire fans around the world and bring them even closer to their heroes. It's another great example of how we continue to connect with fans to drive separation and growth for the Nike brand."⁷⁴

Each night, Nike's editors selected 100 messages to feature and created digital animations to illustrate the message. Pep Guardiola, the coach of Barcelona, a football club in Spain, who offered encouragement to his player Andres Iniesta, a star for the Spanish national team, submitted, "Don't look for excuses. Be Yourself."⁷⁵ Kobe Bryant, an NBA basketball star, football fan, and Nike athlete, challenged Brazil to reach a sixth World Cup title before he won a sixth NBA championship with his message, "Race you to six."⁷⁶

In organizing its advertising campaign for the 2010 World Cup, Nike used social media, through Facebook and offerings such as Nike Football+ on its own site, as the thread that tied together its Write the Future campaign and The Chance competition. The various parts of the Write the Future campaign received 32 million views in just over a month, and social networks with ongoing activities and storylines, such as Nike Football+ and The Chance, hoped to continue such engagement.⁷⁷

Nike Digital Sport

In 2010, Nike created a new division, Nike Digital Sport. The division addressed what it felt was a shifting business landscape that would feature more interactive products that encouraged consumers to track and share performance. Stollak commented on the new initiative: "We began to aggressively grow our communities across all categories, using the most relevant social network in each country."⁷⁸

The Nike Digital Sport division aimed to develop devices and other products that enabled consumers to track performance, regardless of the sport. These products would also be seamlessly linked to mobile devices and the Web, allowing users to share, compare, and compete. Building off the success of Nike+, Nike Digital Sport hoped to revolutionize both product development and how athletes trained. Olander said, "The insight that you can use digital technology to enhance someone's performance and make sure there is a community and social interaction layer to it, we can use those in other areas. I think every category has something where both the use of data and the use of social interaction can be used to create something that no one else has really done before."⁷⁹ The products and systems developed by Nike Digital Sport also brought the firm a greater understanding of consumers' than they ever had in the past.⁸⁰

Nike+ FuelBand

One of the featured products developed by the Nike Digital Sport division was the FuelBand, released in January 2012.⁸¹ Retailing for \$149, the FuelBand was a wristband that tracked the wearer's movement throughout the day (see **Exhibit 4** for a photo of the band). Nike hoped that NikeFuel and the FuelBand would allow athletes to track a score that made movement more fun, meaningful, and comparable.⁸² Olander commented, "The entire insight behind the Nike+ FuelBand is motivation. People want to be motivated and we want to make it really easy to stay motivated and stay more active."⁸³ In addition to acting as a watch, the band captured and displayed three metrics of movement: calories, steps, and NikeFuel.⁸⁴ NikeFuel was a metric developed internally at Nike that used algorithms based on oxygen kinetics to create a normalized, unbiased metric to compare activity on an equal basis. Traditional attempts at comparisons based on steps or calories were dependent on a user's gender, body type, and activity of choice. Nike suggested that NikeFuel controlled for these variables.⁸⁵ Olander, who was the development leader of the device, said, "NikeFuel levels the playing field, so a tennis player can compete with a skateboarder using the same statistics."⁸⁶

An accelerometer inside of the FuelBand measured the user's motion, which was translated into NikeFuel.⁸⁷ Users were able to set a daily goal for activity based on NikeFuel. As the user approached his goal, a series of LED lights on the band would move from red to yellow to green. The FuelBand software synced with the established Nike+ website, and the band itself had a built-in USB and Bluetooth capacity to sync wirelessly with an iPhone.⁸⁸ The design was an attempt to deliver a product that tracked all daily movement and allowed users to seamlessly use, review, compare, and improve on their scores. Olander commented: "From the band on your wrist to your phone to the Web is this chain of inspiration unlike anything we've ever seen before."⁸⁹ Parker also commented on the potential impact of the FuelBand: "The NIKE+ FuelBand is a way for Nike to further evolve the exciting possibilities of merging the physical and digital worlds. Nike has always been about inspiring athletes, and the NIKE+ FuelBand will help motivate them in a simple, fun and intuitive way."⁹⁰ (See **Exhibit 5** for comparison of Nike+ product offerings.)

