

## **HAS NIKE GONE TOO FAR: THE COLIN KAEPERNICK ADVERTISEMENT**

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*As the 2018 National Football League (NFL) season began, Nike introduced an ad campaign featuring a particularly polarizing recent NFL quarterback, Colin Kaepernick. As a player two years earlier, Kaepernick had knelt as the US national anthem was played before his team's games as a way of protesting the perceived unfair treatment of African-Americans by US police. The use of a polarizing former player within its ad led to polarizing reactions from consumers toward the Nike brand. This case highlights the risks to brand sales and brand equity in utilizing a controversial and/or divisive advertising and promotional campaign. The situation highlights how the use of a spokesperson who generates positive response (both emotional and cognitive) in some consumers but negative responses in others can put the brand in a high risk and (potentially) high reward situation.*

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### **INTRODUCTION**

Nike re-signed a convicted dog killer Michael Vick immediately after his release from prison (Peralta, 2011), paid \$25,000 in legal fees for United States Olympic ice skater Tonya Harding who had her teammate's leg broken (McCall, 1994) and contracted with numerous Asian sweatshops during the late 1990s that forced its employees to work on average 11 hours a day in horrid conditions for only \$10 a week (Greenhouse, 1997).

As the 2018 National Football League (NFL) season began, Nike's new ad campaign included controversy of a different nature. Two years earlier, Colin Kaepernick, a quarterback, had knelt – as opposed to standing or showing reverence – during the US national anthem before his team's games. Kaepernick was using this platform to protest perceived police harassment against African Americans. Just as consumer support for Kaepernick's 2016 protests had been divided, consumer reactions to Nike became highly contentious with this 2018 ad.

Many consumers called for boycotting Nike's products. Videos were appearing on social media with angry consumers destroying Nike brand products (Martis, 2018). Nike was facing a potential crisis – with its brand success and consumer connections suddenly in jeopardy.

### **NIKE HISTORY AND SOCIALLY RELEVANT ADVERTISING**

Phil Knight and Bill Bowerman founded Blue Ribbon Sports in 1964 to distribute Japanese shoe brand Onitsuka Tiger (later known as Asics) (O'Reilly, 2014). The company changed its name to Nike in 1973 – the same year it paid a college student \$35 for creating the swoosh logo (O'Reilly, 2014).

Nike launched its popular “Just Do It” campaign in 1988 by featuring an 80-year-old athlete who had run approximately 62,000 miles throughout his lifetime (Coffee, 2018). One year later Nike's ads featured a Paralympian to advocate for people with disabilities (Coffee, 2018). In 1995, Nike ads featured an HIV-positive runner (Coffee, 2018). In the same year, Nike also advocated for female athletes, which became a precursor to subsequent promotions supporting female athletes in 2012 (Coffee, 2018). Similarly, Nike had partnered with Girls, Inc as a way for advocating for female athletes (Collaborations, n.d.). Since 2010, Nike had even provided millions of dollars in funds to support communities worldwide (“Nike community Impact Fund,” n.d.). These promotions enhanced Nike's reputation as an agent of change through sports. By 2017, Nike enjoyed 34.7% market share of US athletic shoes (the highest share) and North American revenues over \$10 billion (Roberts, 2017).

### **NIKE BRAND LOYALTY**

Nike had gone to extreme lengths to develop deep and meaningful relationships with their consumers. Ultimately, Nike wanted its consumers to become brand loyal. As the premiere market leader in athletic shoe sales, Nike had established a formula to develop loyal customers.

According to Parker (2017), Nike did three things that fostered brand loyalty; (1) Nike sold its customers inspiration through carefully crafted and targeted advertising intended to motivate consumers to pursue their lifestyle and fitness goals, (2) Nike built brand awareness by creating high profile partnerships and athlete endorsements such as their long standing relationship with Michael Jordan and Jordan Brand and (3) Nike constantly enhanced its image or the perception of its brand by supporting diversity and inclusion initiatives and social justice causes as well as developing revolutionary and innovative products that improved athlete performance.

### **COLIN Kaepernick AND THE NATIONAL ANTHEM**

Kaepernick, however, was controversial more for his methods than for his cause in advocating social change. After his refusal to stand for the US national anthem prior to his San Francisco 49ers exhibition game in August 2016, he was booed virtually every time the 49ers offense broke its huddle (Witz, 2016). Afterward, he said "I am not going to stand up to show pride in a flag for a country that oppresses black people and people of color" (Wyche, 2016).

Fans responded by burning Kaepernick jerseys. Many argued that Kaepernick had the right to protest perceived police harassment of people of color, but protesting the flag was not the appropriate way to create change. Others asked why he hated veterans - still others, why he hated America. Many felt he should have focused only on football (Oluo, 2016). Reactions were so explosive, that Kaepernick's actions were referenced in a presidential campaign speech when Donald Trump said, "Wouldn't you love to see one of these NFL owners, when somebody disrespects our flag to say, 'Get that son of a bitch off the field right now. He's fired!'" (Willingham, 2017).

Conversely, other reactions to Kaepernick's kneeling were positive. Some NFL players, coaches, owners, and fans supported Kaepernick's right to kneel in protest to the perceived acts of injustice against African Americans. Dallas sportscaster Dale Hansen wrote, "The young, black athletes are not disrespecting America or the military by taking a knee during the anthem. They are respecting the best thing about America" (Willingham, 2017).

### **CONSUMER RESEARCH ON THE EFFECT OF THE KAEPERNICK ADVERTISEMENT**

Substantial research was devoted to the ad's initial effects on Nike's reputation:

- Morning Consult: About 24% of consumers viewed the brand unfavorably, up from 7%. After the ad aired, the percentage of Americans likely to purchase Nike products dropped 11% (Morning Consult, 2018).
- Quinnipiac Poll: American voters 18-34 years old approved of Nike's decision to run the ad 67% to 21% while voters over 65 disapproved 46%-39% (Quinnipiac, 2018).
- Harris Poll: 21% of the public said they would stop buying Nike products; however, 19% said they would buy more Nike products – including 29% of Nike's young male target market (Rovell, 2018).
- Reuters: 72% of Americans viewed Kaepernick's behavior as unpatriotic. 61% didn't support Kaepernick decision not to stand during the national anthem (Martis, 2018).

Despite such negative opinions, however, sales appeared to be increasing rather than decreasing:

- Nike's online sales initially jumped 31% (Martinez, 2018)
- the number of Nike products sold out in the 10 days before the ad came out compared to the ten days after (September 3-13) increased by 61%
- the number of items sold out went from 703 for the 10 days prior to the ad to 1131 for the 10 days after the ad (Martis, 2018)

## **DECISION**

Despite positive immediate sales, Nike's increasingly negative brand perceptions had created uncertainty regarding Nike's long-term results – particularly its long-term branding results. Nike was facing difficult decisions laden with uncertainty; pull the ad quietly or make an apology or continue to use the advertisement?

Nike (like most corporations) answered to multiple stakeholders who had different expectations. Shareholders wanted to see increased profits; consumers wanted quality products and reasonable prices; environmentalist wanted sustainable products; government regulators wanted assurances of fair business practices; and other stakeholders were concerned about corporate social responsibility. What responsibility (if any) did Nike have in advancing the social justice causes?

The decision to air the Kaepernick ad did result in negative backlash against Nike. However, O'Connell (2020) reported that Nike retained an industry leading 24.7 % athletic apparel market share. What's more, its increased sales numbers spoke to its popularity and consumer loyalty. Did consumer brand loyalty make a brand such as Nike impervious to negative or perceived negative publicity?

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