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NIKE: ETHICS VersuS REPUTATION IN THE #METOO ERA[[1]](#endnote-1)

[Arpita Agnihotri](https://iveypubs.my.salesforce.com/003A000001IGN9P) and [Saurabh Bhattacharya](https://iveypubs.my.salesforce.com/003A000001EUF8W) wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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In 2017, senior women executives at the Nike, Inc. (Nike) headquarters in Beaverton, Oregon—including Patty Ross, vice-president of Workplace Design, and Nikki Neuberger, vice-president of Global Brand Marketing—resigned due to workplace-related harassment issues and informed Nike’s chief executive officer (CEO), Mark Parker, and other board members about the issue. Motivated by their departure, other female employees at Nike started a covert internal survey in July 2017 asking women employees if they had been victims of sexual harassment or gender discrimination. In March 2018, a report based on the survey findings was finally brought to the notice of Parker. Employees also reported frustrating experiences with Nike’s Human Resources (HR) department, claiming that it had never listened to sexual harassment or gender discrimination complaints. They also posted their concerns on the company review site Glassdoor.[[2]](#endnote-2)

Through an internal memo, Parker immediately announced his intention to hold accountable those responsible for such inappropriate workplace behaviour. Consequently, over a period of two months in April and May 2018, 11 senior executives either resigned from Nike or announced their retirement.[[3]](#endnote-3) Immediately after Parker received the survey results, he announced the retirement of Trevor Edwards. Edwards was the president of the Nike brand and was expected to succeed Parker as CEO beginning in August 2018. Through a memo, Parker informed employees that Edwards’s departure was a result of the report; however, in the official announcement to the media, he did not attribute the departure to any sexual or other misconduct.[[4]](#endnote-4) Edwards left Nike with a severance package of US$525,000[[5]](#endnote-5) and stock options worth $9 million. The severance pay was severely criticized in the media, as Edwards was considered to have “protected male subordinates who engaged in behaviour that was demeaning to female colleagues.”[[6]](#endnote-6) While employee misconduct was a serious concern for Parker, the exit of Edwards was also a jolt to Nike’s succession planning.

Furthermore, media reports lauded Parker, as it was rare for a CEO to take sweeping action against sexual harassment based on an internally generated report.[[7]](#endnote-7) However, employees at Nike expressed suspicion about Parker’s claim that he was previously unaware of these issues, especially when it came as the world was coming under the influence of the #MeToo campaign. According to Elizabeth Tippett, an associate professor of law at the University of Oregon, the discrimination and harassment issues at Nike did not meet legal standards of workplace harassment, as they were cases in which it was difficult to prove whether any rules had been violated.[[8]](#endnote-8)

By early May 2018, Parker had introduced several changes in Nike’s HR practices, such as the introduction of mandatory bias training. The events raised a number of questions: Was the HR department at Nike to be blamed for the work culture at Nike? What should Parker do to make Nike’s HR practices more effective? Did Parker respond to the complaints of Nike’s female employees as an ethical measure or as a reputation-maintaining strategy? Should Parker have terminated employees for the sake of managing Nike’s public reputation? If senior executives like Edwards committed or condoned harassment, should Parker allow those executives to receive severance packages?

#METOO CAMPAIGN

In October 2017, the #MeToo social media campaign against sexual harassment went viral when Hollywood producer Harvey Weinstein was accused of sexual misconduct by more than 70 women, with alleged dates of harassment dating back decades.[[9]](#endnote-9) Within 24 hours of its posting on Twitter Inc., a post by the actress Alyssa Milano was publicized in 85 countries, with more than 1.7 million tweets and retweets.[[10]](#endnote-10) After that, the movement spread through the entertainment, media, and other industries in the United States. Employees started posting their harassment experiences online, and companies announced zero tolerance policies for such harassment, even if no internal complaints had been made. This resulted in the immediate exit of several executives from companies such as Uber Technologies Inc., Google LLC, and Fox News.[[11]](#endnote-11)

The movement was believed to create new opportunities for HR professionals to prove themselves. Lyn Goodear, CEO of the Australian Human Resources Institute, stated that the industry needed a shock and that the #MeToo campaign had provided an opportunity for HR to guide the change. She stated that “HR has absolutely been called out and called upon. #MeToo was the accelerant we needed and it blew up big.”[[12]](#endnote-12)

