

NIKE

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Description of Organization

Nike is a multinational, American based, corporation that is involved in the design, development, manufacturing and worldwide marketing and sales of footwear, apparel, equipment, accessories and services. Nike is the world's largest supplier of athletic shoes and apparel. They are a major manufacturer of sports equipment with an annual revenue of around \$28 billion.

Major Products and Services

Nike is the world's largest retailer of athletic footwear and apparel and is also one of the world's largest manufacturers of athletic equipment. Beyond developing, designing and producing athletic footwear and apparel, Nike is also a leading company in the marketing of said products on an international scale. Nike is a major producer of streetwear including sneakers and clothing items, and lifestyle type products such as school backpacks. Nike is known for being a uniform manufacturer for the National Football League, the National Basketball Association, and numerous National teams for a variety of countries and sports.

Market

Nike has a worldwide market. Their market includes, all types of athletes, from runners, men's and women's training, to soccer players, football players, basketball and baseball. Their company has such a wide variety of merchandise, that just about everyone can find something they like. According to Business insider, lately Nike has shifted their focus on to three of their main categories: Women's, Youth Athletes and Runners.

The status of their market has recently gone up in sales, and continuously increases. Within the last few weeks, Nike's stock (NKE) has gone up 31% through online sales. There are some

political issues going on surrounding their 30th anniversary of their 'Just Do It' campaign. The issue has sparked interest in their company to consumers, and although there has been political controversy with who Nike chose for their spokesmodels, it has helped their economic status. Nike focuses their culture on sports and fitness but has now made their way into athleisure wear and everyday fashion.

Organizational Structure



Originally, when Nike was founded in 1964, they were only selling, designing and manufacturing running shoes. By the 1980s, two important developments occurred in its organizational structure. First, Nike diversified into other types of athletic footwear including basketball, tennis, soccer, and fitness shoes. It retained its functional structure but introduced different groups, for the new types of footwear. Then Nike expanded overseas and established by

sales, local marketing, and distribution subsidiaries. The organization became two-dimensional, with functions and regions still reporting to the CEO.

In the coming years, Nike evolved into a three-dimensional organization by adding sports apparel and equipment to their sales of footwear. This happened in the 1990s. Nike formed profit centers for footwear, apparel, and equipment, plus a separate business for golf. The supply chain, marketing, finance, and HR functions reported to the CEO in addition to the regions. Always trying to improve their company, Nike took a turn to start focusing on customer groups. In 2006, Nike created five categories, running, men's training, women's fitness, basketball and soccer. Each of these sections are responsible for footwear, apparel and equipment for its customer set. These categories were added to the previous structure, which still retained products, regions, and functions reporting to higher management, as shown in the above organizational structure.

Mission

Nike's Mission Statement is:

“To bring inspiration and innovation to every athlete* in the world.

*If you have a body, you are an athlete.”

Organizational Philosophy

Nike operates under its 11 Maxims, which are as follows: “It is our nature to innovate. Nike is a company. Nike is a brand. Simplify and go. The consumer Decides. Be a sponge. Evolve immediately. Do the right thing. Master the fundamentals. We are on the offense – always. Remember the man.”

1) Innovation is one of the cores of Nike. 2) Obvious. 3) The “swoosh” can be recognized immediately with Nike. They only enter markets that they can dominate. 4) Nike realizes that its products have short shelf-life’s, so they must move forward always. 5) Nike treats its consumers as sophisticated and treats them as a stakeholder. 6) Nike demands that you absorb information and inspiration from all places. 7) What is hip now won’t be very soon, so you must evolve and change immediately to get there first. 8) Nike is a global citizen who must act accordingly. 9) Innovation is useless unless it can be put into action, which guides performance. 10) Everyone at Nike is a leader in their field, no matter their job title. 11) The core of the heart and soul of Nike is Bill Bowerman, who was innovative in performance technology and was innovative in his understanding of the needs of athletes.

Financial Information

Nike is a publicly traded company with a 2017 annual revenue of \$36.39 billion, stock shares at \$83.49 per share and total gross revenue of \$15.95 billion. Nike receives most of its funding through the production and sales of its goods/products, however Nike is also able to raise funding through its stock, which is publicly traded. Unlike private companies, Nike is not in control of making any restrictions to who can and cannot purchase stock in their company, the only thing necessary is having the funding available to purchase said stock. During 2018, Nike announced a buyback program of the Class B stocks, which will cost the company an estimated \$12 billion, but will also split their stocks to a 2-to-1 ratio.

Currently, Nike faces issues revolving around exposure of their sweatshops in Asian countries which produce the footwear and products in horrible working conditions, and often times result in moral crimes of child-labor laws/rights. These discoveries have forced Nike to invest well-

sized portions of their operating cost to bettering the working conditions of their international employees, but that investment has no chance at curtailing the production or success of Nike in the near future.