#MakeItCount In the lead-up to the Nike FuelBand launch, Nike experimented with a new approach to Twitter. In the past, Nike operated Twitter accounts only for separate sports and divisions but had never created an overarching Twitter account.⁹¹ Just before January 2012, the @Nike account was created, and Nike released a statement, “We’re now expanding the dialogue even more with the @Nike Twitter account to further deepen our relationships with athletes of all levels, in all sports, worldwide.”⁹²

The @Nike Twitter account quickly became a major social networking campaign hyping the announcement of new products and marking its tweets with the hashtag #makeitcount. Its first two tweets bookended the company’s expansive history. The first, “If you have a body, you are an athlete. — Bill Bowerman,” was a well-known quote by the Nike cofounder. The second, “How will you #MakeItCount in 2012?” provided a link to the release date of the Nike FuelBand.⁹³ The official tagline for the MakeItCount campaign was, “Life is a sport. Make it count.”⁹⁴ Nike enlisted some of its top athletes to begin tweeting about workouts and daily activities, marking their tweets with the hashtag #makeitcount.⁹⁵ By April 2012, the #makeitcount hashtag had been used in over 66,000 tweets.⁹⁶ The #makeitcount hashtag led to another hashtag, #counts, which indicated that an activity done by the tweeter “counted” as part of the campaign.⁹⁷

Nike+ Basketball and Nike+ Training

Since its initial success with Nike+ and with the 2010 World Cup campaign, Nike had been working on expanding into other categories. In February 2012, shortly after the release of the Nike FuelBand, Nike announced the creation of the Nike+ Basketball and Nike+ Training experiences.⁹⁸

Nike+ Basketball and Nike+ Training connected new footwear, which featured digital sensors with wireless communication capabilities, with the Nike+ interactive mobile platform.⁹⁹ The technology in both cases was based on new Nike+ pressure sensors that were built into the soles of the shoes.¹⁰⁰ The sensors collected information about a user’s movement and transmitted the data to a smartphone. The smartphone application organized the data into a set of metrics, depending on the exercise or activity, offering nearly instantaneous feedback and information about the workout. The new footwear and mobile applications were available for sale in the summer of 2012. (See Exhibits 6 and 7 for photos of the footwear).

Nike+ Basketball The move into basketball was not Nike’s first attempt to cultivate a social community in the sport. In 2008, Nike had launched the Ballers Network, a Facebook application and website intended to help players organize street games and manage teams online. The Ballers Network struggled to attract users and by 2012 had fewer than 300 users.¹⁰¹ The Ballers Network was not linked to any specific product and focused solely on social community interaction, rather than the competitive side of social networking.

According to Nike, the Nike+ Basketball experience “breaks down the user’s game to deliver information and measurement, which in turn provides motivation.”¹⁰² The Nike+ Basketball system measured how high players jumped and how quickly they moved during a game or practice via the “Track My Game” mode,¹⁰³ which allowed users to set achievement goals. Upon reaching those goals, they received prerecorded messages from Nike Basketball stars and coaches on their phones.

An additional feature of the Nike+ Basketball experience was the “Showcase” mode, which allowed players to record themselves slam dunking or doing other impressive basketball moves, and stream their live data over the top of the video. The user-generated video could then be easily shared with friends via social networks.¹⁰⁴

LeBron James, a Nike athlete who was slated to wear the first Nike+ enabled basketball shoes, the Nike Hyperdunk+, said, "I think Nike+ Basketball will change the game. Giving every player access to this level of information will have a huge impact on the way players train and play the game. When you're growing up and playing the game of basketball, your friends are your competition. Young players will be excited to track their stats to earn bragging rights or showcase their best plays on video. They'll be anxious to get back out on the court to improve their stats."¹⁰⁵

Nike+ Training The explicit goal of Nike+ Training was to "turn working out into a game."¹⁰⁶ The Nike+ Training experience, combined with appropriate Nike+ Training shoes (Lunar Hyperworkout+ for women and the Lunar TR 1+ for men), which had digital sensors installed in the sole and wireless functionality, aimed at helping users get fit and provided feedback on performances.¹⁰⁷ While the user was training, the Nike+ Training shoes captured data such as reps, NikeFuel, and calories. The data was then transmitted back to the user's phone in real time.¹⁰⁸

