



MARKETING STAR



Phil Knight: Reinventing Sports Marketing

[By Anique Gonzalez]

What comes to mind when you think of the phrase “Just do it”? How about when you think of a red swoosh symbol? If you think of Nike, it’s proof that Philip H. Knight successfully executed his objective when he created, branded, and began marketing his now-multibillion-dollar athletic-shoes company nearly 40 years ago.

While at the University of Oregon, Phil Knight was a middle-distance runner coached by former Olympian Bill Bowerman. Bowerman, who possessed an undisputed zeal for athletes and a penchant for innovation, imparted these qualities to Knight. After graduating with a bachelor’s degree in business administration in 1959, Knight went on to attend Stanford University, where he was given an assignment while working on his M.B.A. that would change not only his life but also the global athletic-shoe market.

Reminiscing about the assignment, Knight said, “That class was an ‘aha!’ moment. First, Shallenberger [Knight’s professor] defined the type of person who was an entrepreneur—and I realized he was talking to me. I remember after writing that paper saying to myself, ‘This is really what I would like to do.’” His goal was to provide better-quality shoes for prices that were lower than those currently being offered by the market leader at the time, Adidas.

In the early 1960s, as a result of his studies, Knight started a shoe company, Blue Ribbon Sports, with Bowerman. Knight negotiated a contract with Japanese shoemaker Onitsuka Tiger and began selling his athletic shoes out of the trunk of his van at high school track meets.

As time progressed, Bowerman strove to create more innovative designs, and Knight wanted more control over the product. In

1972, Blue Ribbon Sports officially became Nike when it re-debuted during the Olympic trials. Shortly thereafter, the company signed renowned runner Steve Prefontaine to endorse the brand, an agreement that would shape the future of Nike and the sports-marketing arena.

However, many would argue that the transition did not truly begin until the 1980s, when Nike signed a college basketball player named Michael Jordan. The relationship was mutually beneficial. Nike promoted Jordan, and Jordan promoted Nike.

Nike, and Knight in particular, changed the way that athletic shoes were marketed in two ways. First of all, the company struck major endorsement deals. At the time, these agreements helped to bring sports stars to a new level of prominence in the eyes of the American public. They were no longer merely individuals who played sports; they were heroes...especially Michael Jordan, whom many considered the best basketball player to have ever played the game. Jordan was the dominant force in the sport at the time, and that translated directly to the Nike brand.

Nike’s endorsement strategy relied heavily on branding that placed extreme emphasis on the images associated with the brand. Kids didn’t just want the shoes Nike was selling; they wanted what the shoes represented. With a pair of Nikes came an aura of dominance and success; the shoes served as status symbols.

In fact, they were so highly regarded that some kids committed crimes so that they could buy them! Nikes were no longer just the shoes you wore when you were playing a pick-up game or going for a run. They were the shoes you needed to have even if all you were going to do was sit in front of the television and watch your favorite show.

To understand the impact that Nike had on the athletic-shoe landscape, take this into consideration: before Nike redefined the market, the average teenager owned one pair of sports shoes; today, the average boy owns 10. Knight was able to ensure that a pair of Nikes wouldn’t be seen as a luxury item but as a necessity.

The substantial efforts employed to positively brand Nike correspond to the second way Knight changed sports marketing: he focused extensively on advertising. The company’s advertising was unique in that it not only promoted the brand but also strove to create top-of-mind awareness. Consider Nike’s taglines: “It’s gotta be the shoes,” “Bo knows,” “Just do it,” and “Live strong.” These cannot be uttered without “Nike” following them, even if it’s only in your head. And that was the goal.

Developing considerable brand equity not only helped Nike gain market dominance but also helped to sustain it during periods of intense controversy. Several human rights organizations alleged in the early 2000s that



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Nike utilized sweatshops in China, Vietnam, Indonesia, and Mexico to manufacture its products. Books were written, documentaries were filmed, and many anti-globalization and anti-sweatshop groups called for boycotts of the brand.

Knight responded by reorganizing the company's management structure and hiring outside organizations to manage finances as well as apparel. The tide eventually subsided, and Nike went on to achieve even higher levels of success. In 2006, revenue for the company reached nearly \$15 billion.

And the company continues to expand. In addition to shoes, Nike now has several other product lines and companies. After creating the successful Nike brand, Knight harnessed its positive connotations and used them to create additional sub-brands. He understood the importance of building on a brand's equity and emotional ties in order to grow.

Despite the fact that Knight resigned as chief executive in 2004, his company, influence on the athletic-shoe market, and impact on the field of marketing continue.

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