Board of Directors

Philip H. Knight – Chairman Emeritus. Knight is a co-founder of Nike and currently holds a perpetual status on the Board of Directors but remains the status of a non-voting member who only observes the meetings between the other Board of Directors.

Mark G. Parker – Chairman of the Board of Directors of NIKE/ CEO of NIKE/ Director of NIKE. Parker has been an employee of Nike since 1979 and has been tasked with the continuation of research, design and development, marketing, and brand management. Parker has held the positions of Vice President of product development, corporate Vice President, Vice President of Global Footwear and President of the NIKE Brand.

Cathleen Benko – Vice Chairman and Managing Principal of Deloitte LLP. Benko became a member of the Board of Directors of NIKE in July 2018 but has had no other affiliation with NIKE prior.

Elizabeth J. Comstock – former Vice Chair of General Electric Company. Comstock became a Board Director during 2011 but has had no other affiliations with Nike prior.

John G. Connors – Partner in Ignition Partners LLC. Connors was formerly a Senior Vice President and CFO of Microsoft Corporation. Currently, Connors is a member of the Board of Directors of Splunk Inc., and since 2005, has been a member of Nike’s Board of Directors.

Timothy D. Cook – Lead Independent Director of the Board of Directors of NIKE/ CEO of Apple Inc. Cook began his time with Apple in 1998 as Vice President of Worldwide Operations and also as Executive Vice President. Currently, Cook serves on the Board of Directors of the National Football Foundation and Apple Inc.

John J. Donahoe II – President and CEO of ServiceNow, Inc. Donahoe served as the CEO and President of eBay, has served on the board of directors for Intel, eBay and PayPal. He was brought into Nike on its Board of Directors in 2014.

Alan B. Graf, JR – CFO and Executive Vice President of FedEx Corporation. Graf has served on the board of directors for various companies which include: Kimball International Inc., Storage USA Inc., and Arkwright Mutual Insurance Co., and is currently on the board of directors of Mid-America Apartment Communities, Inc., Methodist Le Bonheur Healthcare, and the Indiana University Foundation. He joined Nike’s Board of Directors in 2002.

Peter B. Henry – Dean Emeritus of New York University’s Leonard N. Stern School of Business and William R. Berkley Professor of Economics and Finance. Alongside joining the board of directors of Nike in 2018, Henry serves on the Board of Directors of Citigroup, General Electric, the National Bureau of Economic Research, and the Economic Club of New York.

Travis A. Knight – President and CEO of Laika, LLC. After joining Laika in 2003, Knight has held various positions within the company, such as Lead Animator and Vice President of Animation. Knight became a member of the board of directors of NIKE in 2015, and a member of the board of directors of Laika.

John C. Lechleiter – Chairman Emeritus of Eli Lilly and Company. Lechleiter served as President and CEO of Lilly until his retirement in 2016 and served on the company's board of directors from 2009 until 2017. Lechleiter is a member of the board of directors of Ford Motor Company, Indiana Economic Development Corporation and United Way Worldwide. He was brought onto the Board of Directors of NIKE in 2009.

Michelle A. Pelusio – Senior Vice President and CMO of IBM. Pelusio has served as the CEO of Gilt from 2013 until the company was sold to Judson's Bay Company in 2016, Global Consumer Chief Marketing and Internet Officer of Citigroup Inc., and has held senior management positions at Travelocity.com LP, such as COO, CEO and President. Peluso served on the board of directors of OpenTable and is currently on the board of directors of Technoserve, and as of 2014, NIKE.

Johnathan A. Rodgers – former President and CEO of TV One LLC prior to retirement. Rodgers, prior to his final role as CEO of TV One, served as the President of Discovery Networks, and held a number of executive positions at CBS Television Stations which include: President of

CBS Television Stations Division and CBS News Executive Producer. He currently serves on the board of directors of Comcast Corporation, and since 2006, has been a board member of Nike.

John R. Thompson, JR. – former Head Coach of Georgetown University men’s basketball team (72’-88’) and Head Coach of the 1988 United States Olympic basketball team. He is currently an Assistant to the President of Georgetown University for Urban Affairs and is a member of the Board of Governors of the National Basketball Association of Basketball Coaches and was formerly the President of the organization. Thompson was brought onto be a member of the board of directors of NIKE in 1991.