NIKE’S WORKPLACE DIVERSITY

Nike’s diversity statement read, “To serve every athlete individually and completely, across hundreds of countries where we do business, we need teams that reflect the diversity of our consumers and a culture of inclusivity that respects the communities in which we live and work.”[[13]](#endnote-13) In an internal letter to his employees in July 2016, Parker spoke about troubling issues of race, violence, and policing in the United States. In doing so, he joined a growing list of celebrities who took a stand on these issues at a time when contentious relations between the African-American community and the police in the United States had reached new heights. Parker specifically mentioned that Nike had “a long history of supporting the marginalized and those whose voice is not always heard.” He further mentioned that he was proud that Nike stood against discrimination in any form.[[14]](#endnote-14)

According to Nike’s 2016 sustainability report, 52 per cent of the company’s workforce was non-white. Black or African-American employees made up 21 per cent of Nike’s staff in the United States, and Hispanic or Latino workers constituted 18 per cent.[[15]](#endnote-15) Parker was lauded by the media for creating diversity and inclusivity initiatives—not for marketing, but for genuine development in Nike’s corporate culture. In 2015, he was awarded the Businessperson of the Year award by *Fortune* magazine for his leadership qualities.[[16]](#endnote-16) Furthermore, while only 11 per cent of the highest paying jobs in corporate America were held by women, Nike’s talent pipeline had women executives in 29 per cent of its vice-president roles and 38 per cent of its board positions, even though only 22 per cent of the executive team was women.[[17]](#endnote-17) Despite these impressive numbers, in 2017, 77 per cent of all director positions were held by white employees, and only 23 per cent were held by non-white employees. Similarly, by 2017, 83 per cent of Nike’s vice-presidents were white and only 16 per cent were non-white.[[18]](#endnote-18)

Commenting on the significance of a diverse and inclusive workforce, Parker stated,

At Nike, we believe that diversity fosters creativity and accelerates innovation. We value the unique backgrounds and experiences everyone brings and want all who join us to realize their full potential. Because different perspectives can fuel the best ideas, we are committed to a workplace that is increasingly diverse and inclusive.[[19]](#endnote-19)

In a 2016–2017 study on the best corporate workplaces for millennial women, conducted by Mogul, a women-only technology platform, Nike was ranked the 10th best place for millennial women to work. This award was based on criteria such as women-related initiatives, workplace culture, and diversity and inclusion.[[20]](#endnote-20) In 2017, Nike also won awards from Comparably, an HR platform, for having the best company culture, being the best company for diversity, and having the best teams. However, these results were based on ratings provided by only 197 participating employees,[[21]](#endnote-21) while Nike’s total workforce was 74,400 in 2017.[[22]](#endnote-22)

Nike had also advocated for minority communities in the past. For instance, it was among the few US corporations that had supported the *Equality Act*, proposed federal legislation that would give lesbian and gay communities the same protections available to other minority groups. Nike also co-sponsored the 2016 International Gay and Lesbian Football Association’s World Championship in Portland, Oregon.[[23]](#endnote-23)

NIKE’S HR DEPARTMENT ISSUES

Despite several awards and anti-discriminatory policies, women at Nike faced issues with sexual harassment and gender discrimination, and these complaints were being overlooked by HR.[[24]](#endnote-24) The employees described themselves as being marginalized as a result of being harassed by supervisors and ignored for promotion. Employees reported discrimination during staff meetings, as well.[[25]](#endnote-25) Similarly, female employees were excluded from some crucial product categories, such as basketball. When women employees complained about gender discrimination to HR, they were often neglected, and they never observed any penalties for such behaviour. One female employee, Francesca Krane, who had worked in retail brand design at Nike for five years until 2016, mentioned that she was tired of watching men getting promoted over more qualified women. Krane said, “I came to the realization that I, as a female, would not grow in that company.”[[26]](#endnote-26) Similarly, when a female employee complained to HR about an open display on her supervisor’s desk of magazines featuring scantily clad women, she was told by HR to directly confront the supervisor.[[27]](#endnote-27) Another female employee said that when she had reported to HR that her supervisor had forcefully tried to kiss her in the washroom, HR directed her to the internal coffee shop on Nike’s Oregon campus to have a discussion with the supervisor.[[28]](#endnote-28) Other incidents of harassment were also common, according to an internal survey. One woman employee recalled that her supervisor had thrown car keys at her and addressed her as a “stupid bitch.”[[29]](#endnote-29) There was also an incident where a manager bragged about condoms in his backpack. Another woman employee complained about a remark her supervisor had made in an email about her breasts, but the supervisor was only given a verbal warning.[[30]](#endnote-30)

