Digital Transformation in the Sports Apparel Industry:

The Case of Nike, Inc.

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Master of Science in Management
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AFFIDAVIT

I hereby affirm that this Master's Thesis represents my own written work and that I have used no sources and aids other than those indicated. All passages quoted from publications or paraphrased from these sources are properly cited and attributed. The thesis was not submitted in the same or in a substantially similar version, not even partially, to another examination board and was not published elsewhere.

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ABSTRACT

The global revenue of the sports apparel industry is larger than it has ever been before. Digital transformation has been a driver for the industry, leading to digital innovations within the industry. This has led to the fall of market leaders while creating opportunities for new market entrants by capturing market share through leveraging new technologies. The company Nike, Inc. has been the market leader in the sports apparel industry for several decades and is known to be a forerunner in innovation. The purpose of this research is to examine how digital transformation has affected Nike, Inc. and the sports apparel industry and how it will shape the future. A secondary aim is to investigate how Nike's customers perceive these changes and to scrutinize their digital needs and expectations. This research furthermore aims to conclude about the digital needs and expectations of Nike's customers and if they align with Nike's strategy.

The research used a triangulation of three methods and provides a holistic analysis to make recommendations to the management of Nike. Primary research was conducted through a questionnaire-based customer survey and expert interviews with the management and specialists at Nike. Secondary research included reviewing frameworks for strategic analysis. The analysis distinguishes *digital natives* (i.e. aged 21 years or younger) and *digital immigrants* (i.e. aged above 21 years). The results showed that these two groups differ in their sales-channel preferences, digital needs and expectations. The secondary research was confirmed by the findings from the expert interviews and customer survey. Overall, Nike's digital transformation strategy appears to align with the needs and expectations of the company's customers.

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1 INTRODUCTION

Throughout the past decade, digital transformation has fundamentally changed the sports apparel industry. In the past, innovations were made solely in product design. Companies that offered innovative products were able to sustain their competitive position on the market. As the technological opportunities advanced over the years, increased competition led companies to find new ways to innovate. Over the years, the industry developed into a $185 billion market. Nonetheless, the industry is not the same as it has been in the past (Allied Market Research, 2018).

However, today the industry is strongly driven by digital-product and business-model innovations and digitalization of the value chain. Digitalization is set to disrupt the traditional fashion industry in coming years even more (Behr, 2018). Companies which fail to innovate at the digital level will face difficulties in the future. Therefore, industry incumbents must understand the trends in digitalization as well as the digital needs and expectations of their customers (Miller-Cole, 2019).

Digital transformation concerns the integration of digital technologies into various areas of business, causing crucial operational changes which affect the customer value (Lund, 2019). This is one of the most relevant topics of the 21st century. This digital disruption of the global sports apparel industry allows businesses to be more efficient while improving customer relationships. Because companies in the sports apparel industry are strongly affected by digital innovation, it is crucial for them to understand the digital needs of their customers and align those needs with their strategy.

Nike, Inc. is the global market leader in the sports apparel industry, with a global brand value of over $36 billion. This figure is twice as high as its main competitor, Adidas, with $16 billion (O'Connell, 2019). However, regarding digital transformation, Nike has had some setbacks. In 2010, the company launched its new in-house digital hub called the Nike Digital Sport division*,* whose purpose it is to foster digitalization by providing skilled resources and coordination across various business units of the company. Just four years later, in 2014, the workforce of Nike Digital Sport was cut by almost 80% as the division had shown only minimal margins for products it had worked on. This indicated a failure to successfully implement practices of digital transformation. The reason was that Nike did not have a well enough defined transformation plan or proper IT infrastructure prepared before the implementation to ensure efficient transformation (Toesland, 2018).

This failure of implementation shows that even the strongest industry incumbents must fully understand what is necessary to succeed in a digital world. Not only in the sports apparel industry but in all other industries, digitalization has pressured market players to adapt their strategies and take advantage of new digital business opportunities (Rachinger, Rauter, Müller, Vorraber & Schirgi, 2019).

1.1 Research Aims and Objectives

This study examines the digital transformation in the sports apparel industry, focusing on Nike. The thesis examines current innovation practices at Nike and how the company is transforming its business model to respond to the changing needs and expectations of its customers and to the changing market dynamics.

The overarching research question that this study addresses is: How does digital transformation affect the sports apparel industry, especially Nike, and how do customers perceive this change?

