



COLIN KAEPERNICK
AND NIKE



Timeline

- 2011: Nike and Kaepernick first signed their endorsement deal.
- 2016: National Anthem protests started due to issues related to police brutality
- Kaepernick did speak with other veterans and former NFL players before he chose to take such a public stance.
- Kaepernick left his contract in 2016 and chose to continually be a voice toward social issues that he believed in.
- Nike renewed their contract with Kaepernick and then released this ad.
- Kaepernick was also involved in a lawsuit with the NFL for collusion

Background Information

- Marketing Mix:
 - High quality athletic apparel and accessories sold online, in stores, and through a selective distribution network
 - Slightly premium pricing compared to other brands, pay for the brand name
 - Utilize influencer marketing, digital marketing, and advertising through commercials and billboards
- Target Market:
 - High focus on brand loyalty, marketing towards younger athletes to create lifelong customers
 - Large segment of male consumers, but have put focus on more women's products and targeted marketing towards them
 - Typical consumer age ranges from 18 to 40, with a very large marketing focus on the younger portion of that audience (25 and below)
 - No single customer race/ethnicity accounted for more than 10% of Nike's overall sales in the last year, proving that the company has a very diversified market

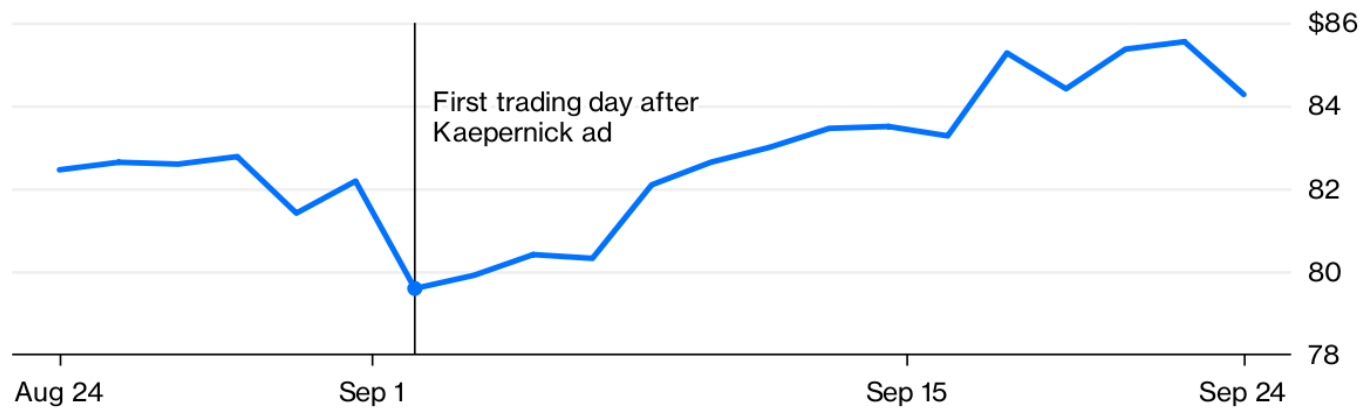
How Nike's market fits with Kaepernick

- % of people who are against anthem/flag protests based on age group:
 - 18-29 – 38%
 - 30-49 – 50%
 - 50-64 – 63%
 - 65+ - 63%
 - Old angry white guys (segment most against protests) are not a core demographic for Nike
- 62 percent of people ages 18 to 34 believed that athletes were “doing the right thing” when they protested by kneeling during the National Anthem
- Two-thirds of consumers (66 percent) say it's important for brands to take public stands on social and political issues
 - Majority of Millennials (60 percent) are belief-driven buyers

Just Do It

After briefly dipping in the wake of the debut of the Kaepernick ad, Nike shares have risen and recently hit an all-time high

■ Nike Inc.



Source: Bloomberg

BloombergOpinion

Initial Financial Response

- Stock price down 3.2% after 1st day
 - Shared hit all time high the following week (\$83.90)
- Sales increased 31% from day before ad to day after ad
 - Can partially be attributed to Labor Day weekend shopping trends, but 2017 Labor Day only saw 17% increase
- \$43 million in media exposure that was either neutral to positive during the days following the ad's release

Initial Social Media Response

- “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!” -- Donald Trump
- Nike added roughly 170,000 Instagram followers around the timing of the release of its ad campaign
- One survey showed that many people planned to boycott Nike. A survey conducted from 1400 people via social media a week after the ad was released.
 - 25% of people stated that they will boycott Nike products , only 18% of this group were Millennials.
 - 12.1% were Democrats, 50% were Republican, and 25% were Independent
 - 36.5% stated they would boycott due to a family member in law enforcement
 - 37.3% indicated that they would boycott due to a family member in the military

Further Implications

87.67 USD +0.92 (1.06%) ↑

Closed: Sep 12, 7:39 PM EDT · Disclaimer
After hours 87.87 +0.20 (0.23%)

1 day 5 days 1 month 6 months YTD 1 year 5 years Max



Open	87.10	Div yield	1.00%
High	88.07	Prev close	86.75
Low	86.22	52-wk high	90.00
Mkt cap	109.75B	52-wk low	66.53
P/E ratio	35.22		

- 67% of Nike's customer base is younger than 35
- 10 percent jump in income to \$847 million, driven primarily by strong revenue growth (End of Qtr.)
- Nike's stock is up more than 50% in the past year, and up 134% in the past five years (September 4, 2018)
- Growth after event: 8% in Latin America, 13% in Europe, and 16% in China
- Current Stock: 87.67