Competition

Adidas and Puma have always been competitive companies with Nike. “While the move was a calculated risk on the part of Nike, it wasn't the only brand interested in getting Kaepernick as an ambassador, with rivals Puma and Adidas reportedly among the companies looking to sign the athlete-turned-activist.” said Tyler Lauletta from Business Insider. Adidas has recently instead hired Donald Glover to sponsor their company where his partnership cost less money than a commercial with Nike’s Kaepernick. This can be a threat to Nike for many reasons, especially with Adidas’ partnership with someone who isn’t as much of a controversial public figure. With Glover recently featured in the release of Childish Gambino's "Feels Like Summer" cartoon music video, Adidas used his cartoon image from the video to announce their partnership. This also hurts Nike because of the business tie with a music artist in addition to actor Glover. With Puma’s fairly recent partnerships with various NBA athletes this summer, their company’s representation of sponsors and diversity is an advantage against Nike’s campaign as well. In July

of 2018, Puma has signed the first and second pick NBA drafts, Deandre Ayton and Marvin Bagley, in addition to the 14th and 16th picks, Michael Porter Jr. and Zhaire Smith, along with Rudy Gay. “The last NBA athlete to represent Puma was Vince Carter, back in 1998.” said Forbes’ contributor Leigh Steinberg. Having partnerships that are newly active to the company since many years ago looks better on Puma’s side than it does with Nike’s recently released sponsor. Although Puma is not as big of a competitor with Nike or Adidas, their company now has an upper hand of some sort on Nike because of this. Clearly, both Adidas and Puma are threats to Nike right now with this up rise.

Media Coverage

Kaepernick’s partnership with Nike has cost 43 million dollars in media coverage since the announcement on Tuesday. Media coverage was free for the first 24-hours after releasing this campaign and the numbers still stand far beyond what the company had anticipated. Clearly, this is a negative aspect of media coverage, in addition to various Tweets and other opinions from companies and representatives such as none other than Donald Trump himself. “Just like the NFL, whose ratings have gone WAY DOWN, Nike is getting absolutely killed with anger and boycotts. I wonder if they had any idea that it would be this way? As far as the NFL is concerned, I just find it hard to watch, and always will, until they stand for the FLAG!” tweets Trump. For those who stand with Trump, his influence on the media is beyond a competitive company to Nike and hits their company with a strong stance on where they stand as consumers. On the other hand, some positives to this campaign do remain in many ways as well. As Kaepernick may come off as disrespectful or unpatriotic to a mass amount of people, the message that the former NFL player believes in still stands. For years, Kaepernick has protested

against police brutality and the racism that has occurred in the field. With his partnership with Nike, he remains loyal to the message that is being sent to the public. “Believe in something even if it means sacrificing everything.” the campaign reads. This message is clearly genuine to Kaepernick as he continues to fight for his rights and many others, all while staying completely true to his campaign. Although the media may not particularly like it, the man is a living breathing representation of what Nike’s campaign was created for.

Organization Media

This campaign has exploded the media the last two weeks with various press releases, news stories, videos on social media platforms, and many tweets, both positive and negative, from many relevant figures in our country including president Donald Trump. Although Kaepernick’s beliefs have remained the same for many years now, the Nike campaign itself has blown out of proportion to the point where it has been exploited and opinionated by the mass media.

Problem Statement

Upon introducing the 30th anniversary campaign of "Just Do It", Nike has brought about a great deal of controversy surrounding the campaign, because of the open and wholesome support Nike has committed to the polarizing icons and gifted athletes that are paving the way for future voices of athletes across the globe. Nike is sending a clear and concise message to the world: dream a crazy dream, believe in that dream, and stand by that dream with a complete disregard to doubt and adversity. The campaign is very thought out and is being delivered exactly as it was intended; therefore, the problem to solve is advancing the campaign message and reduce the amount of backlash Nike receives.

Mission Statement

“To bring inspiration and innovation to every athlete* in the world.

*If you have a body, you are an athlete.”

Goal

Advance the campaign message and reduce the amount of backlash Nike receives.

Assumptions

- The interview held with Fox News will be a fixed cost, and is representative of the cost of executive hours, cost of air time and various costs attributed to the set-up for the interview. Altogether, it is estimated that it would cost \$1.5 million to ensure a favorable and fair interview.
- Nike intends to employ Double Dragon PR Firm to maintain and run the social media profile following the interview.

Research

When developing the strategies and objectives a PR campaign wishes to fulfil and address, what first must be understood is the source of opposition and the reasoning of opposition upon which your campaign is rooted in. And, when dealing with issues that revolve around social injustices and the means with which people attempt to combat those forces of injustice; it is important to recognize why people are opposed to the ways in which people combat social injustice.

First, the source of the disdain and the set of beliefs that support that disdain must be outlined such that it may be addressed throughout the course of the campaign. This can be done through various methods of observation, such as using “Meltwater” to identify the key terminology that is associated with negative interactions through social media, and how they coincide with the key topics that are discussed in news articles. This research will provide key understandings as to how groups of individuals are opposed to the advertisements and messages being created on Nike’s behalf, but more importantly, it outlines the speaking points for all interactions to follow.