Based on this research question, a main hypothesis was formulated. The null hypothesis (H_0) states that the current digital transformation of Nike does not align with the needs and expectations of its customers. The alternative hypothesis (H_1) states that the current digital transformation of Nike aligns with the needs and expectations of its customers. The hypothesis was tested by analyzing the results of the customer survey and benchmarking them against findings from the strategic framework analysis and the expert interviews at Nike.

In addition to this main hypothesis, four survey-based hypotheses were formulated to support the research concerning differences between digital natives and digital immigrants. The formulation of these hypotheses was based on the questionnaire-based customer survey. These survey-based hypotheses can be found in 4.3.

The study has several ambitions. First, it aims to understand how digital transformation benefits and shapes the future of the sports apparel industry, especially regarding sales channels. Second, the research examines the effects of digital transformation on the digital needs and expectations of Nike's customers. Lastly, it leverages a triangulation approach to establish a holistic picture of the research topic to serve as the basis for recommendations.

1.2 Thesis Structure

The main part of the thesis is divided into six chapters. The first is the introduction chapter, which provides a general introduction to the research topic. It also discusses the purpose of the research and the chosen research methods and approaches.

The second chapter reviews literature on the history and development of the sports apparel industry and the relevance of digital transformation. It also analyses the value chain in the sports apparel industry, focusing on the downstream parts supply chain, especially the distribution channels and store design. In addition, it provides an overview of offline and online store development. Lastly it reviews different customer segments and their needs and expectations, and analyses their different customer journeys.

The third chapter focuses on reviewing secondary research on Nike. First, existing literature discussing the history of Nike is reviewed. Then three strategic frameworks are used to analyze various aspects of the company, its industry and its digital transformation. The three analyses are performed using Porter's five forces framework, the value chain model and the digital transformation roadmap. The aim is to understand the industry dynamics and its profitability for market incumbents, as well as Nike's internal activities, digital practices and implementation of digital transformation.

The fourth chapter presents the triangulation approach, consisting of two research methods for primary data collection combined with findings from the strategic analyses in Chapter 3 and includes strategic framework analyses on Nike.

The first research method discussed is the interview. To obtain an exhaustive understanding of the company perspective, expert interviews were conducted with managers and digital specialists working at Nike. The second method used for primary research was a survey. An online questionnaire-based survey enabled benchmarking the needs and expectations of Nike's customers against the findings from the expert interviews and literature.

The fifth chapter presents the findings of the primary research methods and provides structured insights about the analysis of each research method. Moreover, it links the findings to the secondary research and examines the validity of the main hypothesis and discusses the limitations of the study. Four survey-based hypotheses are also examined for validity.

The sixth and final chapter highlights and discusses the main findings and explains the study's contribution to knowledge and elaborates on its implications. Recommendations for stakeholders are presented.

2 LITERATURE REVIEW

The sports apparel industry has become of crucial importance, especially for younger generations. Nike has established and retained its position as the market leader in recent decades. This chapter reviews secondary data in the form of literature to understand the history, dynamics and development of the sports apparel industry, as well as the generic value chain of its incumbents. Moreover, it reviews literature on the topic of digital transformation, especially in the sports apparel industry, and discusses the risks and opportunities involved in transforming businesses digitally.

This chapter furthermore reviews literature about customers' behavior and their changing needs and expectations concerning the availability of digital opportunities. Lastly, this chapter discusses the frameworks used in Chapter 3 to analyze various aspects of Nike. The demand for sports apparel, especially among the younger generations, has increased substantially as both the awareness of health and the disposable income per capita have increased in recent decades. This shift has allowed businesses to find new ways of growing in the industry (Allied Market Research, 2019).

2.1 Sports Apparel Industry

The sports apparel industry is often referred to as the sports fashion industry, athletic apparel industry or sportswear market. Invariably, it is defined as a global market and is estimated to reach $248.1 billion in revenue by 2026 (Allied Market Research, 2018). The competitive landscape of the sports apparel market can be divided into seven main players. Today, Nike captures the largest share of the market at 30%, with a revenue of $30 billion. The second biggest player is Adidas, with revenue of over $20 billion and a market share of 20%; Adidas is followed – with a $15-billion revenue gap – by Puma, which has a $5 billion revenue. These three market leaders are followed in turn by Under Armour, New Balance, Sketchers and Asics (Wedbush Securities as cited in Sonenshine, 2018).