Some women executives were terminated, despite having positive performance reviews, as a consequence of the complaints they had made to HR. For instance, when Amber Amin, a former Nike employee, reported to HR about frequent sexist and rude comments her boss had made, she was laid off despite having received positive appraisals.[[31]](#endnote-31)

Many of the women interviewed by the media also mentioned that the workplace environment at Nike was demeaning to women. Over a period of time, women employees developed a deep skepticism about Nike’s HR department—to the extent that some women avoided the department entirely. Others who sought help from HR became frustrated. One employee, Marie Yates, stated, “I was looking for help and they just totally shut it down, like ‘you’re the problem.’”[[32]](#endnote-32)

As a few female employees posted reviews on Glassdoor, some senior women executives also brought the issue of gender discrimination to the notice of Parker. For instance, when Neuberger resigned in 2016, she wrote a letter to Parker and other team members describing the harassment and exclusion of women employees at Nike. In responding, Nike said that the problem of gender discrimination “took place among an insular group of high-level managers who protected each other and looked the other way.”[[33]](#endnote-33) Nike spokesperson KeJuan Wilkins claimed that the CEO took the complaint seriously, but ultimately, nothing happened in response to Neuberger’s letter.[[34]](#endnote-34)

According to media reports, Edwards ran this insular group, and its members were known as “F.O.T, i.e., Friends of Trevor.”[[35]](#endnote-35) In 2014, a female employee of Nike, Paige Azavedo, met with Daniel Tawiah, the newly appointed senior director of Nike’s digital brand in North America, expecting to discuss the digital business plan in the meeting. However, according to Azavedo, Tawiah’s entire conversation focused on how close he was to Edwards and that he had been selected for a fast-growth career program. Paraphrasing Tawiah, Azavedo stated, “He basically said, ‘I’ve been nominated to be in this V.P. program and that’s going to be my goal for the next six months to a year.’ He made it clear he was a friend of Trevor.”[[36]](#endnote-36) Tawiah was also alleged to have berated multiple women employees to the point of tears several times. However, when employees complained of this to HR, no action was taken. Despite these allegations, Tawiah was promoted to the post of vice-president in 2017. Commenting on complaints to HR, Wilkins stated, “We’re not going to comment on individual cases, but cases are often more complicated than simply listening to one side of the story.”[[37]](#endnote-37)

Further accusations were levelled about the HR practices at Nike. For instance, in 2016, when Nike stopped making golf clubs, golf balls, and other products, employees working in these product lines were called to a meeting. When they arrived at the meeting place, they found their names flashed on a screen, with instructions to move to another room. There, some of the employees were informed that they were being laid off. Employees described feeling as though they were being fired through a “PowerPoint Presentation.”[[38]](#endnote-38) Commenting on this news, Wilkins stated, “That’s absolutely not normal practice for us. We make great efforts to treat every employee in a very thoughtful manner.”[[39]](#endnote-39)

EMPLOYEES EXPRESSING CONCERNS THROUGH GLASSDOOR

Issues related to Nike’s inappropriate workplace culture were noted in reviews on Glassdoor, where many employees based in Oregon criticized Nike for its “frat-boy culture.”[[40]](#endnote-40) One employee stated that Nike had a “boys’ club, with frat-boy type bad behaviour that is ignored by [management].”[[41]](#endnote-41) A director from Nike’s Beaverton campus mentioned that she had “been told multiple times to ‘sit and keep my mouth shut’ during a meeting,” clarifying that she was a “female typically in all male meetings.”[[42]](#endnote-42) This employee also claimed that Nike did not promote female executives who were seen as too aggressive, while it saw the same trait as positive in these employees’ male counterparts. Another employee, who had worked for Nike for eight years, stated on Glassdoor that Nike had “disrespectful, ageist, sexist, entitled, pampered and selfish upper management.” In the “advice to management” section on Glassdoor, the employee said that several women were frustrated with the boys’-club culture. She argued that managers should be trained to develop teams, and said they would often go to the gym for two hours a day and then claim that there was no time for training. Other employees called Nike’s headquarters a place with “high school bullying.”[[43]](#endnote-43) In one review, an employee wrote, “If you are a white man, or even more specifically British, White and Bald, you will love it!!!” while another Glassdoor review stated, “Be prepared for the culture. Jocks rule the school. [It’s] not what you know, [it’s] who you know.”[[44]](#endnote-44) Although Nike did not respond to the reviews posted on Glassdoor, the internal survey report in March 2018 resulted in the departure of several senior executives.[[45]](#endnote-45)

