

Nike's Strategy to Get a Lot More Personal With Its Customers -- Journal Report

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FULL TEXT

By Khadeeja Safdar

When shoppers enter the Nike Inc. flagship store in New York City and log into the app, the company knows who they are, what sizes they wear, what sports they play and what colors they prefer.

The sneaker giant is now a data giant. Like many brands, Nike has been using its apps to collect information about its customers in recent years as it pushes to expand its digital sales, and reduce its reliance on other stores.

All of the information collected helps Nike customize what each customer sees on their apps. More broadly, it helps Nike decide which designs to produce and what items to stock in which stores.

The sportswear brand is also using its apps to change the entire shopping experience. Shoppers can use their smartphones to scan clothes they like on mannequins in its flagship store, sending orders to store workers to place the items in a dressing room in the correct size. App users will soon be able to give the company their shoe size just by scanning their feet.

Nike uses a variety of apps to increase customer engagement and sales. In addition to the main Nike shopping app, these include a SNKRS app, just for selling sneakers, and Nike Training Club, which offers guided workouts. Heidi O'Neill, a 20-year Nike veteran, is the executive whose job it is to pull it all together. As president of Nike Direct, she is charged with leading the company's direct retail and e-commerce business around the world. Ms. O'Neill spoke with The Wall Street Journal about the company's efforts. Edited excerpts follow.

WSJ: How does Nike decide which products it sells directly to consumers and which should be sold through other retailers?

MS. O'NEILL: What's important from a Nike shopping experience is that with machine learning and AI, we're able to have every digital experience at Nike be unique and personal. My wish for you one day is to feel that you have your very own personal store curated for you on our app experiences.

That said, our retailers have really important and deep relationships with consumers as well. Many of our retailers have specialties, such as retailers that focus on women or that focus on the gear-up moment for team sports.

We look to each retailer, their relationship with their consumers, and make sure we curate that way.

WSJ: Nike products can be purchased on the Amazon app or the Nordstrom app. Why would shoppers download a Nike app?

MS. O'NEILL: We look at our app ecosystem as really providing content, community, activity and connection for our consumers, even beyond the transaction. We're seeing results in North America. In the third quarter, our apps represented over 60% of our digital business.

WSJ: Could you give me an example of some of the content?

MS. O'NEILL: One of our latest innovations is our audio-guided run [available in an app called Nike Run Club, which tracks running statistics]. In the third quarter alone, our Nike app hosted over 40 million runs. Our Nike Training Club app hosted over nine million workouts. We see our SNKRS app as not just a shopping experience, but kind of the hub of sneaker culture.

WSJ: One of the advantages of having a direct business is the ability to gather data about the consumer. Nike says

it uses online data to inform its stores. How?

MS. O'NEILL: We use our data to know where our members are concentrated. It helps us pick our Nike-branded retail locations in places that can serve not just as stores, but serve as hubs for our members and service centers. We also use data to select and curate the product in the stores. We'll know if a neighborhood or a market is really popular for running, training or let's say sneaker culture. Then, of course, we use data to understand what's selling.

WSJ: Is such data useful for designing products? If so, could you give me an example?

MS. O'NEILL: We're seeing that, when we take the data, we know what consumers are responding to, we can connect that to more products and new products through our Express Lane [a new supply-chain process to make products more quickly based on consumer demand]. In the third quarter in North America, our top 10 styles were colors and expressions of products that were built using data through the Express Lane.

WSJ: Last year, Nike purchased Zodiac, an analytics startup. How is this firm being used at Nike?

MS. O'NEILL: The Zodiac team is bringing to us a really clear definition and data science behind lifetime value. They've helped us identify our highest-value members and consumers and make sure that we understand them, their behaviors, and have the ability to serve them. Given their loyalty to the Nike brand, we're able to show our love back.

WSJ: After you've identified the high-value customers, how do you show your love back?

MS. O'NEILL: With products that we're offering exclusively, or even just early, to them. Also exclusive access to events and services. We'll bring some of our best designers, like Tinker Hatfield, to our House of Innovation in New York. He'll talk about his latest launch or innovation with a community of high-value sneakerheads.

WSJ: Nike is launching an app tool that will determine a person's shoe size after they scan their feet with a phone camera. What will Nike do this with info?

MS. O'NEILL: It will help take out one of the biggest friction points. You see consumers ordering multiple sizes. The No. 1 conversion driver on a digital experience is if you have my size and style. Now that we have the right fit information, that's going to help us with our depth of buys. We'll know whether we have the correct product and size.

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