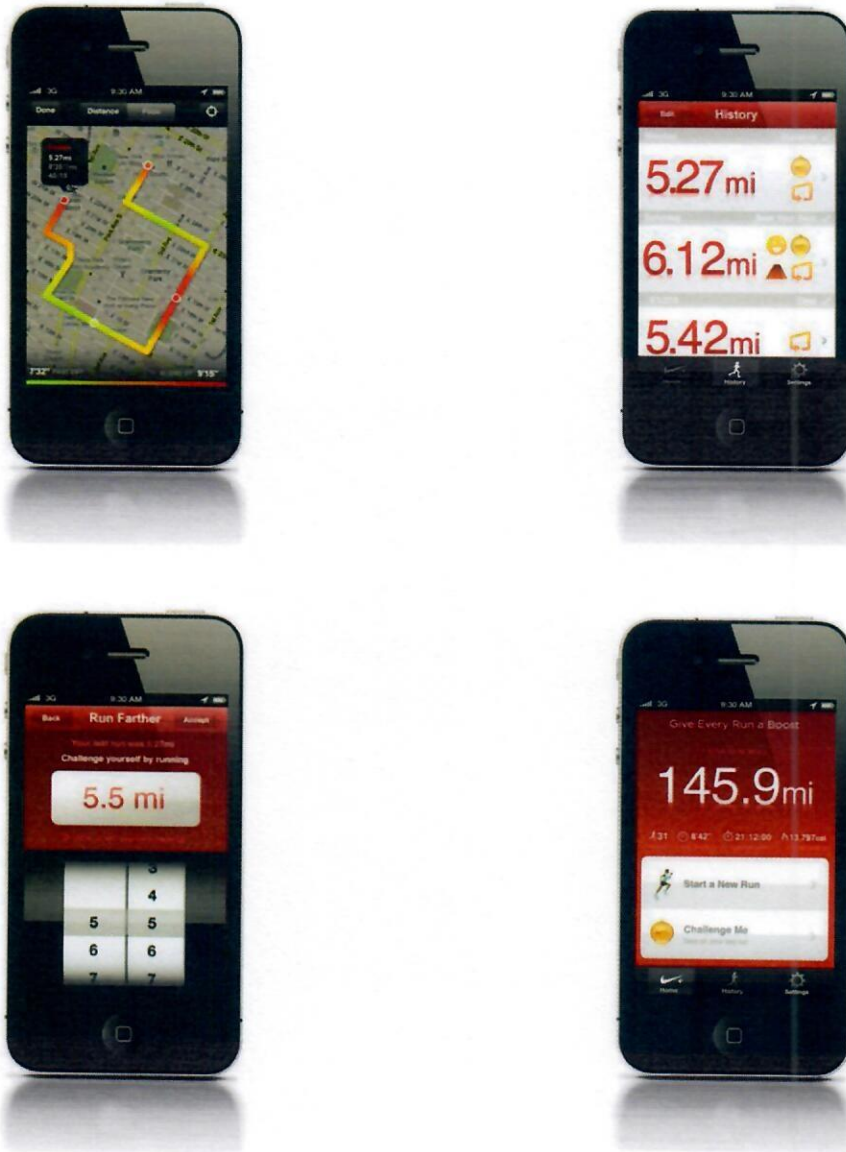
Workouts, available in a beginner, intermediate, or advanced difficulty level, could be accessed on the Nike+ Training mobile app.¹⁰⁹ The workouts were explained by video demonstrations performed by leading Nike athletes. Other capabilities included the ability to create daily programs and workouts, choose individual workouts, share workouts and results with friends, and create challenges with a community of friends.¹¹⁰ The site also maintained a leader board of all participants. The Nike+ Training mobile app, available for free download in June 2012, gave access to anyone who wanted to view the training videos, regardless of whether he or she bought Nike+ Training shoes.¹¹¹

The shoes were only able to measure distance, height, and steps over time; therefore workouts were mostly focused on lower-body speed and agility training.¹¹² Some analysts noted that the training workouts left out important parts of training, such as upper-body strengthening and core workouts.¹¹³ Athletes who participated in creating the Nike+ Training videos included tennis player Rafael Nadal, boxer Manny Pacquiao, track and field star Allyson Felix, and soccer player Hope Solo.¹¹⁴