From the research that was done in order to understand the reason why people were upset with the campaign and advertisements, the key individuals or groups responsible for the dispersing of such information is collected as well. With a firm grasp on who is saying what, and incidentally why they are saying such things, you come to an all-around understanding of how they are dispersing the information and the channels through which that information is spread. With the “who”, “what”, “when”, “where”, “why”, and “how” defined and carefully cultivated, a position of preparedness is most certainly obtained.

Objective

Disseminate the position and reasoning behind the company’s involvement in the controversy (**action**) to people who support opinions which challenge those of the featured athletes (**public**) over the next twelve (12) months (**time frame**), to facilitate a reduction in negative social interactions and articles (**behavior outcome**) by 75 percent (**measurement**) and advance the campaign message.

Strategy

Exhibit (**verb**) the devotion of Nike to the featured athletes and their legitimacy.

Disseminate (**verb**) the alignment between the mission of Nike and the message of its athletes.

Audience

To properly ensure that there is a reduction in the volume of negative social interactions and news articles published in the media, there are two key audiences of interest. The first audience of importance to this campaign are the employees of Republican and Right-Wing news stations and freelance writers with similar alignment. These individuals are typically Caucasian men, even though Caucasian women are a significant group within the overall group. They have professed alignment with the Republican Party of the United States, and maintain occupations within the journalist field, and are a part of the middle and upper-middle class.

The second audience of importance to this campaign is the individuals who have professed opposition towards the messages of the featured athletes of Nike's "Just Do It" campaign in honor of its 30th anniversary. These individuals, who obtain much of the information upon which their system of beliefs is built, from the media outlets aforementioned. The individuals mentioned have political alignments which resonate with the Republican party, are Caucasian in race, and are aged primarily in ages of 45 to 54 and 65+.

Key Message(s)

- Nike is fully committed to its customers and its athletes.
- Nike is committed to ensuring the world is a better place for every athlete.
- Nike believes every athlete can get better, in every way.

Theme

A better world for better athletes.

Tactics/Tools

To convey the message of Nike's commitment to its athletes, and the alignment of Nike's mission with its athletes and their messages, it is important to search for a spotlight and to fill that spotlight with a key figure who can leave an impact on a broad audience. To fulfill that key figure, Mark Parker, the company's CEO, will need to hold a feature interview with a prominent anchor or journalist from a Republic news outlet, with Fox News being the outlet in mind. Parker, who joined Nike in 1979 and became CEO in 2006, is the perfect individual to hold such an interview due to his in-depth understanding of the company due to his involvement, which allows him to properly convey the intended messages. By holding the interview with a Republican news outlet, it demonstrates the willingness of Nike to face opposition when it presents itself, and Nike is intent on establishing firm understandings of its position on the subject and why they maintain that position. To ensure a fair interview is conducted, talking points upon which Nike and Parker wish to expand on will be established, such that there is an equal amount of unknown and known questions throughout the interview. The overall goal of the interview is to communicate the reasoning behind the position that Nike has taken with its athletes, and exactly what that position may be. Furthermore, the interview gives the Nike executive the chance to outline the ways in which Nike is able to influence the world, and everyone in it in a positive manor.

During the time leading up to the interview, it is important to establish a concise social media profile which focuses on “The 30th Anniversary of ‘Just Do It’ campaign”. The purpose of the account leading up to the interview will be to distribute information regarding the original advertisement itself, distribute information from news sources and from social media sources to convey the ideals of the messages Nike is sending, and prepare the audiences with opportunities to initiate conversations about Nike or with Nike. Following the interview by Fox News with Mark Parker, the profile will serve as a distributor of information including: sound bites and clips from the interview, relevant and congruent information from social media and news sources as they coincide with the interview, and serves as a center for efforts put forth by the company to continue to deliver the messages of the campaign and of its athletes. Its final form resonating as a cemented platform for the “crazy dream” of Nike and it’s featured athletes.

Calendar/Timetable/Budget

Evaluation

Using the Meltwater system, the volume of negative engagements and articles during the first month following the introduction of the advertisement campaign will serve as the base volume upon which a reduction is expected and sought after. Through the use of the social media platform, and utilizing its analytics function, the effectiveness of the platform will be able to be tracked on a minute or large scale. With the social media platform in place, it represents an open forum of dialogue between the company and a combination of the media outlets who have

produced negative articles and the individuals that have contributed negative social interactions.

This ensures that an optimal volume of interactions is maintained, such that the progress of the impact of the campaign may be conclusive.

At the conclusion of the twelve-month campaign, analytics should demonstrate a reduction in negative social interactions and articles by 75 percent, each. There should be a spike in interactions in regard to the interview, which serves as the point which separates the times of analysis. The interview should serve as the catalyst which sparks a significant decline in negative social interactions and news articles, and as such, the interactions following that interview will be monitored in expectation of a successful campaign.