NIKE CEO’S RESPONSE TO WORKPLACE ISSUES

When Parker received the internal survey report, it was not the first time he had dealt with workplace issues at Nike. In July 2017, Parker had terminated David Ayre, the chief HR officer who had joined Nike in 2007 from PepsiCo Inc., for his “condescending behaviour.”[[46]](#endnote-46) Ayre had also been accused of inappropriate behaviour several years previously, at which time he confessed to a large group of colleagues, saying, “My behaviour has to change” and agreeing to seek counselling.[[47]](#endnote-47) In early July 2017, complaints of behaving inappropriately and creating a hostile work environment were again launched against Ayre, triggering a second round of investigations against him. During the annual leadership team meeting in July 2017, Ayre was informed that he was being terminated. Nike’s news release the next day announced Ayre’s departure as a retirement after leading Nike’s global HR function for more than 10 years. It also praised him for the strategic role he had played in supporting Nike’s accelerated growth plan through the implementation of appropriate HR strategies. Ayre was succeeded by Monique Matheson, who had been working as the vice-president of Diversity and Inclusion prior to this new role; her job profile included responsibility for talent management and diversity inclusion.[[48]](#endnote-48) It was during this time that the covert internal survey by women employees in Nike had begun circulating.

When Parker received the internal survey report,he saluted the “strong and courageous employees” who came forward to express their concerns.[[49]](#endnote-49) He also expressed disappointment over the behaviour of the executives. He said, “It has pained me to hear that there are pockets of our company where behaviours inconsistent with our values have prevented some employees from feeling respected and doing their best work.”[[50]](#endnote-50) Parker also apologized to the employees for permitting a workplace culture in which some employees felt excluded and management did not act on their complaints. The CEO announced an internal investigation of complaints that resulted in the resignation of several senior executives within a week. Some of these included the vice-president of Diversity and Inclusion, the vice-president of Footwear, the senior director for the basketball division, and Edwards who, prior to this scandal, had been seen as the successor to Parker.[[51]](#endnote-51)

During the 2018 March-end quarterly earnings call, Parker stated, “I am committed to ensuring that we have an environment where every Nike employee can have a positive experience.”[[52]](#endnote-52) Under the CEO’s supervision, Nike started reviewing its HR operations; this included revisions to internal reporting procedures and mandatory management training. After several senior executives resigned in the midst of the internal investigations, Matheson distributed an internal memo that admitted that Nike had “failed to gain traction” in hiring and promoting more women at senior leadership levels. She stated, “While we’ve spoken about this many times, and tried different ways to achieve change . . . our hiring and promotion decisions are not changing senior-level representation as quickly as we have wanted.”[[53]](#endnote-53) She further elaborated upon Nike’s HR strategy to enhance diversity and inclusion in the organization, which involved improved representation of women and people of colour. She announced that Nike would not only launch several training programs for managers, such as “unconscious bias training,” but would also invest in diversity sourcing teams.[[54]](#endnote-54)

Although Nike responded to the internal survey and terminated executives after the release of the report, legal experts stated that the incidents cited by women employees at Nike were difficult to label as workplace harassment. This was because the misconduct was neither severe enough nor frequent enough to be clearly proven to be harassment. For instance, a derogatory remark by an executive, even one related to race, religion, or gender, did not legally amount to a case of harassment.[[55]](#endnote-55) However, if an employee were denied a promotion by the same executive who had made the derogatory comment, this could definitely strengthen the case of discrimination.

