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Name GEOFFREY A.J. ALLEN.

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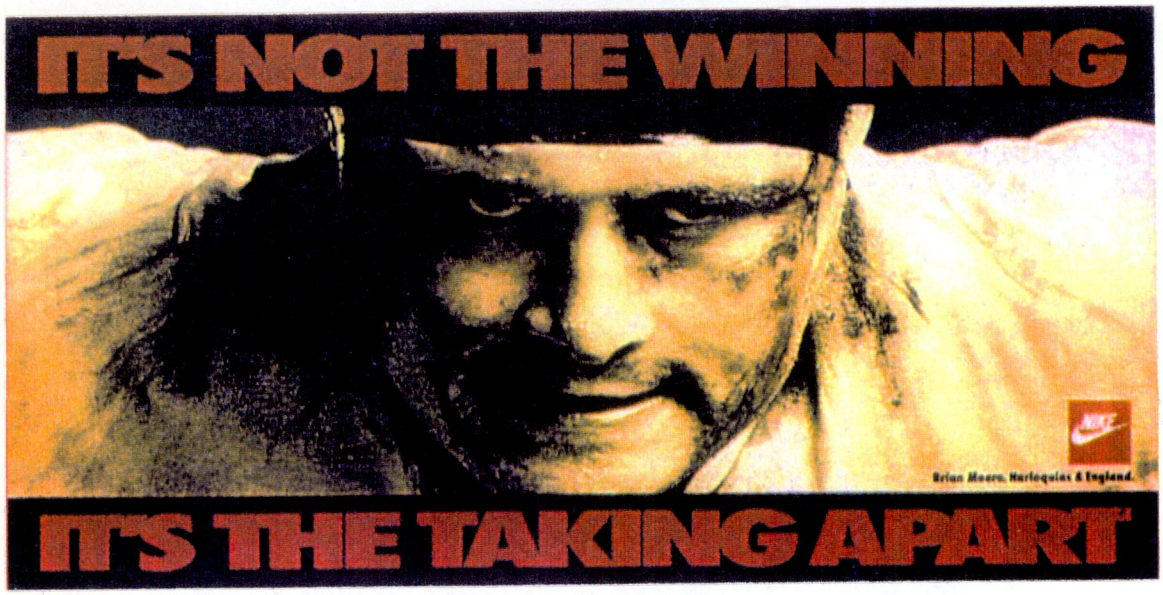
Contents

List of Plates



Brain Moore

Harliquins and England hooker.

Moore's attitude personifies Nike

corporate policy.

Introduction

The United States, land of the free and home of the brave, has always been at the frontier in the entrepreneurial world, it is the country that gave the world the Rockerfellers and the Gettys. It is where a good idea, combined with a lot of determination can get great results. This thesis will look at one of these individuals, Philip Knight, and his contribution to the world's markets, Nike. How in only a few decades he managed to steer Nike into the nation's top 100 companies, making him a billionaire along the way, and giving us the Nike brand. We will analysis some of the factors that were involved in putting them at the top. The thesis itself is broken into three main chapters, and a conclusion.

The opening chapter will be looking into the rise of Nike. From it's earliest days as Blue Ribbon Sports distributing for Tiger in the Western states, to the setting up of the Nike brand in 1972. We will see how Philip Knight set about ousting Adidas from the number one spot in the States, only to suffer the very same fate from their contemporary company, Reebok. Then bouncing back with some innovative promotion campaigns and products.

In chapter two we will discuss each of the terms; logo, product, brand and image in detail, how each developed in relation to Nike. How the logo developed from a simple sketch by a company employee to one of the most desired logo in the world. How the product came from a simple prototype sole to the world market leader in athletic footwear. How Nike built up their brand from scratch to the no. 1 brand in such a short space of time. Following their image through a number of innovative deals and endorsements, combined with some advertisement campaigns, enabling them a market premium on their product.

It will also look at the various campaigns that Nike have run, from their original "there is no finishing line", the Mikey and Spikie series, right up to the Air Max™ 1993 campaign at the moment. We will study how their innovative campaigns and their copy lines have captured the viewing public's attention. How they brought in such talent as Jean-Luc Goddard, David Cronenberg and Spike Lee just to make some of their advertisements. How they have been running against they're competitors in cheque

book battles for the world's leading athletes. Sponsoring the hard men of the sports world, John McEnroe, The English Rugby team, Bo Jackson and of course Michael Jordan and now "Mr. Angry" Ian Wright. How they get subliminal exposure on regular television slots such as "The Fresh Prince of Bel-air" and "Question of Sport" and cinema exposure as in "White Men Can't Jump" and "Boyz 'n the 'hood", keeping up their high profile with the youth markets.

Chapter three will involve an analysis of Nike's investment in the college basketball circuit and how it led them to spot future talents, like it did with Michael Jordan. How they worked with Jordan on the development of "the finest basketball boot in the world" and in conjunction with their advertising campaigns, how they brought the range up to global cult status, as the biggest selling pair of sports footwear ever. It's effect on the various gang cultures and lower class ethnic groups in the United States inner cities, as the gangs with their expensive sports uniforms and their 'Gangster Rap' code of ethics caused mayhem on the streets. As sporting companies set aside more and more each year for their endorsement budgets, last years number 1 college draught choice, Shaquille O'Neal* signed a contract for $27 million over 7 years with Orlando Magic; the Black social pressure groups like Build and Push# claim that this is causing the disadvantage youths to aspire to something that is unattainable. This in return means that these youths are neglecting other aspects of their lifestyle, like their education, causing even more social turmoil in the inner cities. We will see both the positive and negative points and Nike's current position on this highly sensitive issue.

*"The mad, mad, mad, mad world of American sport ." pg. 24.
#Push is a based group, founded by Jesse Jackson ,they led a boycott of Nike products on the grounds that they exploited Black youth

The conclusion will involve an analysis of the current situation of the corporation in terms of market share, market position and identity. Where it will be going in the future and a contemporary statement in terms of Nike a design classic of the '90's.

Chapter 1: Corporate History.

By all accounts "Buck" Knight was an irrelevant person, the type of person who sat at the front of the class and went home at six o'clock after sports. Born 1939: Philip Hampson Knight was born into an upper middle-class family that resided in suburban Portland, Oregon. His father, William Knight, had been a state representative and was then the publisher of "The Oregon Journal". William was a staunch Republican and so a path through the best of the local public schools, followed by college, was inevitable for his son. After graduating from High School in 1955 Philip "Buck" went to the University of Oregon, in Eugene.

Running was the state sport in Oregon and throughout the years it had produced many class distance athletes. It was here, in Eugene, that Knight developed his interest in running. The head coach at the University of Oregon was a certain Bill Bowerman, one of the top coaches in the country. Here, under Bowerman, Knight was a member of the four-man team that set the national record for the four-mile relay.

After graduating from the University of Oregon Knight opted for a career in business rather than law, which would have been following in his father's footsteps. He entered Stanford School of Business. One of his professors there at the time remembers

*"Phil is not one of the people whom you would say is most likely to make the Forbes 400".**

*iii. "Swoosh; The story of Nike and the men that played there.", pg. 12

While at this School Knight had an idea: He was an athlete and the beauty of this sport is that the only required a pair of trainers to compete. Knight saw that there was room for improvement in this market. Adidas, the German giant, was the market leader at the time but its trainers were expensive and supply was very erratic. The way that Knight viewed the situation was that if the Japanese were able to copy German technology in the field of cameras (as they had done with Leica cameras, turning them into Nikon cameras) if the same principles were applied to track footwear field it could have potential. By having the correct product, with Japanese cheap labour and a good distribution network

Photo of Nike founder

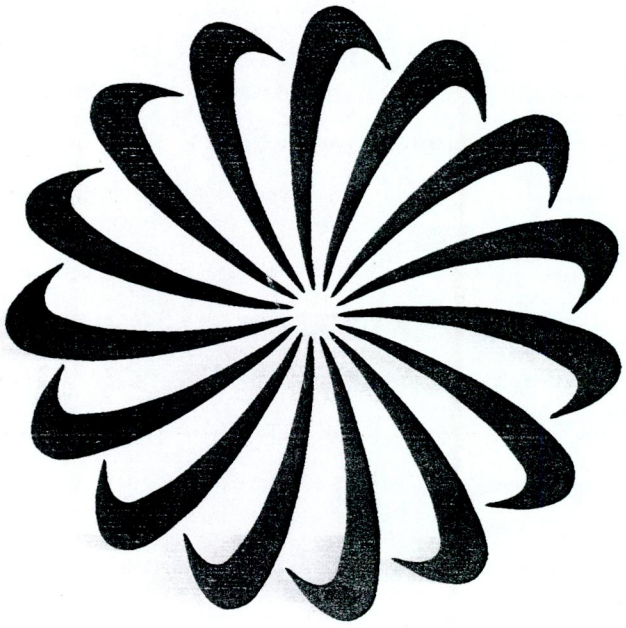
Philip Knight

in the States, he estimated on selling some 20,000 pairs of footwear a year - mostly, he foresaw, to the high school and college markets on the West coast. Whilst attending Stanford and writing a project on this enterprise, Knight envisaged his theoretical product on Dyrol Bureleson, a former team mate and one of the country's first sub-four milers. By not only envisaging Bureleson wearing the shoes but ideally with him also promoting the shoes, he could combine all with a 'live' saying:
*"Catch me, I'm Dyrol Bureleson"**
and every kid in the state of Oregon would want to own a pair of these trainers. Neither his fellow students nor his tutor could remember this paper of Knight's. Years later, Knight looked back and said "I was determined when I wrote that paper that what I wanted to do with my life was to be the best track and field shoe distributor in the United States". Thus began the story that would eventually lead Knight and his brainchild to the top of the world's corporate league.

*iii. "Swoosh; The story of Nike and the men that played there.", pg. 13

Knight finished college in the Spring of 1962. He decided he wished to see some of the world first before settling down. He sold his car and bought himself a 'plane ticket to Hawaii, where he got a job selling securities over the telephone. He remained working at this for six months and then he took the 'plane and again headed West. Armed with a copy of "Instant Japanese", Knight arrived in the Land of the Rising Sun, Japan, in mid-December. He was immediately impressed, here he was interested to find imitation Adidas brand shoes complete with three stripes. These shoes were manufactured by Onisuka Co. The brand name was Tiger. By the time he was leaving Japan he had met with Onisuka Co. to initiate trading. Knight told them that he was setting up a new track-shoe distribution chain and told them that he had chosen their brand for it's superior quality. When asked what company he was with, he quickly said "Blue Ribbon Sports" and so was determined his future company's name. At their meeting he gave Onisuka $37 and requested them to forward some samples.

As soon as Knight returned to the States he settled into a steady job with the Accountants, Cooper & Lybrand, he then contacted the "Tiger" people inquiring about his samples. They wrote



Original Clothing Logo

as designed by Jeff Johnson

for his promotional T-shirt.

back to him and said that they already had a distributor on the East coast and would wish him to limit his distribution to the West coast, to which he duly agreed.

Knight now recalled that his former coach had an interest in shoe technology so he telephoned Bill Bowerman and arranged a meeting. At the meeting they both agreed to put $500 each into a company. It was also agreed that Bowerman would offer design ideas, endorse the shoes with coaches he knew and test if the product came up to standard. Knight was to handle all the financial operations and the day-to-day running of the firm. In keeping with their company's decision, Knight placed an order with for 300 pairs of runners, for which he paid $107 in February 1964. He eventually received this order, on condition that he recognised that only the thirteen western states was his territory. He set up office in the basement of his family's home in Portland, Oregon. His sister acted as the company secretary and his cousin to act as the company's lawyer.

It was now into the year 1965 and Blue Ribbon Sports had taken into its employment it's first employee, Jeff Johnson. He was an athlete who was anxious to acquire some extra cash for himself.

By the turn of the decade Knight himself had resigned from his position with Cooper & Lybrand and his company had passed its first $1 million annual sales. The next major problem he had to overcome was the financing of the stock, so he brought in a Japanese trading company to do just that. At this stage B.R.S. was spending no money on advertising. Its promotions were done in the form of a free T-shirt with each sale and it employed athletes as sales representatives.

