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# Losing a Step, Nike Seeks to Regain Its Edge

By [STUART ELLIOTT](#)

Lost in the middle of a debate last month over a [Nike ad that congratulated Tiger Woods](#) for regaining his ranking as the world's No. 1 golfer was that people were talking about a Nike ad.

The ad, which quoted a phrase Mr. Woods often uses in declaring, "Winning takes care of everything," was castigated by critics for appearing insensitive, implying that the negative publicity about his personal life could be erased by victory on the golf course. "Nice message that you are sending to children," a commenter wrote on Facebook.

It was once common for consumers to express excitement about the latest marketing efforts for the athletic footwear and apparel sold by Nike. The company filled an advertising hall of fame with energetic, confident, often cheeky commercials that became so popular you only had to refer to them by repeating the slogans, which became cultural catchphrases: "[Gotta be the shoes](#)," "[Chicks dig the long ball](#)," "[You don't win silver, you lose gold](#)," "There is no finish line" and "I am not a role model."

But recently, it seems, Nike has had a harder time standing out amid the clutter, bringing out fewer ads that are widely deemed hot, or cool.

Experts in branding, sports marketing and advertising suggest several reasons for that.

The first is that so much of Nike's early success was "driven by delivering performance to the best athletes," said Paul Swangard, managing director at the James H. Warsaw Sports Marketing Center at the University of Oregon, "and Nike hitched its wagon to that earlier and better than anyone." Case in point, the long-term, lucrative relationship between Nike and the basketball star Michael Jordan, whose charming performances in innumerable ads helped sell billions of dollars worth of sneakers and clothing, even inspiring the company to develop a sub-brand that bears his name. More recently, however, as with Mr. Woods, Nike keeps signing athletes who become better known for problems than prowess.

"When it works, you get your Michael Jordan," Mr. Swangard said, but "what's at issue is whether the recent missteps with several athletes" — including Mr. Woods, Lance Armstrong, Kobe Bryant and Oscar Pistorius — "call into question their ability to vet the athletes and judge the market."

Davide Grasso, vice president for global brand marketing at Nike, who has worked for the company since 1993, acknowledged the effects of what he called “a great time of change.”

Nike is on “a journey, a long-term journey for the brand,” Mr. Grasso said in a phone interview on Friday. “As we continue to grow in size, it’s important we stay connected. If you take away the toys and the noise, it’s about having a relationship.”

Asked if he was nostalgic for the past, Mr. Grasso turned — appropriately, perhaps, for a Nike executive — to star athletes.

“Is Pelé better than Messi?” he asked, referring to the soccer stars Pelé and Lionel Messi, then, switching sports, he added, “It’s difficult to compare John McEnroe and Roger Federer.”

Nike is now a behemoth with \$24 billion in annual sales rather than an upstart that famously used unconventional marketing tactics to gain attention and favor. Nike spent more than \$3.2 billion to run ads in major media from 1995 through 2012, according to the Kantar Media unit of WPP, including \$115.7 million last year, an increase of 20.2 percent from \$96.3 million in 2011.

“The maturity of the brand creates an inherent challenge because you’re no longer the new kid on the block,” said Mr. Swangard, and as a result Nike executives “run the risk of being the victim of their own success.”

Allen Adamson, managing director of the New York office of Landor Associates, a brand and corporate identity consultancy, said: “The bigger the brand, the harder it is to stay trendy and current. It’s hard to be cutting edge when you’re established.”

Nike’s sheer longevity as a top-flight marketer points to another struggle: demographics. The consumers who loved its products, and ads, in the 1980s and 1990s are now older, while consumers who are younger — the age group most likely to discuss ads — perceive Nike differently.

The 2013 loyalty engagement survey conducted by Brand Keys, which specializes in brand and customer loyalty consulting, found that among athletic-shoe brands, Nike ranks second with consumers ages 45 to 65, third with consumers ages 25 to 44 and fifth with consumers ages 18 to 24.

“It’s good news, bad news,” said Robert Passikoff, president at Brand Keys. “Nike is a leader, but it’s ubiquitous; the swoosh is on everything, and people just look past it.”

“Is there a sentient being who doesn’t know the Nike brand?” he asked rhetorically. “But knowing the Nike brand is different from being engaged with the brand.”

As Mr. Adamson put it, “No matter how well Nike’s doing, if your dad’s wearing Nikes, maybe you don’t want to wear Nikes — no matter how cool your dad is.”

Another problem facing Nike is that the way the brand speaks in ads is no longer that novel. Many marketers now emulate the company’s irreverent, assertive tone and tack.

“Nike really revolutionized the sports advertising industry, and sports, especially, is a copycat industry,” said Steve Smith, a sports lawyer who is a partner at the Bryan Cave law firm. “You see somebody doing something that works, you’ll do it, too.”

“It’s a tribute to Nike,” he added, “but I’m sure it puts pressure on Nike and its advertising agencies.”

Some brands that emulate Nike, like Adidas, Reebok and Under Armour, are also its competitors. Others, like ESPN, Old Spice and Red Bull, are in different fields.

“A lot of brands have learned from Nike along the way,” said Jez Frampton, global chief executive at Interbrand, the corporate and brand identity consultancy. “Companies like Red Bull have done a good job adopting what Nike has done.”

As a result, he added, it often appears that Nike is “competing against itself” — a perception perhaps deepened by the involvement of Nike’s creative ad agency, Wieden & Kennedy, in creating campaigns for brands like ESPN and Old Spice.

David Schwab, senior vice president at Octagon First Call, a division of Octagon, the sports and entertainment marketing agency, agreed that Nike “absolutely competes against a brand like Red Bull” for “that moment in the consumer’s mind.”

Mr. Schwab praised Red Bull as among the brands that are “getting smarter about how to reach people,” citing its sponsorship of [the highest and fastest sky-dive on record](#) by the daredevil Felix Baumgartner. A [video of the stunt](#) on YouTube has been watched more than 33.5 million times.

“There is tone-of-voice convergence” between Nike and other brands, Mr. Grasso of Nike said, making it “much more difficult to catch people’s attention.”

If there is a perception that Nike’s marketing efforts have lost some of their novelty, innovative products like Nike iD (where customers can design their own shoes), Nike FuelBand and Flyknit running shoes have recently helped Nike improve its financial performance. For instance, gross margins in the fiscal third quarter, which ended on Feb. 28, rose for the first time in two years.

And like all marketers, Nike is coming to terms with the biggest shift in the landscape: the

fragmentation of audiences, and media, makes it difficult to get the proverbial “everyone” discussing the same ads at the same time as was the case decades ago.

“Fifteen years ago, people could have been reached primarily with TV, print, out of home and radio,” Mr. Grasso said, which represent “a fraction” of the media they consume now.

Here, Nike has excelled, uploading to YouTube big commercials for big events like the Olympics and the World Cup and maintaining a major presence in other social media like Twitter, where Nike has more than a million followers, and Facebook, where more than 12.6 million people “like” the brand.

In fact, the ad last month that congratulated Mr. Woods appeared as posts on Facebook and Twitter rather than television or print ads.

“Nike is evolving, figuring out how to market to consumers in this new age,” Mr. Schwab of Octagon First Call said. “It’s not just about the 30-second commercial.”

And Mr. Frampton of Interbrand described how his son, age 15, “spent roughly an hour over the weekend on a Nike Web site, building his own Nike iD shoes.”