EMPLOYEES’ RESPONSE TO THE CEO’S STAND

Although the CEO’s move was welcomed by some employees, other employees felt that action was taken too late. Amanda Shebiel, an ex-employee who had been with Nike for five years, asked, “Why did it take an anonymous survey to make change?” She continued, “Many of my peers and I reported incidences and a culture that were uncomfortable, disturbing, threatening, unfair, gender-biased and sexist—hoping that something would change that would make us believe in Nike again.” Dozens of employees suspected the CEO was aware of such issues with his senior management team, although some believed that the information was intentionally kept from him.[[56]](#endnote-56)

Defending the CEO, Wilkins stated that whenever there were issues of serious employee misconduct, Parker discussed the issue with the company’s HR department and took appropriate action. He further said that, in an organization with as many employees as Nike, it was not possible for Parker to be aware of every issue. Not all employees were happy with this response. One employee stated, “It negates the times over the years my peers and I sought support and counsel from the people we were told we could trust to bring about change.” The employee further claimed that she and other colleagues faced retaliation “for shining a light on both significant and everyday experiences that left us feeling bullied, uncomfortable and intimidated.”[[57]](#endnote-57)

IMPACT ON NIKE’S GROWTH STRATEGY

With a market valuation of $112 billion and annual revenues of $34.35 billion for the 2017 fiscal year, Nike was a global leader in the athletic market. Nevertheless, the company was under immense pressure to meet its revenue goals. In October 2015, Parker revised Nike’s growth goal; the company would reach $50 billion in annual revenue by 2022 instead of its earlier goal of 2020.[[58]](#endnote-58) In 2016 and 2017, Nike’s annual revenue grew by only 5.81 per cent and 6.10 per cent, respectively, in contrast to growth of 10.07 per cent in 2015 (see Exhibit 1). This was coupled with an almost-stagnant growth in the apparel and footwear market in the United States and other developed countries such as Germany and the United Kingdom (see Exhibit 2).[[59]](#endnote-59)

Nike’s growth rate in the US apparel and footwear market declined from 2016 to 2017, while that of its nearest competitor, Adidas AG (Adidas), increased (see Exhibit 3). In the sportswear segment, Nike’s compound annual growth rate (CAGR) from 2012–2017 was 1.93 per cent, while the CAGR of Under Armour Inc. (Under Armour) and lululemon athletica inc. (lululemon) for the same period were 6.59 per cent and 8.13 per cent, respectively (see Exhibit 4). Sports industry analyst Matt Powell stated that Nike was “growing in the low single digits, which means it is a long way away from where it wants to be.”[[60]](#endnote-60)

Nike not only faced competition from brands such as Adidas, lululemon, and Under Armour; it was also struggling to establish a foothold in women’s product categories—one of the fastest-growing market segments (see Exhibit 5). The industry trend within women’s apparel indicated that women consumers were driving the growth of the $45.9-billion athletic market, while Nike’s women’s product category contributed only one-fifth of its total revenue (see Exhibit 1).[[61]](#endnote-61) In fact, relatively smaller companies such as lululemon were achieving a similar growth rate in the women’s sportswear market (see Exhibit 4). According to critics, Nike’s weaker presence in the women’s segment was a reflection of its male-dominant culture and lack of female leadership. A lack of women leaders also resulted in a lack of innovation in women’s product categories and a lack of appropriate marketing campaigns. For instance, Nike told investors that the women’s segment was crucial to its growth strategy; however, executives did not allocate the required marketing budget to this segment the way it allocated budget to market-dominant product categories such as basketball. In 2017, when Edwards finally approved a campaign for the women’s VaporMax shoe, the advertisement showcased British singer FKA Twigs and highlighted a woman twirling on a stripper pole, male athletes posing in bras for odd photos, and few shots focused on the shoes. The campaign was terminated, costing Nike millions of dollars. However, the company defended the aborted campaign, with spokesperson Wilkins saying, “We have a history of pushing the boundaries in marketing, just as we do in product development.” He further stated, “We create a lot of material that is not deployed in the marketplace.”[[62]](#endnote-62)