Product + Experiences

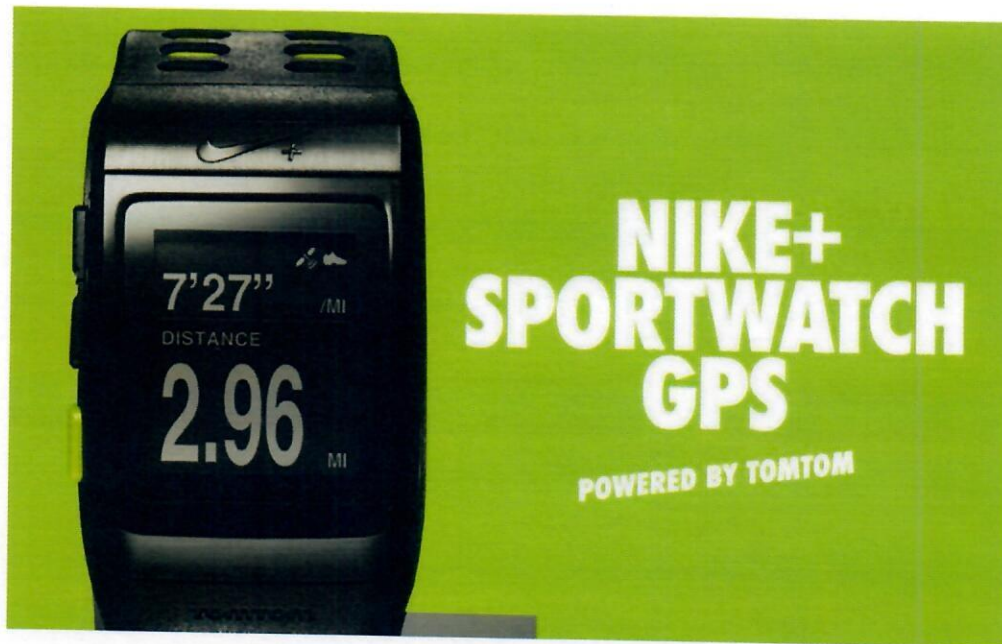
Nike's investment in products surrounding Nike+ marked a shift in the firm's advertising and digital strategy. For much of its history, Nike had been successful in marketing products by building a connection to the customer through effective athlete sponsorship, and through television and print advertising. Customer loyalty to the brand was maintained by the product's quality and performance. With the coupling of product and social experience found in the Nike+ programs, Nike hoped to get even closer to its consumers and build interactive communities that resonated with the Nike brand. Importantly, it also hoped to learn from, and more about, its consumers. Parker noted, "Connecting used to be, 'Here's some product, and here's some advertising. We hope you like it.' Connecting today is a dialogue."¹¹⁵

Exhibit 1 Nike+ GPS App



Source: Nike, Inc., website, <http://nikeinc.com/nike/news/map-your-run-with-new-nike-gps-app#/inline/282>, accessed April 2012.

Exhibit 2 Nike+ SportWatch



Source: Nike, Inc., website, http://nikerunning.nike.com/nikeos/p/nikeplus/en_US/products/sport-watch_pdp?pid=406329, accessed April 2012.

Exhibit 3 Nike Life Center, Johannesburg, South Africa



Source: "Write the Headline. Light up Johannesburg," Nike, Inc., press release, June 20, 2010, Nike, Inc., website, <http://nikeinc.com/press-release/news/write-the-headline-light-up-johannesburg>, accessed April 2012.

Exhibit 4 Nike FuelBand



Source: Nike, Inc., "NIKE+ FuelBand makes life a sport," <http://www.nikeinc.com/news/nike-fuelband-makes-life-a-sport>, accessed April 2012.

Exhibit 5 Nike+ Product Comparison

	Nike+ FuelBand	Nike+ SportWatch GPS	Nike+ GPS App	Nike+ SportBand	iPod nano
Tracks your runs (distance, pace, duration)		X	X	X	X
Tracks all-day activity (steps, calories, active time)	X				X ³
Maps GPS location		X	X		
Works indoors and on a treadmill	X	X ¹	X	X	X
Captures run laps		X			
Syncs wirelessly (via smartphone)	X		X		
Integrates your music			X		X
Requires Nike+ sensor				X	X ²
Compatible with Polar Wearlink+ transmitter		X		X	X ⁴

Source: Adapted from Nike, Inc., http://nikeplus.nike.com/plus/products/#running_section, accessed April 2012.