2.1.1 Market Overview

Sportswear are “clothes that are worn for sports or other physical activities” (Cambridge Dictionary, 2019). However, sportswear as it is known today is not the traditional sportswear of previous decades. Today, sports *apparel* has become a type of clothing style which is also worn regularly outside of doing sports.

The most substantial part of the generic sports-apparel product portfolio is made up of T-shirts and tops, with a 21% revenue share (Fact.MR, 2019). In the United States alone, the revenue for sportswear in fiscal year 2018 was $115.6 billion, of which $78.65 billion (68.03%) was derived from the sales of sports apparel; the remaining $36.96 billion (31.97%) was made up by sports footwear. It was forecasted that in fiscal year 2019, the total revenue of the sportswear segment is going to grow by 5.8%, attaining $122.75 billion, of which $83.21 billion (67.79%) comprises sports apparel and $39.54 billion (32.21%) comprises sports footwear. In fiscal year 2020, the total projected revenue of sportswear, including footwear, in the United States is estimated to reach $129.49 billion. This is a 10.7% increase compared to fiscal year 2018. In 2020, $87.55 billion (67.6%) will account for the sales of sports apparel while $41.94 billion (32.4%) is comprises sports footwear. These numbers indicate that an increase in demand is expected, which will benefit the market incumbents (Coresight Research, 2018).

Nike’s product portfolio provides a general impression of the leading products sold in the sports apparel market. The company has nine product categories, which are discussed in Chapter 3 in more detail. Those categories are running, basketball, Jordan, football (soccer), men’s training, women’s training, action sports, sportswear (lifestyle) and golf. Sportswear, running, and Jordan are the best-selling footwear categories in which the products are targeted for athletic use. However, the products are often also worn for casual or leisure purposes. Besides these nine categories, Nike additionally markets its products designed for children and for other athletic sports, like tennis, volleyball or lacrosse (Nike, Inc., 2017).

Adidas has a product portfolio of similar categories. They are football (soccer), basketball, running, training, originals, Y-3 and its premium sportswear line called SLVR. The two latter groups are focused on fashion and style rather than fulfilling the purpose of functional activity (Sportswear Brand Strategies, 2013).

As shown in Figure 1, in 2016, the cumulative market share of sports apparel in the apparel industry of the United States accounted for 30.1%, with 11.4% being for performance clothing. Moreover, sports-inspired clothing accounted for 7.4%, whereas performance footwear accounted for 5.7%. Sports-inspired footwear made up 2.9%, whereas outdoor clothing and footwear accounted for only 2.7% (O'Connell, 2019; Coresight Research, 2017).