The early seventies saw trouble brewing in that Knight Blue Ribbon Sports' sales had dramatically risen. This made Onisuka want to expand quickly, thereby requiring a vast amount of capital, which B.R.S. could not at that time afford. Onisuka unknown to Knight, drew up contracts with other distributors which were due to come into force when B.R.S's contract would

The Original Nike logo

as designed by Carolyn Davidson

for the new stock coming

in from Nippon Rubber .

cease in May 1972. Knight, suspecting such moves by Onisuka, approached Nippon Rubber, in Tokyo, to supply his company. Both firms found out about these devious plans and commenced court proceedings against each other. Therefore when the contract ran out in May 1972, their relationship terminated.

Knight now had the problem of what brand to sell, as Nippon Rubber would be able to supply him with shoes. The next problem that now faced Knight was what logo he would use to sell his company's goods. To overcome this he called together his main management team and a local Portland art student, Carolyn Davidson. Knight requested Davidson to produce a logo that would combine "support" with "movement". Davidson could not foresee how this could be done as, in her opinion, the words had conflicting meanings. In addition to this request, Knight also wished to have an item with three stripes, like Adidas who was the market leader. Eventually they compromised on a chequered logo and pencilled in the name "Dimension Six". There had been a strong sense of urgency about all of this because in a day's time Nippon Rubber was due to dispatch their first shipment and Blue Ribbon Sports had to have their name and logo completed. At the eleventh hour Jeff Johnson, came up with the name, "Nike". He had read somewhere that all great brands had short names with exotic letters: for example, Xerox, Zippo and Kleenex. The word "Nike" appeared very appropriate as it is also the name of the winged Greek godess of victory, and fit well with one of the proposed logos Davidson had come up with. the logo was a swoosh that could represent the winged feet of Nike. The following day,when Knight heard the final suggestion, he said:
"I guess we'll go with the Nike thing for now.
I really don't like any of them but that's
*the best of a bad bunch".**

*iii.
"Swoosh; The story of Nike and the men that played there.", pg. 129

Knight was now in a position to contact Japan so he ordered 6,000 pairs of their "Nike" trainers, the minimum number required by Nippon Rubber. At the very outset trading was made difficult for Knight and his new suppliers. A dock strike was called for the ports on the West coast and this meant they were unable to receive their new "Nike" trainers by sea. however,

The rise in the public attention
to brands, gave us the Nike logo
as we know it today.

Knight decided he must fly in an order, at a cost of $145,000. This was a great financial burden on the company, and it a fiscal year 1972. as a result B.R.S., in the first year of the "Nike" era, made a loss of $87,000.

Other important things occurred within the company during the year 1972: for instance, it signed up it's first endorsement. The world of athletics was very anti-endorsement at this time, but most of the leading athletes were taking bribes from the leading opposition companies, such as Adidas and Puma.

Jeff Johnson's promotions were breaking the ice in the athletics field. However, a free T-shirt with each pair of trainers could only go so far. Knight wanted to move into other sports. Johnson had been suitably impressed by two professional tennis players at the time, a young seventeen year old, Jimmy Connors, and a Romanian, Ille Nastase: Knight opted for the latter, though Johnson suggested getting the two at a cheap rate, as they both worked from the same agent. Nastase wasn't the all-American hero. He was bad tempered and nick-named "Nasty", but he suited the budget at $3,000. On reflection it was the first step in a market campaign that would turn 'hard men' into anti-establishment figures that sold running shoes.

Knight's next wish was to expand into the huge basketball market. For this he would have to bring in a free agent, because:

- *it was outside the expertise of any of his staff.*
- *it was not white man's territory.*

John Phillips was born and bred in the black suburb of Oakland, San Francisco. A dedicated basketball player, he moonlighted for Puma, when he didn't make it to the N.B.A. To help fulfil Knight's wishes he decided to recruit Phillips, who knew the inside workings of the pro-circuit. He came up with the concept that Nike would choose ten players and pay them $2,000 each and a share in a pool that Nike would provide with commission on sales, at ¢20 per pair of basketball boots. The deal also included two weeks in a country club in Oregon. These men would became known as the Nike Pro Club.

Bill Bowerman,

Knight's college track coach

and Co- founder of Nike.

In the first year projected basketball sales quadrupled. Nike had it's toe in the door of one of the nation's biggest and, what would be, a most important market. Throughout the next couple of years, as the running boom continued, sales were doubling annually. There was a big swing in the social consciousness of the American public as their thinking went from 'society to Self-conscious. People were becoming more and more aware of brands. Nike needed more endorsements.

In the summer of 1977, a small-time basketball promoter, Sonny Vaccaro, approached Nike with the suggestion that the spiralling costs in Pro-basketball were not justified. Nike should get into the potentially lucrative college circuit ahead of it's competitors.

The National College Athletics Association forbade companies giving free shoes to college players. Vaccaro convinced Knight and his associates that it would be alright to sponsor the college coaches for their summer recruiting camps. The theory behind this was that if a player was using the product as he moved up the ranks he would gain brand loyalty. For his first year Vaccaro was budgeted $25,000,-which contrasted to the $28,000 just for the Pro Club field trip. Within two years Vaccaro had fifty of the country's top college coaches under contract, on a budget of $90,000 compared with $350,000 for pro. basketball and $250,000 for tennis. This policy continues to be highly controversial even up to the present day, and we will deal with it in more detail in a further chapter.

Dodger Stadium, 1977: A Peanut vendor, Bill Frishette was working days in the Athletic Department# in Westwood, Los Angeles. He embarked on a crusade to get pro. baseball players to wear Nike footwear. Eventually Bill Frishette was made Assistant Manager in the store adjacent to Hollywood. One day Frishette gave a pair of Nike shoes to a child who was appearing in some movie. Word of mouth spread rapidly in Tinseltown and soon Nike was all over Hollywood:- Happy Days, Starsky and Hutch and The Six Million Dollar Man; even The Incredible Hulk had a pair customised for himself.

#. Nike's retail outlet

Nike's 1993 proposed advertisement campaign here in the British Isles.

Frishette eventually put to extra good use his evening job at the Dodger Stadium by advancing into the changing rooms there. Soon he had some major stars using Nike products but not yet endorsing them in game, by 1980 Nike were on the feet of baseball's M.V.P.# and on the cover of "Sports Illustrated". next target, pro-football.

#. Most Valuable Player

Unlike baseball players, who play 162 games in the average season, football players play 16 games in the regular season. With this theory in mind, Nike decided on sponsoring just a number of important celebrities rather than vast numbers of rank and file. Careers in football also last an average of 42 years, by comparison to 10 + for baseball*. Nike signed Best college player, Heismann trophy winner and San Diego charge quarterback, Dan Fouts.

*. In pro. football tapping is widespread: this is when a player uses his own favourite brand of footwear but removes the logo, replacing the logo of the company who pays the most'

By the end of 1977 Knight's 20,000 pair-a-year sales had become an 100,000 pair-a-month reality. Nike was fourth behind Adidas, Converse and Puma but sales were rising. Knight's dream had always been to be the No. 1 in the States. Adidas and Nike were both private companies and so were under no obligation to disclose their financial state to the general public. At this time, however, Knight's right-hand man, Rob Strasser, and his credit controller, Jan Moodha, met Horst Dassler, son of Adi Dassler, the shoe maker and owner of Adidas. Dassler accidentally divulged that a good line of Adidas shows was doing 100,000 pairs an a year. Nike's "Waffle" trainer was doing 100,000 pairs a month. Nike was growing.

About this time a small-time inventor, Frank Rudy had approached Nike with a new idea for an air-sole§. After a trial, Knight agreed this had potential. At first the air-sole was in an in-liner format. Then the R & D (Research and Development) section came up with the solution to place it in the midsole of the shoe. It was agreed that the airsole had best be manufactured in the States, as the Eastern countries - be it Japan or Korea, where they already had plants, would possibly break copyright. Nike set up a new section to produced midsoles in Exeter, New Hampshire. The American factory produced product was costing over $3 each

§. The first idea of an air-sole was patented in 1890. Since then over seventy different patents had been sought.

Peter Moore ,

The man behind Nike's corporate

identity programme, photographed

here with Michael Jordan.

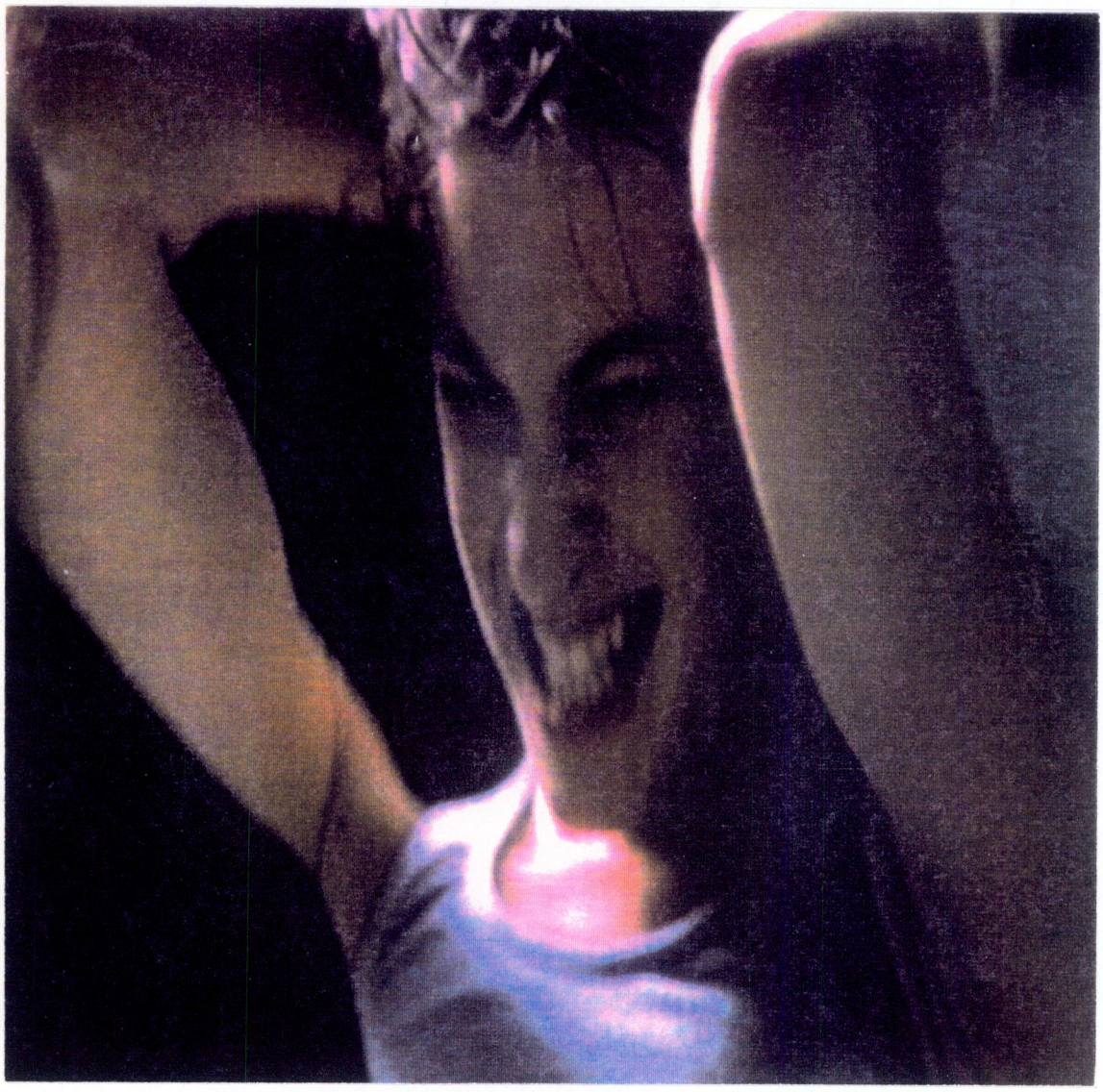
more than the identical import would cost and which was in fact was of much better quality#. The first airsole was produced on the 31st October 1978. The result was the most expensive running shoe ever manufactured, retailing at retailing at $50 a pair. They were named "Tailwinds". The first 230 pairs were sold out within twenty-four hours of being shipped. "Air" became a registered trade mark. Disaster struck this produce because "Tailwinds" tore apart, uppers from the midsoles, due to the fact that they were painted in silver paint which shredded the fibres. In spite of this catastrophe there were over 500 entrants in the Boston Marathon of spring 1979 who wore "Tailwinds", some of whom had theirs repaired with tape. Nike then changed the fabric but alas the damage had been done. Nike felt obliged to issue a statement saying: *"Anybody who wished could return their "Tailwinds " and receive a no-questions-asked refund"**.
Approximately half of the consignment was returned.