Note: All these products allowed consumers to earn NikeFuel, participate in challenges with friends, and share activities.

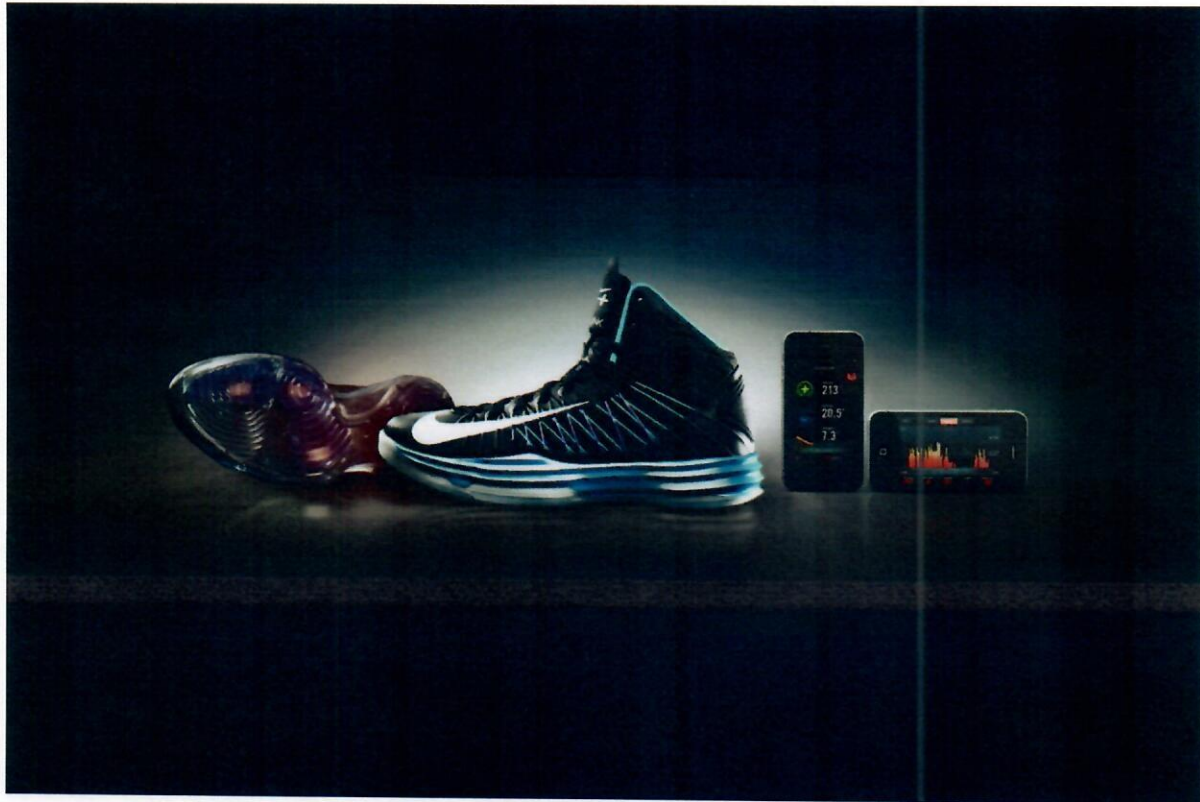
¹ With optional Nike+ sensor.

² No sensor required for generation 6 iPod nano.

³ Did not track active time.

⁴ Generation 5 and 6 only.

Exhibit 6 Nike+ Basketball



Source: Nike, Inc., "NIKE unveils revolutionary NIKE+ experience for basketball, training athletes," <http://nikeinc.com/news/nike-unveils-revolutionary-nike-experience-for-basketball-and-training-athletes>, accessed April 2012.

Exhibit 7 Nike+ Training



Source: Nike, Inc., "NIKE unveils revolutionary NIKE+ experience for basketball, training athletes," <http://nikeinc.com/news/nike-unveils-revolutionary-nike-experience-for-basketball-and-training-athletes>, accessed April 2012.

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