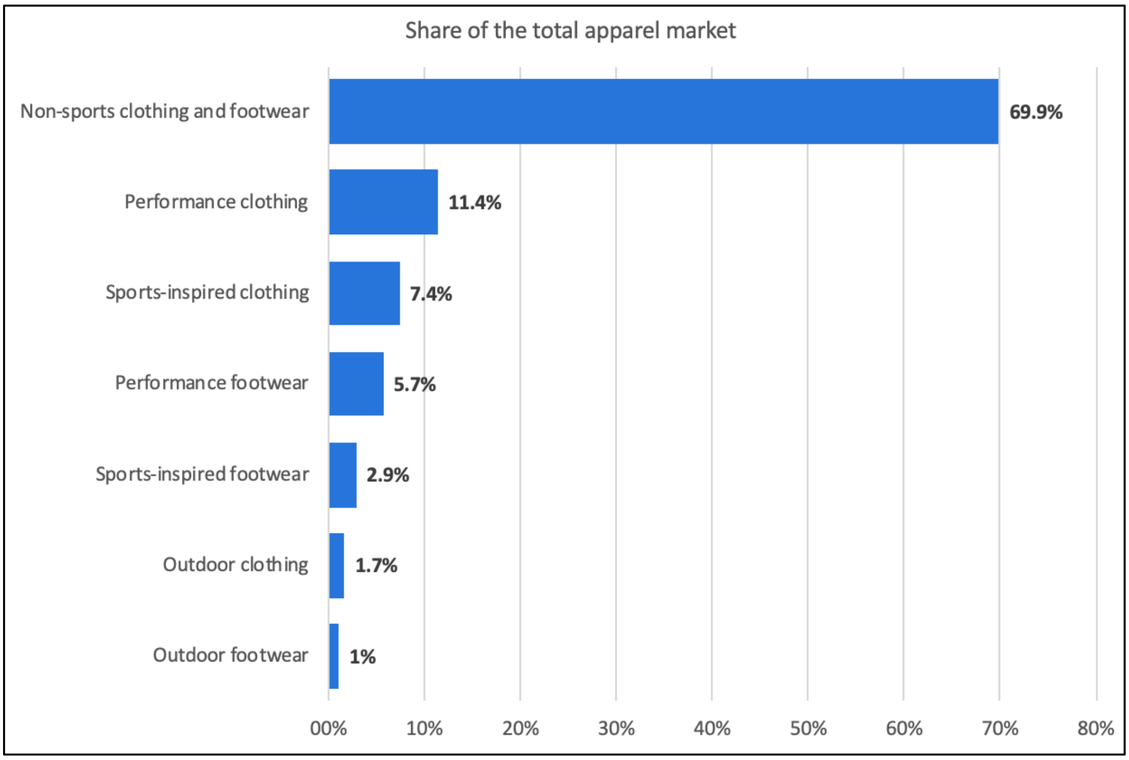

FIGURE 1. APPAREL MARKET SHARE: SPORTS AND NON-SPORTS CLOTHING AND FOOTWEAR IN UNITED STATES, 2016 (O'CONNELL, 2017)

According to Miller (2011), performance clothing and footwear are types of apparel mainly designed to be worn during a specific activity. Watkins and Dunne (2015) developed a broader definition of performance apparel, referring to clothes that perform or function for a specific purpose. They claimed that the main criterion of performance apparel is that the clothing should ensure that the individual stays as dry, fresh and comfortable as possible while performing a particular activity.

Sports-inspired apparel and footwear relates to the trend of "athleisure" and offers customers comfortable, fashionable and functional apparel at a lower cost than high-performance athletic apparel (Marketresearch.com, 2019). The term "athleisure" was introduced by the fashion brand Lululemon but did not become popular until years later, when the New York fashion industry used the word to advertise apparel. In contrast to performance apparel, this sports-inspired apparel has an athletic look but no inherent technical function (Wilson, 2018). Outdoor clothing, by contrast, refers to apparel, footwear, gear and accessories made explicitly for outdoor activities in various environments. The most popular outdoor activities in the United States are walking, hiking, camping, biking, fishing and trail running. Over 48% of the United States population participates regularly in outdoor activities (Green, 2017; Outdoor Foundation, 2002; Outdoor Foundation, 2018).

2.1.2 History of Sports Apparel Industry

The sports apparel industry hosts some of the fastest-growing companies in the world (Keller, Magnus, Hedrich, Nava & Tochtermann, 2014). The reason is that customers are progressively spending more on sports apparel and accessories (Bhisey, 2019). Sports apparel was introduced by the 19th-century evolution of activewear. It became better known with the increasing popularity of sports like cycling, where specific clothing was needed. However, it was not until the early 20th century that American and European sportswear began to strongly influence the global sports-fashion industry (Arnold, 2008). Over the subsequent decades, fashion designers strengthened the development of innovative, functional, yet affordable and fashionable sports apparel.

The mid-2000s were when most of today's market leaders emerged. One of the oldest sports apparel companies, which still holds a market share of 4.1%, is New Balance Athletics, Inc. The company was founded in 1906 and began operations with a product as simple as an arch support and did not bring its first footwear product to market until 1960 (Smith, 2019).

Another early player in the sports apparel market was Dassler Brother Shoe Factory, founded by Rudolf and Adolf Dassler. The two brothers produced and sold sports footwear until 1949, when they split their business to found their own shoe companies, known today as Adidas and Puma (Adidas, 2019).

In 1962, Blue Ribbon Sports, which later in 1971 changed its name to Nike, entered the sports apparel market. The company started its first operations in year in 1964 by importing running shoes from Japan and opening its first retail outlet in 1966 (Pederson, 2001).

Under Armour was founded in 1996 and was one of the last main entrants into the sports apparel industry. They had an exclusive T-shirt, featuring unique microfibers that kept athletes from becoming too wet or hot while performing sports. The first shirts were made for the American National Football League, which enabled the company to turn one product into a portfolio of innovative performance footwear, apparel and accessories (Under Armour, 2012).

2.1.3 Sales and Distribution Channels

The distribution channels of last century differed markedly from today's channels. What started as a trade business in the 17th century developed into a concept of stores with opening hours. In the mid-20th century, these turned into conglomerates of stores located together within shopping centers. Some of today's most recognized department stores, such as Harrod's and Selfridges in the United Kingdom or Macy's in the United States, also originated in the 19th century. During the 20th century, the size of department stores increased and led to the standards of today's shopping mall concepts (Cox & Dannehl, 2007; Gladwell, 2014; Howard, 2019; Paquet, 2003). In 1979, Aldrich introduced the first form of an online shopping system, enabling commercial transactions to occur entirely online; however, the first product was not sold online until in 1994 (Tkacz & Kapczynski, 2009; Gilbert, 2004).