#. Due to america laws certain plastics weren't allow in domestic manufactured goods.

*iii. "Swoosh; The story of Nike and the men that played there.", pg. 359

Nike was at this time also going through an identity crisis. Peter Moore was a consultant designer who was brought in to advise and give fresh thought to their designs. He suggested a logo that would adapt to their footwear, their advertising and to their proposed clothing division. He suggested to do away with the previous sunburst of swooshes, which was the one that Johnson had developed for printing on the free T-shirts. Moore preferred to bring in just one individual swoosh. Having spent $2 million on promotion in that year, the committee rejected Moore's proposal, however Knight, on hearing Moore's case, immediately appointed him in charge of Corporate Image and Moore then re-drew the logo that we acknowledge today.

In 1980 Nike went public and, with its excellent track record, it was very lucrative stock. It paved their way for its next major assault - to become No. 1 in Europe. It could readily obtain capital but brand building proved slow now that they were on Adidas' native turf. The first target was the U.K., chosen because they spoke the same language and was about 20% of the size of the American market.



Woman's aerobics market

ignored by Nike initially.

Then Reebok crept in.

June 1981 was a lucky month for Nike. Wimbledon was held that month and one of Nike's favourite sons, John McEnroe, toppled the six times winner, Borg, whilst wearing their brand. In combination with this achievement they also signed the cricketer, Ian Botham, who during the summer of 1981 had singlehandedly won "The Ashes" back from Australia. Botham's image was just what Nike wished for to launch their brand.

1981 was also the year that gave Nike, Art Director. Dan Wieden, and Copy Writer, David Kennedy , a start that was to give Nike, some of the greatest advertising campaigns in print history. Weiden & Kennedy started operating on the 1st April,1981. Reference will be made to some of their material in following chapters.

The company was concerned that by late 1982 it seemed apparent that the crest of the wave had been ridden. Nike sales for the previous quarter had a 1% rise, so they had another indifferent quarter. Twenty million pairs of shoes in stock so C.E.O.[§] Knight launched a major cost-cutting campaign: they had 32 factories and out of that he closed down six; he cancelled the National Basketball Association Pro Club trip, together with some other measures.

§. Chief Executive Officer

1983 had been visualised to be the first $1 billion year for Knight but now that goal was vanishing. A new enemy appeared on the horizon in the name of Reebok. Their target market was women - aerobic women. These women didn't want the restrictions of breaking in tough athletic shoes. *From $300000 in 1980 to $12.8 million in 1983**

*iii. "Swoosh; The story of Nike and the men that played there.", pg.503

With only one model, Reebok had seen the same flaw as Nike had a decade previous. On achieving No.1 Nike lost the will to innovate, instead they concentrated on maintaining the sports markets, rather than finding new ones. The probable explanation for why they entered the aerobics market one year behind Reebok, was due to the fact that they had no previous experience with the housewife/young women market because, in fact, they didn't even have any women in senior management.

A poster playing on Jordan's

ability to "fly."

Nike made an outburst and decided to spend heavily on the forthcoming L.A. Olympics in 1984. They brought in a specialised advertising firm from L.A., Chiat/Day to promote their products at the games. They went all out to get the top American athletes like Carl Lewis and Mary Decker, who only managed to get limited returns. Even official sponsorship of the Games had been whipped up by Converse at a mere $5m. A performance clause cost them a fortune when the Eastern Bloc countries, led by the Russians, decided to pull out of the Games a mistake that cost Nike over $2m. Their N.B.A. pro-contracts were costing them a fortune. Their college basketball scout, Sonny Vaccaro, was about to come up with a solution.

Vaccaro had been following the career of a young player from University of North Carolina. Most of the pro contracts were expiring at the end of this year so Vaccaro suggested that instead of paying ten new contracts at $50,000 each, they pay one of $500,000 to a 6ft 6ins college player "who could fly"; this was the then unknown Michael Jordan. The major difficulty here was that North Carolina was Converse's back yard but Jordan was 'born and raised' in Adidas shoes.

A brilliant package was put together to woo Jordan, but it was his parents who were very impressed with the offer, all that Jordan wanted was a car. Nike were offering him a range of clothing and with his own shoes plus royalties, and $3m. over three years*. Jordan then asked Adidas if they would match this offer from Nike. Adidas told him $100,000 or nothing. Bob Strasser, the Head of Marketing, told the shareholders about the offer but they seemed to accept the fact that they were on a sinking ship. Nike laid off 10% of its staff at headquarters,in the States. The bad news was that 1985 looked worse.

* This remains the third highest contract to a rookie in the NBA.

In October 1984 Jordan played his first pre-season game for the Chicago Bulls and his new boots were red and black. The N.B.A. told Jordan that if he wore his new shoes for the regular season he would be fined $1,000, $5,000 for the second infringement and for the third infringement his team would forfeit the game. For the first game Jordan came out wearing ordinary Nike

The Air Jordan™

fan club logo.

Hi-tops. Nike had told Jordan that they would cover any of the fines and, behold, for the next game Jordan arrived in "Jordans". The Chicago Journal wrote:

"Michael Jordan is not the most incredible, the most colourful, the most amazing, the most flashy or the most mind-boggling thing in the N.B.A. .....but his shoes are".[*]

Chiat/Day produced an ad. for a 30 sec television commercial saying: *"On the 15 of Sept. Nike created a revolutionary new basketball shoe. On Oct. 18 the N.B.A. threw them out of the game. Fortunately the N.B.A. can't stop you from wearing them. 'Air Jordans' from Nike".*[#]

[*]iii."Swoosh; The story of Nike and the men that played there.", pg. 564

[#]iii."Swoosh; The story of Nike and the men that played there.", pg. 564

This was the kind of adverse publicity that Nike thrived on. "Fortune" magazine ridiculed Nike for signing Jordan for $3m in their November issue and on the 13th of November Jordan scored 45 points in a game. Sellouts ensued for the Bulls, the Jordan range was a sellout as soon as it hit the shelves. Figures for 1985 showed that -

NIKE had 28% of the market share, but falling;
REEBOK, who's sales were now at $300m, had 13%, but rising fast; CONVERSE and ADIDAS propped up the table with 8% each.[§]

[§]iii."Swoosh; The story of Nike and the men that played there.", pg. 576

A great campaign for the Jordan range had reduced stocks from 22m to below 10m pairs, but nevertheless Reebok were fast heading for No. 1 and in early 1986 the meteoric rise of Reebok had toppled Nike. However, all was not gloomy because due to the amount of cost cutting that had been carried out things started to improve - Nike share values increased. 1986 was Nike's first $1billion dollar year but this still remained a bitter pill for Knight to swallow, he was worried about his company[•].

[•]. The mid 80's as the time of the hostile takeover, an asset stripping process which was staring Nike in the face.

By this time the Company reckoned that Nike required to produce a new product, the Jordan range would not last forever. They set about to develop an all-purpose shoe that would be correct for use on the road, on the street, or in the gym. The finished product was a more robust shoe than Reebok's equivalent Nike pushed this new shoe on the grounds that it was lighter and tougher than the oppositions. They called this line the "CROSS TRAINER".

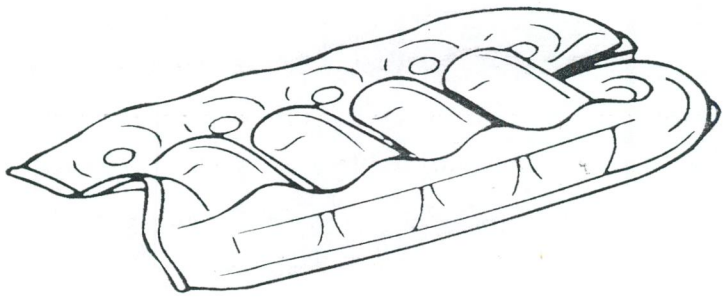
The 1993 Air Max™ version.

Towards the end of march, 1987, 600,000 pairs of the "Cross Trainer" were pre-sold, this combined with the second generation Jordan, which Nike had developed with Jordan himself. Word on the street was that the new Nike shoe was hot, and Reebok had now peaked their wave. Nike's next production on their conveyor belt they christened "Air Max". When it was finally launched Adidas, the old arch rival, admitted that it was the first time a product impressed their R & D teams. 1987 also saw the signing of a new sportsman, Bo Jackson, a Heismann trophy[§] who opted for playing baseball with the Kansas City Royals. Jackson would go on to be a figure-head for Nike's revolutionary new shoe.

§
best college football player

The new generation "Jordan" range brought the advent of quality clothing to Nike. The new shoe retailed at $100 but it required clothes to match. For this designing Moore returned to a photo of Jordan dunking and just silhouetted it. The range went on to sell over $250 m a year, ten times the target sales.

The renewal of Jordan's contact came up in 1988. Nike signed him to a contract that would see him in NIKE shoes, for the rest of his career, in return for a reported $20 million a year. By 1990 Nike's basketball market alone had returned to some $500million. Nike was back at No.1.



Nike's Air™ cushioning unit,

Their version of Rudy's concept.

Chapter 2: Logo, Product, Brand & Image. Product

The perfecting of product in relation to it's use was always a number one priority for Nike . The obvious reason why Nike became a product orientated firm is because it was involved initially with a market where technical merit is all important, this combined with the fact that most of their initial employees were athletes and sports people who had first hand experience with the products. In the athletic footwear market the key equipment is the shoes. Athletes will, of course, wear shoes on technical merit rather than fashion.

Bill Bowerman, coach and tester, was one of the pioneers of the tartan track#. He was always looking for the perfect training shoe and had developed a number of handmade prototype shoes. It was Bowerman who shared the financing with Knight for their initial investment in "Tiger" shoes, when they set up Blue Ribbon Sports. His interest was in the R&D side of the business and therefore when Nike parted company with Onisuka, in 1972, It was Bowerman who went on to developed the "Waffle" trainer. Having surmounted a few teething problems with the Waffle shoe, it started to record fastest times on track for some of the athletes. Testing proved that the Waffle sole in it's square format, reduced impact by up to 20%, whilst also decreasing torque produced when turning. The Waffle sole was Nike's first completely in-house developed shoe. It also brought with it attractive and comfortable extra details, such as dipped back tags§ and bevelled heels, giving extra comfort. This Waffle sole made complete Nike's first in-house developed shoe. Having principally ex-athletes in their employment, Nike had important attributes to put into the Research & Development side of the business. A comprehensive survey was carried out on foot morphology which discovered facts such as -

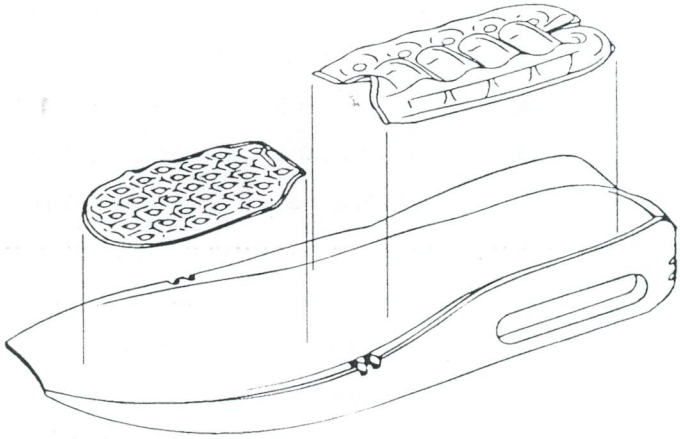
Impact from a basketball player is five times his/her body-weight on some returns whereas with a marathon runner his/her impact is twice their weight.#

The importance of new thinking in their industry was the cutting edge in the sports shoe market, so when a man called Frank Rudy arrived on their doorstep with a strange concept, Nike

Tartan is the name given to the rubber compound used on the surface of modern running venue.