Other Ethical Controversy

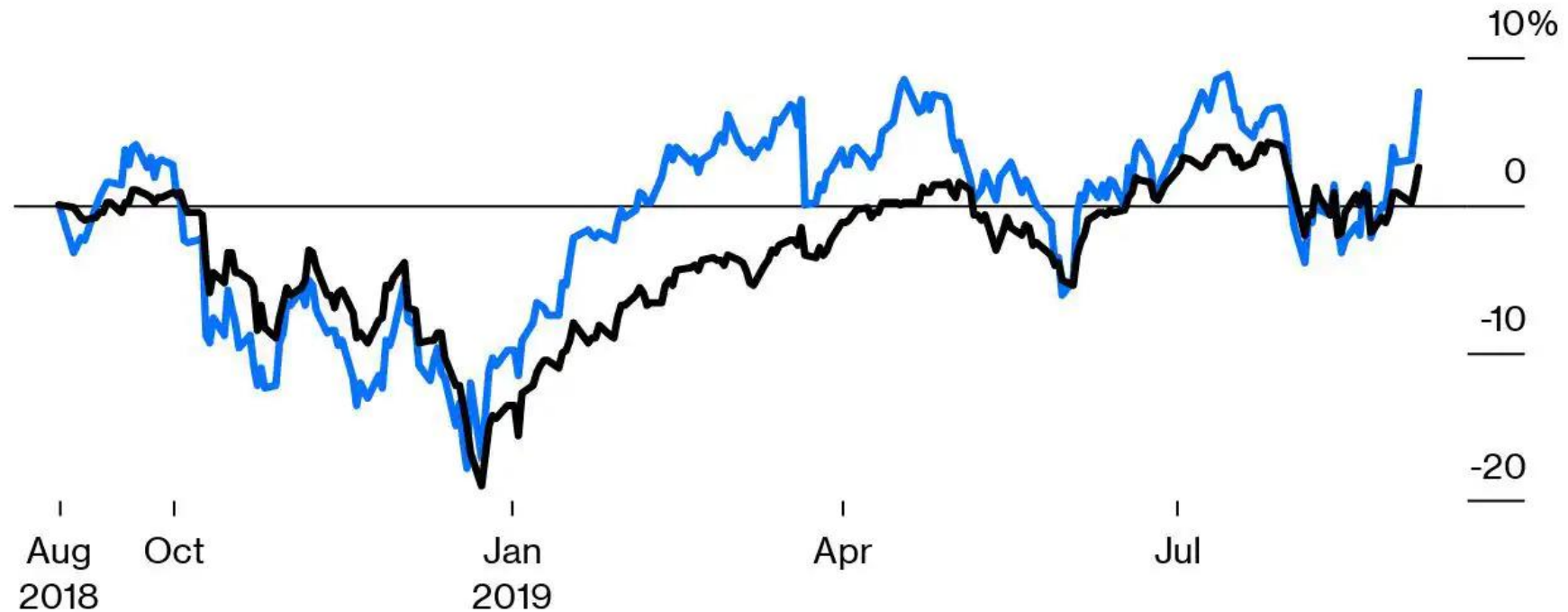
- Nike Air Max 1 – Betsy Ross - 13 white stars to represent the first 13 colonies for July 4
- Kaepernick influenced that the shoe was linked to slavery
- Impact to Nike business relations -
 - E.g.-Arizona Governor withdraws all finance dollars (Roughly \$1 million) towards new Nike factory because of shoes being pulled
 - "American businesses should be proud of our country's history, not abandoning it." -Doug Ducey, Arizona Governor
- Is the shoe Patriotism or Racism?



Still In the Winners' Circle

Nike shares are up nearly 8% since the last trading day before the debut of the Kaepernick ad

■ Nike Inc. ■ SPX Index



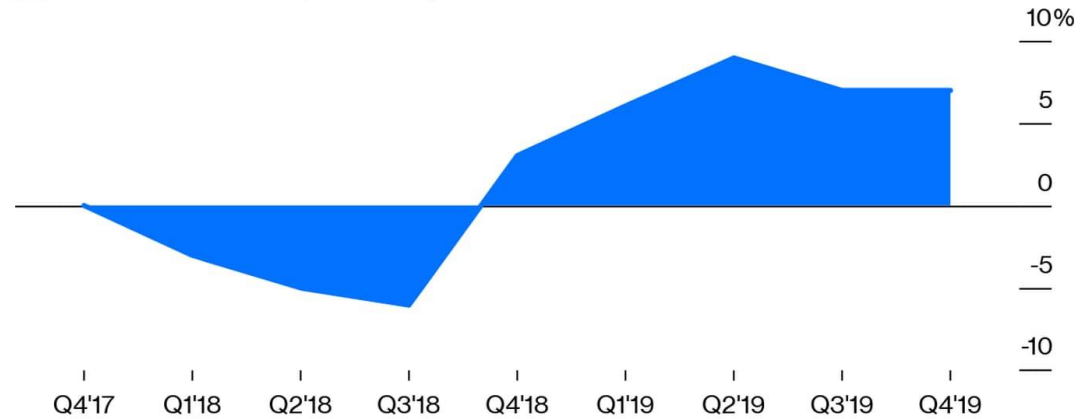
Source: Bloomberg

BloombergOpinion

Home Court Wins

Nike recorded healthy sales growth in its home market in each quarter of fiscal 2019, an improvement from the previous year

■ North America revenue, YOY change



Source: Bloomberg

BloombergOpinion

Was it successful?

- Yes
- "Nike was the most popular style in 81% of those store checks, up from 67% during the back-to-school rush last year," (Halzack, 2019).



Corporations and Social Justice

- Depends
- "64% of consumers around the world will buy or boycott a brand solely because of its position on a social or political issue," (Edelman, 2018).
- Be careful of alienating

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