Nike’s senior executive Amy Montagne, who was promoted to the role of vice-president and general manager of Global Categories in April 2018, did succeed in launching some innovative women-specific apparel, such as a sports hijab for Muslim women and some plus-sized women’s intimate apparel in 2017.[[63]](#endnote-63) Disputing charges that women were less involved in marketing and creative operations, Wilkins said that all women’s brands were led by women and agreed that, for men’s product categories, there could be improved female representation. He specifically mentioned that, for basketball and similar divisions, “there was more room and opportunity for the company to increase female representation in its senior positions.”[[64]](#endnote-64) Although Nike acknowledged the problem with its internal culture, it maintained that it was the market leader even in the women’s segment. Matthew Kneller, director of Global Communications at Nike, stated, “Nike is the number one sports brand for girls and women globally. We maintain deep connections with the best athletes all over the world. It’s these relationships that give us confidence in our ability to serve these athletes.”[[65]](#endnote-65) Parker also mentioned that the company’s sales target of $50 billion would be reached through growth of the women’s apparel division. Nevertheless, analysts predicted that, due to the scandal at Nike, the company might not be able to reach the growth goal by 2022, as customer loyalty might shift towards Adidas. They suggested the Nike brand might lose credibility due to the paradoxical relationship between Nike’s messages about women’s empowerment and the behaviour of its senior management team.[[66]](#endnote-66)

Once survey results were shared with Parker, he became more careful about hiring women for senior leadership positions. For instance, after the resignation of Antoine Andrews, the vice-president of Diversity and Inclusion in March 2018, Kellie Leonard was offered the role under a new position, namely chief Diversity and Inclusion officer.[[67]](#endnote-67) Leonard had previously worked as the vice-president of Employee and Corporate Communications and had been associated with Nike for 15 years by that point. However, internal promotions such as this did not solve Nike’s growth challenges. The majority of Nike’s strategies to reach $50 billion in revenue, such as direct-to-consumer sales, were developed and implemented by the executives who departed after the release of the internal survey report. In a report released by investment firm Canaccord Genuity Group Inc., there were already signs of struggle with the direct-to-consumer business by early April 2018. Commenting on the rapid internal promotion of executives, analysts at Susquehanna Financial Group (Susquehanna) were of the view that “It takes time for replacements, even internal ones, to reach performance levels of the departing staff members; it could also be premature to place more junior staff into senior roles before they are fully ready.”[[68]](#endnote-68) Although Nike was known for its initiatives of moving people across different businesses, analysts such as Sam Poser from Susquehanna thought Nike might not be ready with its leadership pipeline and that people replacing departing executives might not be ready to take on the new jobs. After the exits started, Nike share prices declined continuously, and by April 2018, the decline was almost 1.20 per cent.[[69]](#endnote-69)

THE ROAD AHEAD

Nike’s dominance in the athletic market remained unchallenged for several decades despite such cultural problems. Revenue from women’s apparel contributed only one-fifth to total revenues, and critics attributed this to a lack of diversity initiatives at Nike. Though Nike’s board did not comment on its confidence in leadership, Parker stated his intention to remain as CEO, president, and chairperson beyond 2020.[[70]](#endnote-70) Kneller acknowledged that there was a room for improvement in Nike, stating, “There’s no doubt that we’ll learn from this experience.”[[71]](#endnote-71)

Parker faced the crucial challenge of swiftly responding to complaints made by women employees to make Nike a safe workplace, while implementing the company’s growth strategy after the departure of several senior executives. Though Parker tried to improve the functioning of HR, he was criticized for his delayed response to the issue and for paying severance packages to senior executives. Had Parker responded to complaints on ethical grounds or as a reputation-maintaining strategy? Should he have terminated talent when this could have adversely impacted Nike’s growth strategy? If executives like Edwards were guilty, why did Parker pay them severance packages? Could HR be held fully accountable for the inappropriate work practices that had been occurring in the organization for several years?

EXHIBIT 1: FINANCIAL PERFORMANCE OF NIKE, INC. (2014–2017)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Financials** | **2017** | **2016** | **2015** | **2014** |
| Total Revenue (US$ billions) | 34.35 | 32.38 | 30.60 | 27.80 |
| EBITDA (US$ billions) | 5.65 | 5.29 | 4.84 | 4.10 |
| Operating Income (US$ billions) | 4.95 | 4.64 | 4.23 | 3.58 |
| Net Income (US$ billions) | 4.24 | 3.76 | 3.27 | 2.69 |
| Contribution of Products for Men in Total Revenue (%) | 46.70 | 47.59 | 48.01 | 50.36 |
| Contribution of Products for Women in Total Revenue (%) | 19.33 | 19.46 | 18.73 | 17.88 |

Note: EBITDA = earnings before interest, tax, depreciation, and amortization

Source: Developed by the authors based on Nike, Inc., *2017 Annual Report*, accessed July 2, 2018, https://s1.q4cdn.com/806093406/files/doc\_financials/2017/ar/index.html; Nike, Inc., *2016 Annual Report*, accessed July 2, 2018, https://s1.q4cdn.com/806093406/files/doc\_financials/2016/ar/index.html.