§ back tags where the achilles tendon meets the shoe.

#Sports Research Review, Physical Tests,Jan/Feb 1990.



Modern midsole

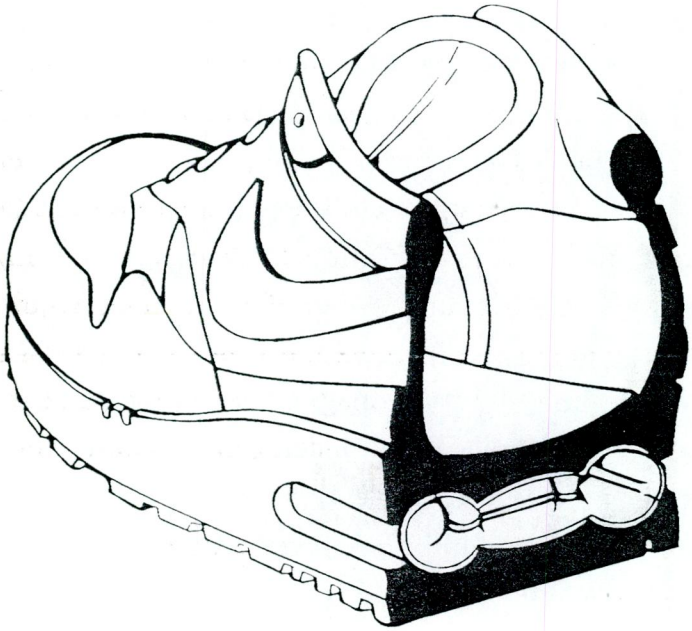
with it's Two Air™ units.

anxiously listened to what he had to say with interest, and realised it had potential.

Rudy had been an employee of the Californian aerospace industry but had now been laid off. He then had done some thinking and had come up with the idea that an air-liner would add extra shock resistance to footwear. It was a thought that the principal ski boot manufacturers, Head had listened, to but which hadn't any real impact into the ski footwear market. When it failed with the ski footwear people, Rudy then took his idea to Bata in Mexico. He was pleased that they developed the liner for use in everyday footwear. The liner itself was a polyurethane bag filled with air and inserted like a regular insole. Unfortunately the damaging affects of the Oil Crisis in the mid-70's resulted in Bata at spiralling costs resulting in them dropping this new development. Still endeavouring to achieve acknowledgement for his invention. Rudy travelled to another continent, Europe - this time it was to Adidas. They couldn't see any potential for the idea, so failure had struck again for this Rudy. However, while in Europe, Rudy heard mention of a company on the West coast of the States which was new to him. He returned home and directed himself to Nike's doorstep. Knight and Bowerman sat themselves down to study Rudy's idea and they saw it had potential, so they decided to develop it. Shortly after their work commenced on this device they decided to advance the original further by placing the air into the mid-sole, rather than as a liner. They developed a gas suitable for inside the urethane skin because the problem with ordinary air molecules was that they leaked the skin. When they launched the first Air-sole™ liner in 1978, it had limited success, but had great potential.

3. Ethylene vinyl acetate

The cushioning properties of a shoe are determined by the materials used in the construction of it. E.V.A.[3] is the standard mid-sole material used in the industry. The major problem with it, as with all other foam mid soles, is that repeated impacts break down the molecule structure of the foam, giving the all familiar "slide" on a trainer shoe. Nike's Air-sole™ units are made up from Phylon, an ultra light urethane skin containing specially developed gas, set at a pressure which is determine by the actual sport



Air max™ cross section.

at which it is being used in play:

e.g. *High pressure for basketball*
Low pressure for aerobics.

The molecular structure of the gas doesn't allow for breaking down, so the sole maintains its original form, with the inclusion of two windows beside the rear air unit which allow for greater compactation. By the patenting of this new sole Nike were the innovators in the area of USP*, a system since then we have seen Reebok introduce their "Hexalite™" system and their "Pump™" system. Adidas also followed suit with the introduction of their "Torsion™" sole. All of these patents are then used by the various companies to sell their shoes.

*. Unique Selling Point

It was the American companies willingness to split the market rather than produce a generic good, like their European counterparts Adidas, Puma and Dunlop, that ousted the Europeans from gaining any top position in the States.The various factors involved in each sport, whether it is track, aerobic, cycling, basketball, etc., determines the amount of 'cushioning' required in each of the types of shoe produced. It is possible to class the different sports according to the magnitude and the number of impact loads they produce and underneath is a description of their comparisons:-

Walking and Aerobics are exercise modes with
a relatively low intensity impact pattern;
Running has a large number of moderate impacts;
In a Marathon the average runner experiences over
25,000 impacts;
Basketball players receive the highest amounts of
leg shock and therefore need the most protection,
as they combine running with high load impacts.#

#Sports Research Review, Physical Tests,Jan/Feb 1990.

The better the cushioning system used by the shoe the less chance there is of shock-related injuries, such as stress fractures. Following the introduction by Nike of its cushioning system this has been the standard by which the others are judged.

Jumpman logo,

originally by Peter Moore.

Nike's product now has numerous variations of the one basic concept: their Jordan sub-brand was developed around this concept with the inclusion of many extras such as lace pockets, heel and tongue tabs; whilst their Cross trainer incorporates wider cushioning and increased "Foot-bridge™". Nike has used it's USP to the maximum benefit, making it No. 1 in it's field.

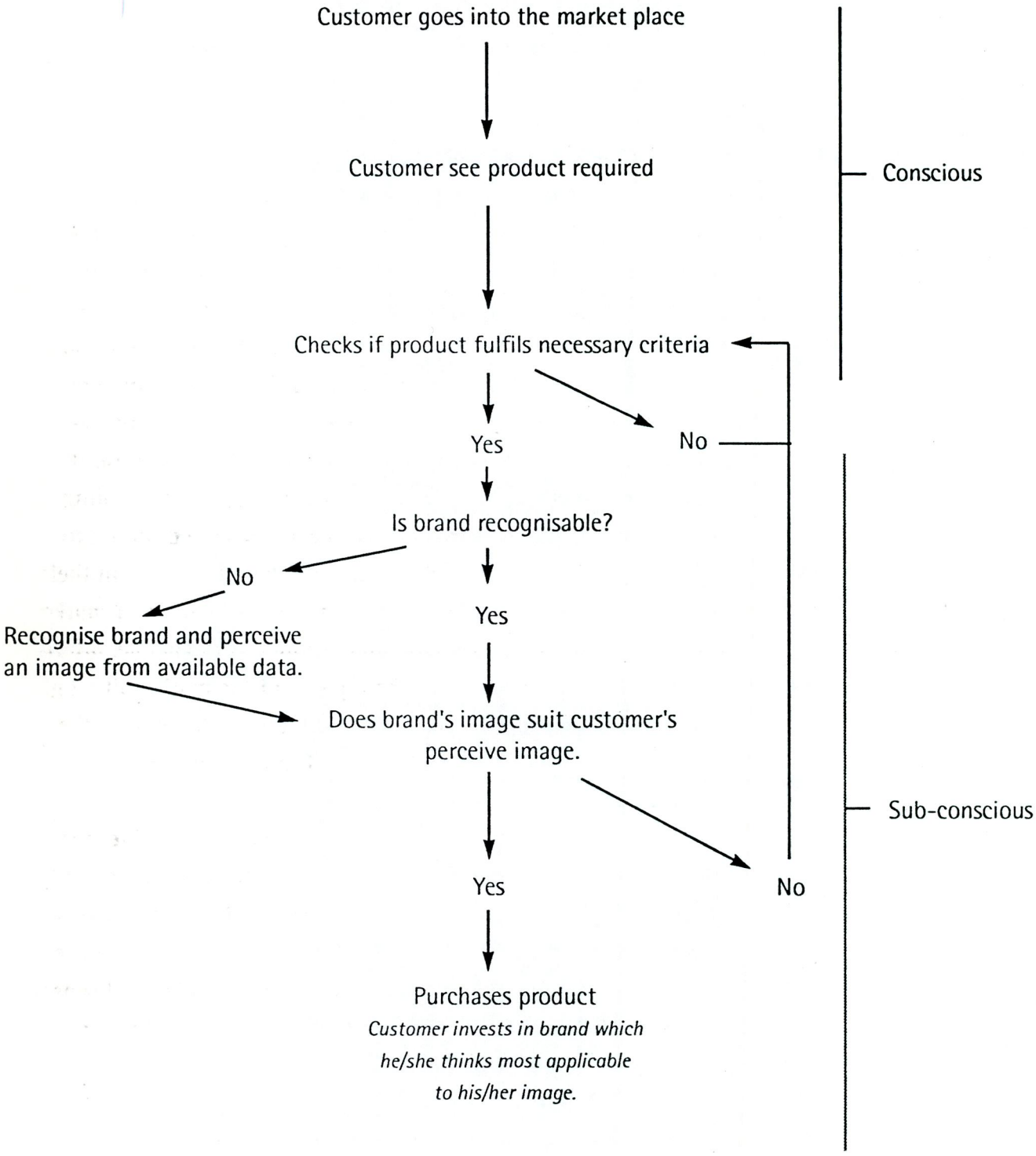
Logo

Nike's original logo was developed by a local art student, Carolyn Davidson#, and the original swoosh had the name superimposed in an all lower-case script. At that time Knight wished to have the name in lower-case so that it would reflect the trademark of the then No. 1, Adidas§.

iii."Swoosh; The story of Nike and the men that played there.", Pg. 125

§. Adidas' trademark is in all lower-case but will appear with capital to avoid confusion

Jeff Johnson employed a variation of the logo on earlier promotional clothing which consisted of the logo rotated, giving a flower effect. This was eventually done away with in 1979 when Peer Moore was appointed Head of Corporate Identity. Moore who had been free-lancing for Nike, had already been working on the identity, decided to re-draw the logo. He cancelled the clothing logo and introduced the italicised all caps., which were to appear on top of the swoosh. The only alteration to this came in the mid eighties when Nike realised the potential of their Airsole USP. They got Moore to introduced the word "Air" into their logo type. He set about this by placing the word underneath the existing logo, in an all caps format. This is the Nike logo we are familiar with today. The other logo used by Nike is that of their sub-brand, Air Jordan™. The name Air Jordan came about in conjunction with the introduction of "AIR™" into Nike's logo. In 1984, when Nike signed Jordan, it was Moore's task to build the whole identity for him. The initial Jordan logo had wings surrounding his name but for the second generation of Jordan gear, Moore developed an entirely new identity. The word "Air" was superimposed on the word "Jordan" to give the Air Jordan™ logo. Moore also came up with the idea of a symbol for Jordan. While shooting the annual report photographs, at a venue in the inner city projects in Chicago, one photograph stood out from the rest. It was the now famous "Jump Man™" image, which Moore silhouetted. It now appears on the Air Jordan shoe upper and on the sole. Interestingly, placement on the sole is one of the best places for



Flow chart of decision making process.

logo types, due to the fact that any foot print will leave a signature of the type of shoe worn. Very significant in the Jordan range'.

Brand

Nike's brand position has come about in a relatively short space of time by comparison with other mega-brands because in real terms Nike was only launched twenty years past. Probably the number one Sports brand in the Western world*. Brands are about recognition. The universally recognised brands have access to subliminal affect on consumers which is an important factor for repeat-purchase sales. Generally brands have been built up over long periods of time. However the consumer boom of the mid-eighties had consumers more in touch with brand names and the fashionable names climbed more quickly. It was the time of the Ray-bans, the Armani suits: some of these brands were fly-by-night; others survived and made good use of such an era. It was a time that Nike used to move into the major league sailing along with the likes of Coca-Cola, Mercedes-Benz and Marlboro all of which brands are perceived to be the market leaders in their own field. A major part of branding is to pick which target market best suits the product ones particular product: for example, inferior quality products do not suit the top end of the market although of course, branding is not only to do with the quality end of the market - a recent example of this is the Dunnes Stores issue.

