

CASE STUDY 2.1

Nike Shifts with Its Environment

Nike, one of the world's most iconic brands, raised concept selling to a whole new level when it first rolled out its Niketown stores back in the early 1990s. Fast forward 20 years and Nike is once again incorporating new ideas into its retail concept—but this time it goes further than the brand “experience” and zooms in on its customer relationships.

The redesigned stores are smaller than the traditional Niketowns, while still hooking customers with a broad range of products covering its key categories of basketball, football, running, soccer, training, and action sports. But that's just the beginning. Responding to evolving technology, customer values, and other aspects of its marketing environment, the stores offer additional innovative components that are at the heart of the interaction with customers.

One is called Nike+, a \$29 device developed in partnership with Apple that connects running shoes to wearers' iPods and iPhones, and gives users feedback on distance, pace, calories burned, and other data. A Nike+ station is positioned next to running shoe displays, and running enthusiasts can join the Nike+ Run Club to take part in organized runs, get expert training advice, and even try out new Nike footwear.

Another interactive component is Nike iD, which lets customers personalize apparel, shoes, and equipment to individual or team specifications. Using the Nike iD in-store computers, customers can select their desired colors, materials, and other elements for more than 115 styles of goods. The customized products are sent to consumers in about three weeks, although customers who want only logos, names, or numbers applied can have this done while they're in the store. This customization lets Nike stand out from competitors, and has proven to drive consumer sales.

Participating in the community is another aspect of Nike's aligning with its environment. Its debut store

redesign in Santa Monica, California, for example, features mannequins sporting the uniforms of local high school teams, and a schedule of local runs is featured on a chalkboard in the dressing room area. In its revamped flagship store in London, where football (soccer) is king, it added a state-of-the-art football boot fitting machine that allows players to steam-mold boots to their feet, as well as an embroidery service for customizing football boots with names, flags, and numbers.

Nike expects the concept of the new store with its more personalized approach to customer demand to be the wave of the future and an important portion of its retail network, which is set to increase with 250 to 300 additional stores by 2015. Noted Tim Hershey, Nike's vice president and general manager of retail, “The difference here are the experiences. It is beyond just the product and the transaction. It is about how we can create relationships with the customer.”

Sources: Rachel Brown, “New Nike Concept Focuses on Customer Interaction,” *Women's Wear Daily*, August 12, 2010, p. 18; and “Niketown London Unveiled as the World's Largest Nike Store Following Striking New Redesign,” press release, November 8, 2010.

QUESTIONS

1. From what you can tell by reading the case plus other information you know about Nike, how has each element of the company's microenvironment contributed to its development of the new stores and their innovative features?
2. What is the influence of the various components of the macroenvironment on the company's present situation?
3. Concerning current social attitudes and values, do you believe Nike is on the right track in its approach? Why or why not? What additional suggestions would you offer the company?