EXHIBIT 2: COUNTRYWISE YEAR-ON-YEAR GROWTH RATE (%) OF THE APPAREL AND FOOTWEAR SEGMENT (2015–2020)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Country** | **2015** | **2016** | **2017** | **2018** | **2019** | **2020** |
| United States | 0.30 | 0.29 | 0.29 | 0.30 | 0.29 | 0.29 |
| China | 0.34 | 0.33 | 0.32 | 0.30 | 0.29 | 0.28 |
| Japan | 1.20 | 1.25 | 1.28 | 1.29 | 1.30 | 1.30 |
| Germany | 1.31 | 1.31 | 1.31 | 1.31 | 1.31 | 1.30 |
| United Kingdom | 1.52 | 1.55 | 1.53 | 1.53 | 1.52 | 1.50 |
| India | 2.24 | 2.04 | 1.95 | 1.83 | 1.65 | 1.53 |

Source: Developed by the authors based on Euromonitor International, “Apparel and Footwear Industry,” Passport, accessed June 21, 2018.

EXHIBIT 3: YEAR-ON-YEAR GROWTH RATE (%) OF NIKE AND ITS COMPETITORS IN THE APPAREL AND FOOTWEAR SEGMENT (United States) (2012–2017)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **2012** | **2013** | **2014** | **2015** | **2016** | **2017** |
| Nike (Nike + Converse) | 4.6 | 5.1 | 5.9 | 6.4 | 6.7 | 6.6 |
| Adidas Group (Adidas + Reebok) | 1.5 | 1.4 | 1.1 | 1.2 | 1.5 | 1.8 |
| Under Armour | 0.8 | 0.9 | 1.2 | 1.4 | 1.5 | 1.4 |
| Lululemon Athletica | 0.2 | 0.3 | 0.3 | 0.4 | 0.5 | 0.5 |

Source: Developed by the authors based on Euromonitor International, “Apparel and Footwear Industry,” Passport, accessed June 21, 2018.

EXHIBIT 4: YEAR-ON-YEAR GROWTH RATE (%) OF NIKE AND ITS COMPETITORS IN THE SPORTSWEAR SEGMENT (United States) (2013–2017)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **2013** | **2014** | **2015** | **2016** | **2017** | **Average Growth** | **CAGR (2012–2017)** |
| Adidas Group | −12.07 | −17.65 | 0 | 16.67 | 16.33 | 0.66 | −0.29 |
| Asics Corporation | −26.09 | 0 | −5.88 | −12.50 | −14.29 | −11.75 | −10.28 |
| Lululemon Athletica | 10.00 | 18.18 | 7.69 | 7.14 | 6.67 | 9.94 | 8.15 |
| Nike | 4.76 | 8.08 | 4.67 | −0.89 | −4.50 | 2.42 | 1.93 |
| Under Armour | 20.00 | 16.67 | 14.29 | 4.17 | −12.00 | 8.62 | 6.59 |
| VF Corporation | −1.92 | 5.88 | −5.56 | −7.84 | −6.38 | −3.16 | −2.75 |

Note: CAGR = compound annual growth rate

Source: Developed by the authors based on Euromonitor International, “Apparel and Footwear Industry,” Passport, accessed June 21, 2018.

EXHIBIT 5: YEAR-ON-YEAR GROWTH RATE (%) OF NIKE AND ITS COMPETITORS IN THE WOMENSWEAR SEGMENT (United states) (2012–2017)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **2012** | **2013** | **2014** | **2015** | **2016** | **2017** |
| Adidas Group | 0.60 | 0.60 | 0.50 | 0.50 | 0.60 | 0.80 |
| Lululemon Athletica | 0.50 | 0.60 | 0.80 | 0.90 | 1.00 | 1.10 |
| Nike | 0.70 | 0.80 | 1.00 | 1.20 | 1.20 | 1.20 |
| Under Armour | 0.50 | 0.60 | 0.80 | 0.90 | 1.10 | 1.00 |

Source: Developed by the authors based on Euromonitor International, “Apparel and Footwear Industry,” Passport, accessed June 21, 2018.

ENDNOTES

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