*the number two brand in Eastern Europe, following on Coca-Cola was Adidas in 1989, *Ref.ii. "The Handbook of Brand Management,"*

When Nike eventually allocated some of their budget for advertising they used top quality right across the board, they did not compromise anywhere: altogether they employed top quality directors, chose top quality publications to appear in and choose top class athletes to endorse their products. This made good sense now that they had the money made to be in a position to invest in these areas.

Their main weakness as a corporation was their vulnerability to criticism about their target market. The Afro-American youth market is seen to be one of the poorer markets financially and are very open and vulnerable to a very good market for street credibility. Pressure groups have called on Nike to put money back into these inter-city communities, due to the fact that they

1. Coca-Cola

2. Kellogg's

3. McDonald's

4. Kodak

5. Marlboro

6. IBM

7. AMERICAN EXPRESS

8. SONY

9. Mercedes-Benz

10. Nestlé

List of Top 10 World Brands.

scource: Interbrand Consultancy
Handbook of Brand Management. pg.13.

are such a large percentage of their sales. The groups visualise Nike as pushing premium priced products at that part of society which is least able to afford them. We must consider, however, that (as in many other places throughout the World) these groups are only trying to highlight a problem that is being created by national, social and economic policies. clapping them on the back and saying a job well done. Their aspiration to become market leaders must have some negative points:Is Nike responsible for the actions of its consumers? If so, shouldn't Smith & Wesson be similarly responsible also.

Nike is a middle-of-the-road brand in that it is not a generic good, like whiskey or cigarettes, brands like Johnnie Walker & Marlboro . These do not have USP's and rely heavily on advertising and perception to stimulate sales. The opposite end of the scale are brands like Teflon and Gortex, which rely totally on their USP and their proven track record. Nike combines both of these: they are producing basically a generic good to which they have applied their USP and image, in order to stimulate sales.

The success of any brand is determined by three points:-
(a) It's functional benefits • does it fulfil the necessary criteria?
(b) Intangible benefits • this is where image and perception come into play, which is a major point for Nike.
(c) Benefits of the brand • these must be consistent and present a unified character.

Brands are a short-hand for customers allowing them to assess the products they require without complexity involved with modern purchasing. As global markets shrink, brands are becoming increasingly more important. Market leaders can demand higher profit margins show that in the U.S. market leaders return up to four times that of the No. 2 brand. In the U.K. it can be up to six times. Brands also have a much higher resilience during recession and price wars.

Modern brands, such as Nike, are now required to show their policy on a whole range of issues. These values are becom-

A promotional piece

for the new 1993 range,

it is a close up of Ian Wright's mouth.

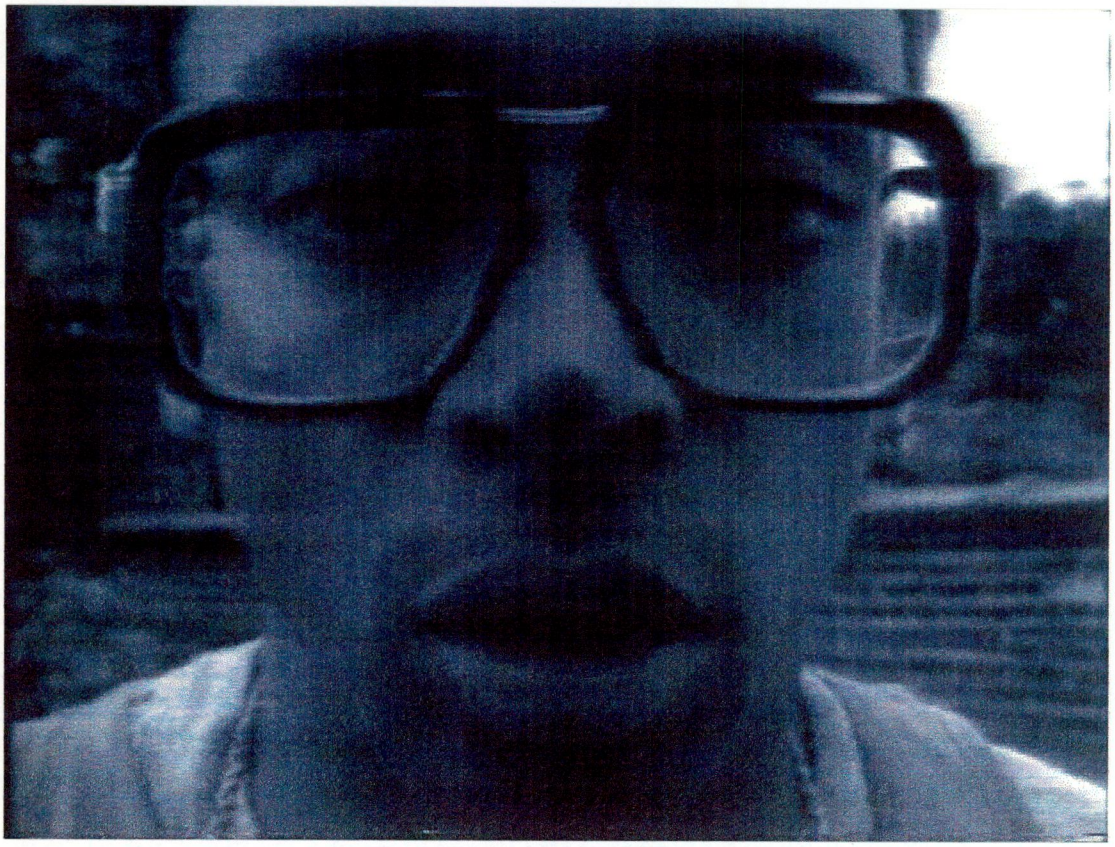
ing more and more important, as consumers become environmentally aware on topics such as Dolphin friendly tuna from John West. Issues such as racial discrimination play a major role in Nike's identity as a brand and will continue to do as long as it endeavours to remain at No. 1. Nike's image has always been that of a sport's footwear company managed by sportsmen and women. (The women joined their management in more recent years')

Image

Image is a combination of brand, logo, product and positioning. It starts at the superficial value and ends in the sub-conscious. Image is vital in modern markets. As basic products become more homogeneous in their appeal, product differentiation is becoming a smaller and smaller factor. At the most basic level one pair of shoes is the same as the next, add in a Unique Selling Point to one and then brand it with your company brand and add the right image to it and your result is a product that can command a premium price. However, unlike the logo and the product, the brand and the image are built over long periods of time in the market place.

Image has to incorporate the outside agencies that a company employs to project the necessary image. Image is how the consumer perceives a company. When Nike employs somebody to endorse their products they are also employing that particular person's characteristics. With Nike it was always a 'black or white' situation for they always wanted to be seen as being the champion of the underdog. Knight himself saw his job as a crusade, to bring quality sport shoes to America. The way he saw things was that America loved the anti-establishment character: the James Deans, the James Cagney's. Nike's image was to be one of passion with excellence.

Up until 1982 Nike had shopped out their promotion under the watchful eye of Peter Moore, their Corporate Design chief. In 1982 two men from a previous agency that had worked for Nike set up their own company, principally on the grounds that they would get the Nike account; Dan Wieden was a copy- writer and his partner, David Kennedy, was an art director. Together with



Spike Lee,

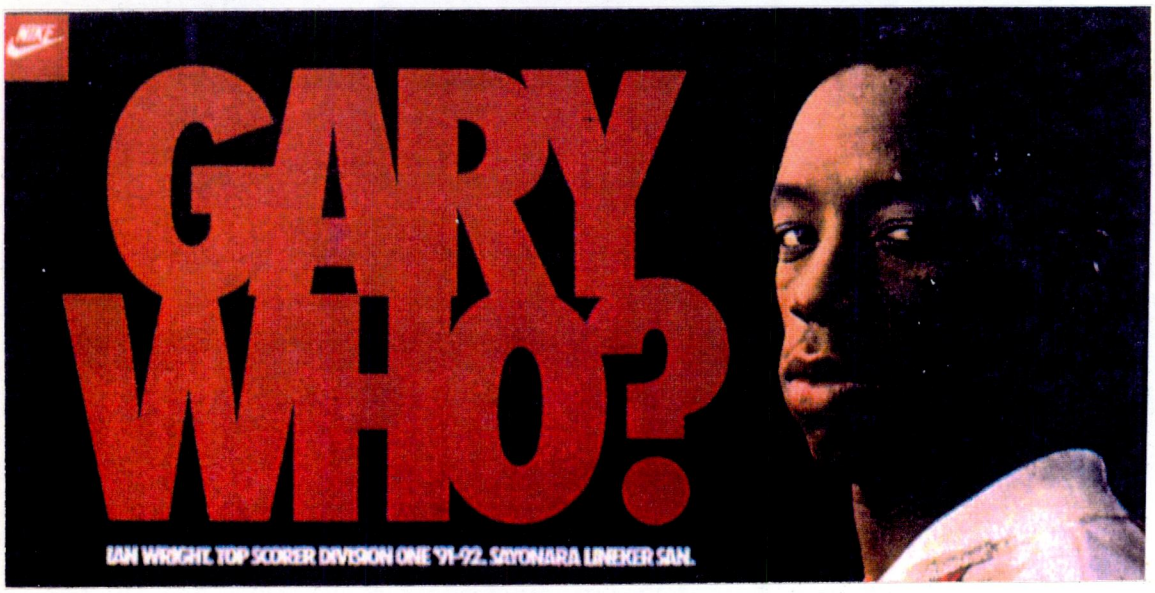
Black cult director.

Peter Moore, they set about launching one of the biggest image overhauls in history. Nike had started as a company selling copies of the leading brand, Adidas, so their image had to be up graded. The year 1981 had been a fantastic year for Nike: McEnroe won Wimbledon - record sales - they needed someone to bring up their image to match their standing. Wieden & Kennedy set about this image-building with a series of posters of their finest endorsee's with a simple copy line and a good photograph. They included:- The Dallas "Doomsday Defence", photographed in a cemetery, George "Iceman" Gervin from the NBA, sitting on a throne of ice, The Nike Pro Club, dressed in robes, "The Supreme Court". These posters were soon selling 30,000 per week.

The forthcoming Olympics, in Los Angeles, in 1984 meant that Nike had to take on another agency, specially for the Games. Chiat/Day was working out of Los Angeles. The spot of official sponsor of the Games had fallen into the hands of Converse but soon Chiat/Day had reversed this, because on every approach to the city Nike had acquired the sites. Their budget ran up to $12 million, but most of the visitors to the Games, left under the impression that Nike was the official sponsor. Nike's willingness to employ creativity in their advertisements allied well with their anti-establishment image. For their 1992 Air Max™§ campaign they gave out a brief to some of the world's top film directors like David Cronenberg and Jean-Luc Goddard, unfortunately only one of these was ever actually aired.

§some of these ads are now appearing on our screens on this side of the Atlantic. See corresponding video

Their new man, Michael Jordan, required that little extra after his initial conflict with the N.B.A. Wieden & Kennedy had wanted Peter Moore to allow them use Cult Director Spike Lee in field and after some hard persuasion, Moore relented. He allowed Lee to film a series of advertisements for Jordan. Lee was a hard choice, as he is well known for his strong views on discrimination against his Afro-American community. It would show which side of the fence Nike was on. It targeted the black lower-class as the market and hence gave way to criticism from pressure groups. However, it also improved Nike's image in that it revealed their willingness to use high profile artistic talents for everyday use, and the use of an ethnic minority group to market their product.



"Gary Who?"

Ian Wright

Nike's new man in England,

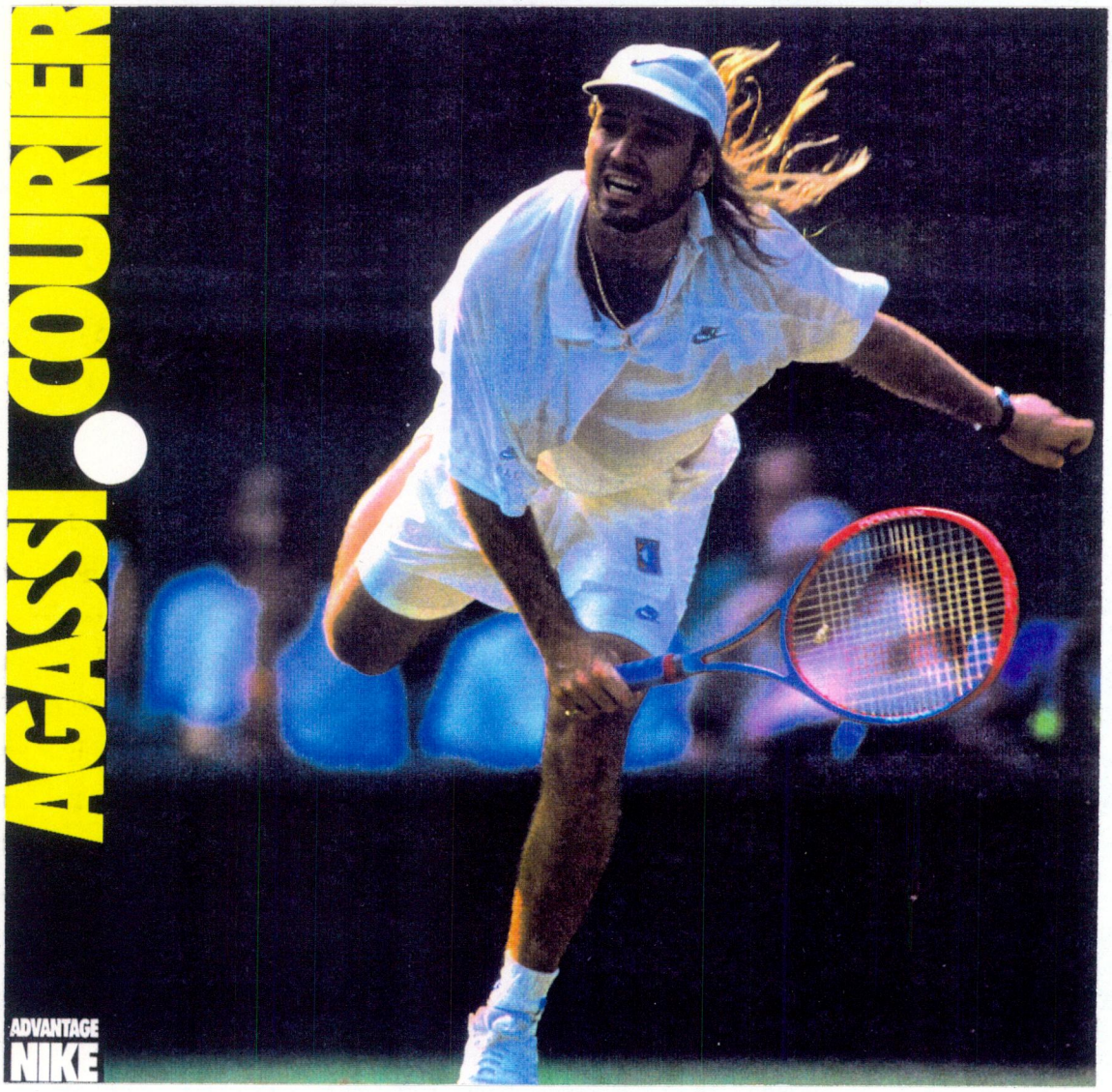
highest goal scorer in the First Division 1991-92.

It showed that Nike were not only innovators in the product field but also in the promotions field. Interestingly, with reference to Nike's hard-man image, it often appears to be only skin deep. It is softened somewhat when one considers that they were the first shoe manufacturers in the States to run a campaign and commercially endorse paraplegic athletes, a subject much more readily accepted in the U.S. than here in Europe. Nike's image was also being developed on other fronts. As a company, endorsement was always high on their priority list - higher than advertisements by a long way. Nike has always seen product endorsement as a better media than advertisements, because image is much easier manipulated by the various personalities.

Nike has used personalities to convey the fact that Nike means passion and emotion, Nike means giving 100% at all costs. Nike's image would be nowhere without their endorsement policy. Their first professional endorsement was tennis player Ille Nastase, "Nasty" who was renowned for his commitment and bad temper. They followed in his footsteps with John McEnroe: *"Nike, John swears by them"* or *"John's favourite four-lettered word"*. Anybody who ever watched John McEnroe's play could never doubt his commitment or passion. His outspokenness suited Nike as Phil Knight used to say "All ink is good ink". When cameras honed in on McEnroe's arguments with the umpires, as so regularly used to happen by comparison with other players, it was Nike's logo that McEnroe was wearing and therefore they were gaining extra advertising time. His anti-establishment stance was seen to be in league with Nike: his attitude was their attitude.

On this side of the Atlantic, Nike endorsed Ian Botham, again one of the most outspoken athletes in British sport and, like McEnroe, Botham too has proved his point. How many times has he singlehandedly pulled England's fat out of the fire? Botham personifies anti-establishment, having been dropped from the national squad on numerous occasions and then being recalled when the team was in trouble.

Interestingly Nike's new star here is Ian Wright, "Mr. Angry," the England and Arsenal mid-fielder. Wright is a no-



Andre Agassi

Wimbledon Champion 1992

also number 6 in the world

endorsement stakes.

holds-barred, give-it-all player, who only recently served three-match ban for punching an opponent on the head during a match, he features in Nike's new BAFTA[7] award winning advertisement. Milan football players appear in the same ad, which is in conjunction with Nike's appearance on the feet of winners because they are breaking records weekly for the highest number of unbeaten games in a row in the Italian football league, now numbering 56.

7. British Academy for Film and Television

Another one of Nike's winners in the Russian pole vaulter, Sergey Bubka. He has broken thirty world records, most recently 14th February 1993, and is reputed to receive $10000 from Nike for each record he breaks the record. He endorses their Nike International range. He also features in the 1993 Air Max ads.*

The English rugby team appeared with Nike strip in the last rugby world cup, in 1991, after they had won back to back grand slams.

Nobody doubts that Nike's endorsement flagship is Michael Jordan, at $32 million#, Nike have two players in the top eight of the "Forbes Super 40 top athletes: Jordan at No. 1 and Andre Agassi at No. 6. Agassi took over Nike's tennis standard as John McEnroe got on in the years. Agassi's trademark is not so much his big mouth-like his predecessor, John McEnroe- but his flamboyance: e.g. his golden mane of hair and his outrageous fashion sense. At Wimbledon in 1991 he wasn't allowed to play when he arrived out on Centre Court with pink 'whites'. Agassi's crowning glory was lifting the Wimbledon title last year. It must be pointed out that Agassi, now 22, had been on Nike's books since he was 14. The quest for the up and coming stars of tomorrow goes further down the road, with the major companies are no longer only organising summer clinics for baseball and basketball but they are now going right across the sports spectrum.

#. this figure includes he is worth almost three times more than his nearest rival,

Finally we take a look at Bo Jackson, who endorses the "180 Cross Trainer". Jackson is a one-in-a-million athlete, in that he is a pro-footballer, pro-baseballer and national decathlete. He played college football and baseball for Auburn College. After leaving college,in 1986, he was offered a three-year, $4.6 million contract for Tampa Bay, but instead he opted for a $1 million

Bo Jackson,

Running back for the L.A. Raiders,

Batsman for the Kansas City Royals,

endorsee of the 180 Cross Trainer.

contact with the Kansas City Royal, because his personal preference was towards baseball. The Nike scouts had tracked Jackson on two trails, both football and baseball. When the two paths converged, Nike offered $50,000 for three years but ended up paying $100,000. Jackson was just what Nike was looking for. They needed someone to wear their footwear who was an all-rounder as their "180 Cross Trainer" was, neither a track shoe nor a tennis shore nor a basketball boot, it was for working out in the gym and then going out to run.

After two years of playing baseball, Jackson was approached by the Los Angeles Raiders who offered him a multi-million contract. The Raiders were already a Nike team, they were the hard men of the National Football League, with there black and silver team colours. Jackson was the all-American hero baseballer during the week and then wore the No.34 jumper for the Raiders at the weekends. Running back Nike gave Wieden & Kennedy a brief to come up with a promotion for Jackson. The result was the ad."*Bo knows football*".* This ad combined all Nike's endorsee's with the various sports. They had each of their leading stars from their relevant sport:-*Jim Elliott from the L.A. Rams*

Michael Jordan from the Bulls (basketball)
Ian Rush from soccer
Ian Botham from cricket
John McEnroe from tennis.

Each player commented on Bo's ability at their sport and the ad ends with John Lee Hooker sitting on a stage playing his guitar with Bo After a big guitar riff from Jackson turns a round and says "*Bo, you don't know Didley*"#.
The ad is now a piece of advertisement history advertising

*See the corresponding video
*.xvi."The Trainer Wars." British Broadcasting Corporation, 1991.

#.xvi."The Trainer Wars." British Broadcasting Corporation, 1991.

One could argue that Nike's endorsement policy means that the rich get richer, but Nike sees product endorsement as the most appropriate means of conveying their image to a public which till hopefully be buying their product. On the other hand, the public see Nike as a, 'Play hard, Give it 100%' company and then perceive their goods as vital to achieve success in.

Famous Jordan Jump-shot

"Black and East" were two of the words that John Philips used when Philip Knight appointed him to explore the basketball markets. Philips was Nike's first black employee and came from the black suburb of Oakland, San Franisco. Philips had gone through the ropes of college basketball when an injury stopped him entering the N.B.A. Philips was the mame who had come up with the Pro Club concept.

At the time basketball was, and still is, the most accessible of the team sports. No need for much space, all that is required is a hoop and a ball. It is big among the black youth, especially in the inner-city where high unemployment and crime are rife. In the major population centres in the East and on the West coast (such as Los Angeles, Detroit and New York) basketball is scene by young black males as a passport out of the inner-city ghettos, to riches and away from crime[#]. The greatest cause of death of black males below the age of thirty is murder. The appeal of basketball is its convenience: no need to travel to pitches, no need for other players for practicing, the only thing required is the ability to bounce a ball. Afterwards then one can build up one's vocabulary of moves and shots.

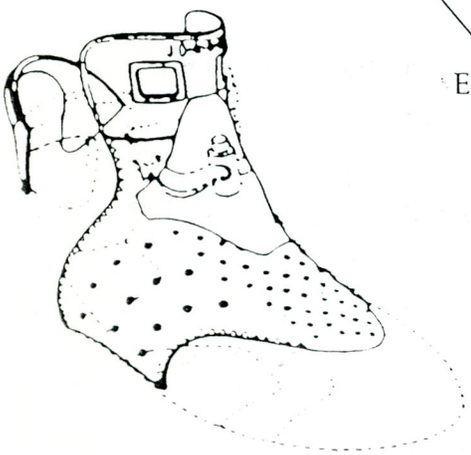
#. Interestingly, one in four males between the ages of sixteen and twenty-five in America are in correctional institutions..

Sonny Vaccaro was working for Nike as College Basketball Co-ordinator in the early 1980's. He had noted the rise of a young twenty-two year old from North Carolina University, Michael Jordan. Statistically Jordan was a middle-of-the-road player, but Vaccaro knew he was exciting to watch and thought he would be high on the draft choice[§]. Vaccaro contacted Rob Strasser and told him to sign him up and added that he would stake his job on Jordan. Strasser, going on Vaccaro's intuition, offered Jordan a $3 million five-year package - third highest in history - along with a range of boots and clothing on which he received royalties. Due to Nike's sharp decline in percentage of market share, Strasser thought it would require something drastic to stem the tide. Jordan had always been an Adidas wearer, and when he received

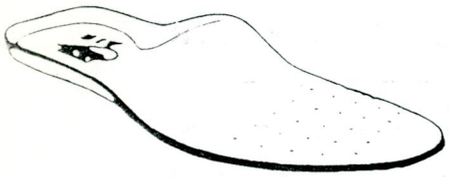
§. the order that college players are chosen into the professional ranks

Exo-skeletal upper

The Air Jordan™



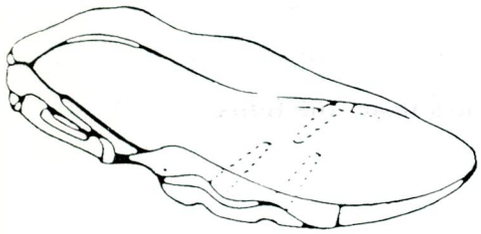
Dynamic-fit ™ tongue
with Lace pocket



Sock liner

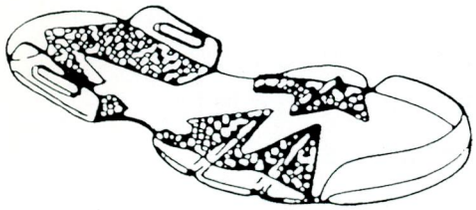
Heel Air-sole™ unit

Forefoot Air-sole™ unit



Midsole

Second generation Air Jordan™
construction, developed in
conjunction with Michael Jordan.



Outsole

Nike's offer he told Adidas to equal it but they didn't come close to it. Jordan was No. 3 draft pick and subsequently signed Nike. 'All ink is good ink' in Nike's case and thus they met with Jordan after the N.B.A. had warned him against his hew shoes. The adverse public opinion generated by the incident was the stuff that Nike thrived on. Willingness to lock horns with the various sports governing bodies where would back down gave them the 'anti-establishment' image that appeals to the inner-city youths who would become their bread and butter market, at a value of $500 million. Jordan is not only seen as a sporting figure but as a model for these youths. Nike built Jordan a range, in contrast to previously contracts where the product was developed and then somebody was brought in to endorse the range. With the Jordan range Nike allowed Peter Moore, Head of Corporate Design, work up a complete identity from scratch. Jordan himself had to be built into a sub-brand for Nike - completely new ground for them.

Firstly, Moore came up with a catchy brand, Air Jordan™, which was the name for the logotype that was carried on Jordan's first shoe. From this developed the new Air Jordan™ logo which is synonymous with Nike today#. Initially the logo was just the name inside a set of wings. Moore had come up with the name as a combination of Air™ Nike's logo to Jordan, then came up with it as a typographic solution for the second generation range as well as "The Jumpman". This was later to be developed into an icon for some of the street gangs. Now that the sub-brand for the Jordan range had been developed, the next task was to create the image. The first round of Jordan's image building began with the row with the N.B.A. over the colour of Jordan's boots. (N.B. the colours of black and maroon had previously been picked. The fact that red and black were the colours of Jordan's team, the Bulls, was co-incidental Jordan's year as a rookie (first year professional) was brilliant. He seemed to excel at the pace of the professional game. By the fourth week at Chicago, attendance had doubled the records. No matter if teams double or treble teamed Jordan, he still managed to score. He was averaging over forty points per game. Yet again a gamble had paid off for Nike. In 1981 Nike had done a deal with Aston Villa Football Club. That year they won

#. The Jordan silhouette logo wasn't developed until the second generation arrived. Ref.iii. Strassser, Julie; "Swoosh; The story of Nike and the men that played there.",

Air Jordan™ Warm up kit

along with a second generation

pair of Air Jordans.

Division One and went on to win the European Cup the next season against Bayer Munchen, the Adidas team.

Practically as soon as Jordan's shoes hit the shelves they were a sell-out - 30,000 pairs sold in the first day; People were buying the shoes in the shops at $65 and bringing them outside and managing to sell them for $100. All of a sudden people switched back to Nike again, for Jordan-mania had arrived.

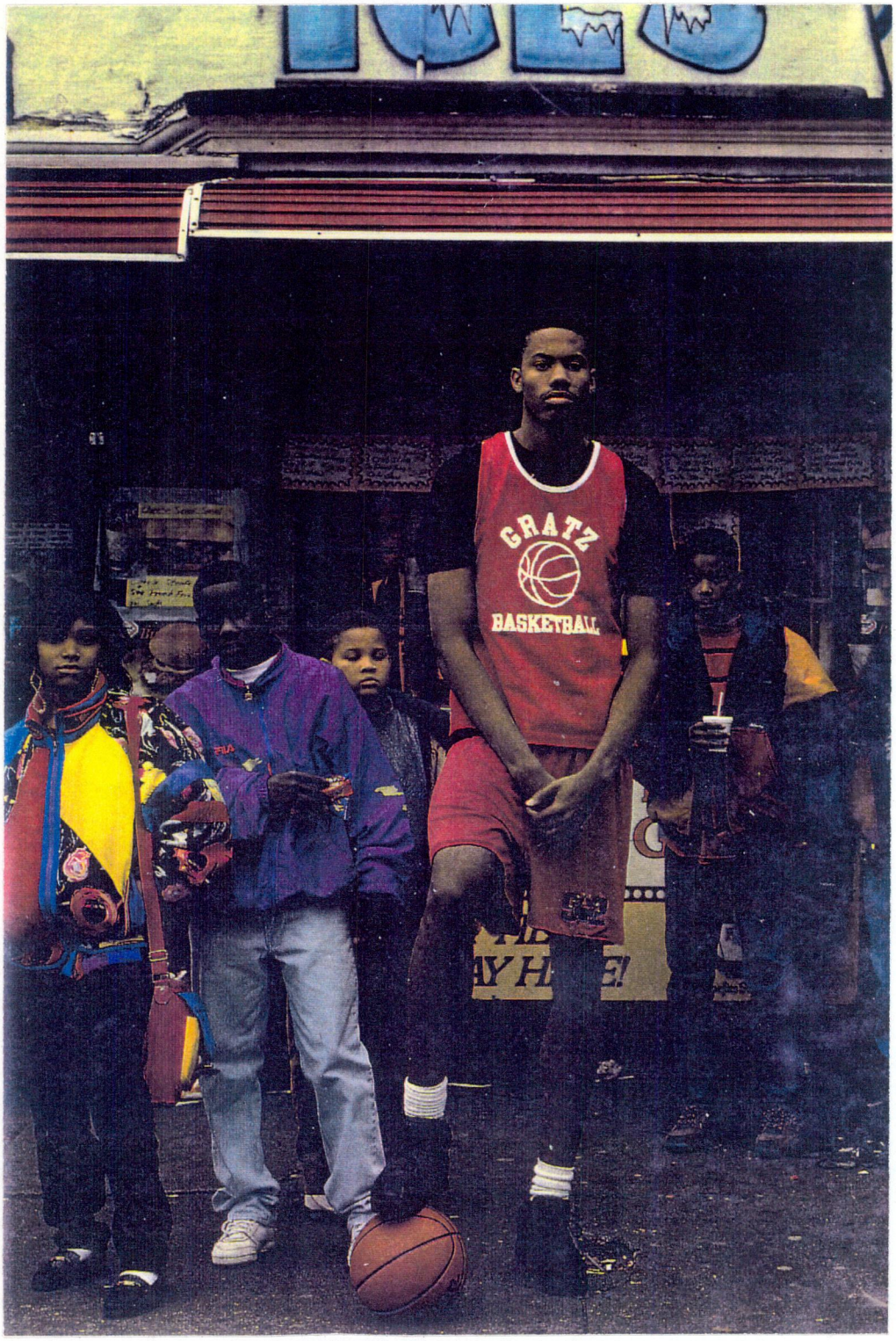
Around about this time large scale drug-trafficking commenced in the United States, principally from South America, bringing with it an array of crime and violence. The inner- cities of urban America were the worst hit areas. Most of the inhabitants in these areas were the racial minorities, whom the majority whites had left behind on their way to suburbia. These groups included:-*Afro-Americans, Hispanics, Afro-Caribbeans & Latinos,* each group had its own organised crime faction, who would soon go about carving up the inner-cities for territories to peddle their drugs.

Along with this came a new sound in music, Rap. Rap grew out of the inner-cities alongside the crime wave. New York was the birthplace of Rap, in the black spiritual centre of Harlem. Rap was composed as being a lament against the middle and upper classes, who were repressing the lower classes. It began as a rebellion against the establishment, it romanticise the 'hood' (neighbourhood) as a root for a cultural identity. The ghetto became a pace to be proud to come from. As Rap progressed a hard core element of it appeared, called Gangster Rap. The three elements that Gangster Rap was purported to promote was:- *to glorify the inner-city, to incite revolution and to condone violence.*

The film "Boyz in the 'hood#" needed something to aspire to, in the seemingly deadend street of the ghetto. One of the ways to escape from this was to play sports.

#. John Singleton's film 1991 on life in contemporary South-central Los Angeles, with rapper Ice-cube.

Sport is one thing that is very popular in the inner-city. It is the escape to better things for the youth of the ghetto. Due to the critically high rate of unemployment in these areas the youth



Rasheed Wallace,
at 6 ft. 11½, he is the number 1 High School
player in the States. He looks like following in the
footsteps of Jordan, his 'meal-ticket' out of his
Philadelphia 'hood.

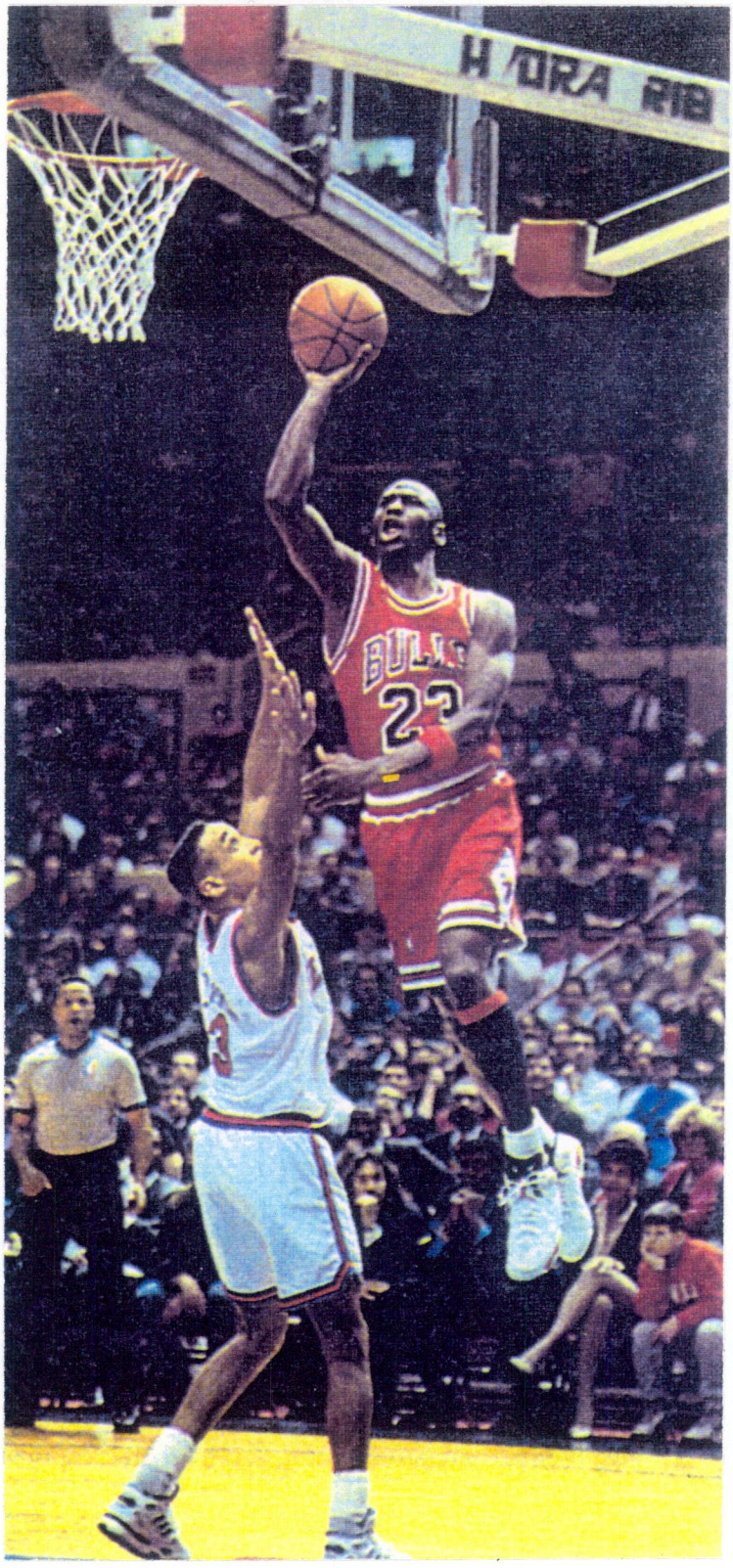
can get up in the mornings and go to play basketball. Then, in the evenings, they can watch their favourite stars, in the N.B.A., on the television screens.

This following, combined with the eighties lust for brand labels, prompted the inner-city groups of youth, each with their own trademark, to vie for supremacy. As these youths lives revolved around basketball, the sport seemed to be a good role model with its promises of glamour and power.

Michael Jordan was at the forefront of the N.B.A's glamour and power fraternity. Nike had done such a good job of creating a sub-brand that their name was now synonymous with Jordan. By this stage Jordan was leading The Bulls towards conference (division) titles and would go on to lead them to N.B.A. championships. Nike had helped to create Jordan into the first superstar in the trainer era, combining his athletic ability with Nike's shoe and using the talents of Spike Lee's advertisements. This combination gave them tremendous influence in the youth market. This market was also being targeted by the drug barons to enhance their sales. Soon the trainers on one's feet was to become a statement about that person's standing in the relevant community or gang: trainers took over as symbols of contemporary American culture, values and image. They became the ultimate hard funk accessory. The gangs, inspired by hard core Rappers, etc., adopted sports wear as their uniform: Nike, Starter, Campari and McGregor were all seen to be worn by the rival gangs, each vying for street credibility.

Some companies, such as L.A. Gear, turned to the fashion markets in an effort to increase sales. They started to endorse people from pop music in an effort to win the market, but they didn't understand that it was such a minefield of social and ethical problems.

The gang problem in the inner-cities did not come about from Nike and other shoe manufacturers' marketing policies, but they were accused of fanning the flames by producing and marketing expensive shoes aimed directly at the street. Adrian Mooney, from Nike's Marketing Division, claims:



Michael Jordan in his

Chicago Bulls uniform.

*"We design goods in order to make people perform better in their chosen field, if there is an overflow into fashion, well then, so be it".**

*.xvi."The Trainer Wars." British Broadcasting Corporation, 1991.

In addition the head of basketball for Nike freely admits that promotions and endorsements area

*"a cesspool and we started it".**

*.xvi."The Trainer Wars." British Broadcasting Corporation, 1991.

The quest for new talent, stretching from the street corner leagues to the college circuit, means that all the companies are looking out for the next Michael Jordan, having witnessed what one relatively small investment has returned for the market leader, Nike. Sponsorship investments in the college situation is welcomed by the monetary squeezed colleges. It allows them to put their money into other areas while encouraging the talent, and hence the publicity, to their college.

In the twelve months of 1991 in Clarke County, South side, Chicago, they had over 900 homicides, of which 101 were directly related to sportswear and most of these were Nike Air Jordan products. These crimes could not have occurred had it not been due to such factors as the control of guns by the lenient gun laws in the United States. Youth have such easy access to guns that robberies and murders are carried out with more and more frequency. These crimes are caused by much more than simply the urge for sports trainers. They involve significant economic and social problems, for example: in the first four months of 1991, 2,100 guns were confiscated from gang members in Clarke County*; America's ever-increasing drug problem does not seem to be abating, as sources in Asia combine with the South American problem; and unemployment. One symptom that also appears on the scales, Sportswear, cannot be blamed for the entire problem. Their advertising plays on the glamour of athletic prowess and the bravado of machoism, which is what the gang culture is based on. The negative association of gang violence has tainted Nike's image.

*.xvi."The Trainer Wars." British Broadcasting Corporation, 1991.

Nike's advertisements are not directly aimed at increasing sales in the market place. Nike advertisements are about maintaining their brands position and image. Brand leaders advertise their brands, to increase and maintain their image in the market place.

Have Heros

This was a campaign run in the Untied States

In a Black music magazine named "Vibe"

which was launched October 1992.

Interestingly a number of top brands are increasing their advertising especially on television. Most notably, the world's no. 1 car brand Mercedes-Benz who appeared on our television screens two years ago. They were joined last year by the grand marquee, Jaguar who also launched their first ever television campaign. Advertising like Guinness' doesn't necessary say "go out and buy Guinness," but plays on the sophistication of it's black colouring. Similarly with the Nike adverts, namely the Michael Jordan and now with the Ian Wright promotions. Nike are saying that only winners with 100% commitment wear their products and this is the challenge to prospective customers. It is the aggressiveness in their promotions that appeals to the male youth markets especially the gang orientated low income markets, be it the Afro-american youths in the States or the inner city youths on this side of the Atlantic. It should be pointed out that this appeal is not only limited to the low-income market but cuts right across the markets, but it is here that it has the biggest social effects. and because of this that social pressure groups have targeted Nike for criticism over this issue.

Nike's use of high profile black personalities in their advertising has backfired with the Afro-American community, but struck success in the mass trainer market. Nike has now started to react to the call for re-investment running campaigns, such as the Spike Lee Stay in School campaign and sports scholarship programmes for under-privileged youths. As a large percentage of these youths come from single parent families. The campaign run by Nike in "Jive" magazine encourages the youths to "Have Heros,"father figures.

The crimes involving sports gear does undoubtedly stem from a personal desire to possess these goods but the blame cannot fairly rest with Nike. At the end of the day, they are only presenting the product in the light in which they want the public to see it.

Sergey Bubka,

endorsee of the Nike International

range, and world record breaker.

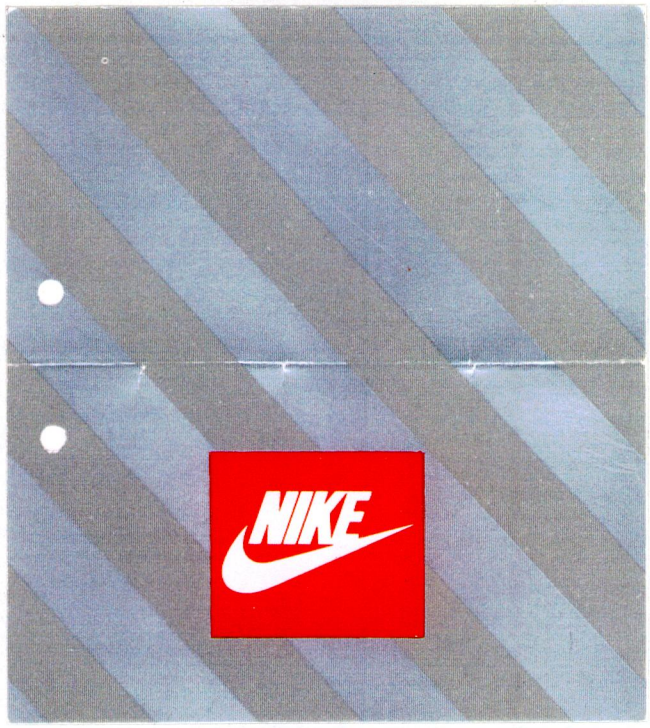
Conclusion

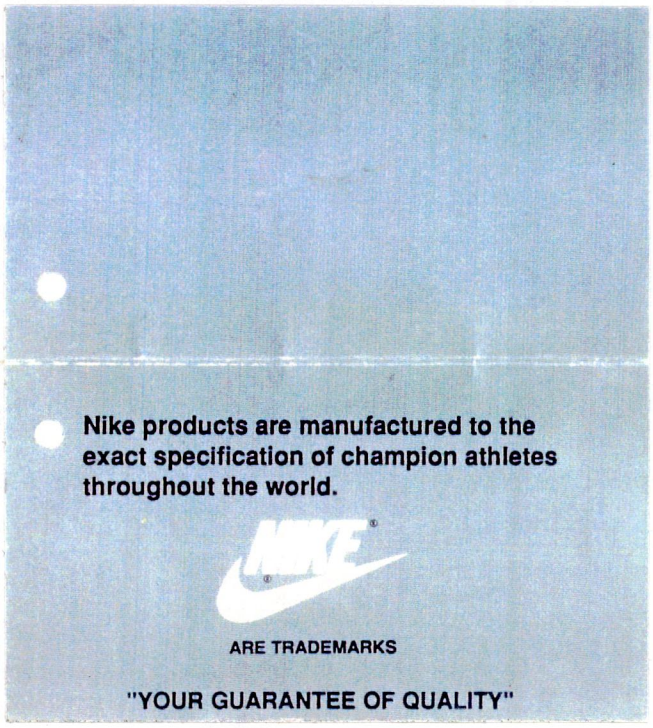
Today Nike is the number one in the sports footwear market. Their success with Jordan has led to them back to the top. Jordan has more than justified his fees in regards to Nike. It was him who brought them into cult status, their gamble paid off. Their image is one of a youthful corporation, in touch with the market, streetwise; vital in their particular field.

Nike's success is due to a large number of factors, both economic and social. Towards the end of the sixties the standard of living was rising in the Western world. The America, Nike was born into was one, had a rapidly expanding sportswear market. Even more and more people throughout the world, have more and more leisure time. Leisure time that is increasingly spent involved in sport whether it be active participation or passive involvement like watching it on television or at various sporting venues. Sports manufacturers are getting increased returns from areas that they had no previous involvement in. Whether they like it or not sports wear is no longer just for participation in the large. Now manufacturing companies, be it Nike, Reebok, Umbro or whoever, are finding themselves involved in a situation where their image is all important, far beyond the call of duty, they have a responsibility to society. Nike seem to be coming to terms with this as seen with their "Stay in school" campaign, giving back to the communities who are buying their goods.

Nike's combination of logo, product, brand and image have brought them to the top. Their product is the standard for the industry. Their willingness to innovate in various areas, whether it be in the product development field or their image development has played a major part in their meteoric rise to the top. The Nike brand is the leader in the global sportswear market. It will be interesting to see the impact of Adidas new identity re-vamp as Eastern European markets open up. Nike's image is being maintained with their endorsement policy and new personalities like Ian Wright, Brian Moore and Charles Berkley.* These men keeping in line with previous characters they have endorsed. Their point of sale ads, promotions and advertising still keeps to stringent guide line set up by their main agency,

*Phoenix Suns and N.B.A. All-Stars





The Nike guarantee,

of high standards

comes with their products.

Wieden and Kennedy, who now employ 140 people looking after the Nike account. Their advertising budget runs at over $100 million, a lot of advertising even by today's standards, but money that Nike consider to be well spent in the maintaining of a premium brand/image in the markets of the Nineties.

The crimes generated by sportswear are not uniquely gang motivated. The youths desire these products, and when they accost someone who has them the violence that occurs is simply the nature of the robbery. It is not only because of the sportswear, youths and gangs rob for many things like money. The sportswear has become a symbol of American culture and values, and the youths just want to present themselves in this manner. We cannot look at one symptom of the problem and pin all the blame on this. Interest in Nike products cuts right across class and racial lines. Nike's advertising is directed at attracting a mass market. One might associate it with inducing black or gang youth because it plays on the same athletic prowess and glamour associated with the products, issues that are central to the existence of the gang in the first place. Maybe it simply teases or reinforces this.

It has to be acknowledged that these firms cannot be totally held responsible for the action of their customers. Nobody ever seems to blame the brewing industry for the large incidence rate of drinking/driving deaths. Nike should be free to keep turning out first rate products, once they acknowledge the fact that their responsibilities are not only to their shareholders.

There is no doubt that in the next millennium, people will look back and see Nike's Air Jordans in the same light as they did Levi jeans, Coca-Cola bottles or Volkswagen Beatles, as design classics in their own right. They have a cult following who will someday realise what a great impact on the society where they have been marketed.

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This thesis was produced entirly in Quark Xpress 3.1. Diagrams were produced in Adobe Illustrator 3.2. The text is set in Rotis Serif 12/18 point, the headings in Rotis Semi-serif 12/18 point, with the note in Rotis semi-serif 9/9 point.

It is printed on Mellotex Pure White 105g/m^{2}.