The emerging methods of online retailing were about to change the industry forever. From 2000 onwards, along with the expansion of the Internet itself, new sales channels arose besides traditional brick-and-mortar stores. For the first time in history, businesses were able to distribute their products online. Not only was this an innovation in terms of sales channels; it also allowed the entire communication to occur online. It was a vast opportunity to start distributing products by mail after receiving the orders online, which has evolved into personalized communication and mass customization opportunities (see page 36).

Despite offering benefits for customers and businesses, e-commerce also constitutes a threat, especially for retailers whose products are not unique and can be bought elsewhere online. Moreover, factors such as speed, efficiency, benchmarking, pricing and flexibility became the main reasons for online shopping (Megibow, 2017; Bloomenthal, 2019).

A concept which has become increasingly relevant in the distribution and sales channels of any retail business is *omnichannel retailing*. Historically, the most widely used method was the multichannel approach. Neslin et al. (2006, p.26) defined this as “the design, deployment, coordination, and evaluation of channels through which firms and customers interact, to enhance customer value through effective customer acquisition, retention, and development”.

Today the omnichannel method is more than just a collection of retail channels. It holds greater value by leveraging synergies among channels with the brands themselves (Neslin et al., 2006; Neslin et al., 2014). As Murray (2019) explained, customers want a seamless experience when transitioning from one channel to another. The omnichannel approach offers a unified experience, fulfilling the needs and expectations of the customer. According to Megibow (2017), e-commerce or selling products over the Internet is still a relatively young innovation and comprises only 20% to 25% of all retail revenue.

Chapter 4 presents the hypothesis that there will always be a need for physical stores. This was tested during the expert interviews and the customer survey. According to Centraal Bureau voor de Statistiek and Eurostat (2019), in the European Union, 60% of customers aged 16-75 years made at least one purchase through e-commerce in 2018. Compared to 2017, this number had increased by 3%.

Interestingly, the younger the age segment, the higher their preference for online shopping. In 2017, BigCommerce found that in the United States, 67% of the millennial generation (i.e. people born between 1981 and 1996) preferred to search and purchase online rather than in physical stores. Among Generation X (i.e. people born between 1965 and 1980), only 56% preferred online shopping to physical shopping. In line with this trend, 41% of baby boomers (i.e. people born between 1944 and 1964) and only 28% of people born before 1944 preferred online searching and purchasing over traditional brick-and-mortar stores.

A possible reason for this trend regarding age segments could be that customers generally want to hold onto what they are familiar with for as long as possible. Moreover, most customers are not fond of adapting to changing circumstances. The younger the generation, the earlier they were exposed to digital opportunities (Phillipson, 2008; BigCommerce, 2017; Dimock, 2019; Vogels, 2019). For Generation Z (i.e. people born between 1995 and 2010), the term "true" digital native has become commonplace. In the future, they will comprise the majority of the consuming population (Francis & Hoefel, 2018).

As for the shift in purchasing behavior, another possible reason could be the development of the smartphone. It brought the mobile shopping experience to the market, making it possible to purchase products with a few clicks. In 2019, 93% of the millennial generation and 90% of Generation X owned a smartphone, whereas 68% of baby boomers and only 40% of people born before 1944 did (Vogels, 2019). In 2018, 67% of the global population used smartphones to browse the Internet and only 33% used traditional desktop access via laptops or computers (AKIT, 2019). Other customer differences in preferences, needs and expectations are discussed in subchapter 2.4.

Regarding the fashion industry, the share of online fashion spending (20%) already outpaces overall online spending in general retail (13%). Furthermore, the share of apparel sales made online in the United States increased by almost 7% between 2015 and 2017. Businesses such as Amazon and Alibaba have changed the way customers buy and have significantly contributed to the evolution of e-commerce (Howland, 2018a, 2018b; Digital Commerce 360, 2018).

As shown in Figure 2, in 2016, 53% of US citizens older than 18 years purchased sports apparel online. The share of citizens who physically purchased sports apparel in speciality running stores was 53% and in sporting goods stores it was 46% (Running USA, 2016).

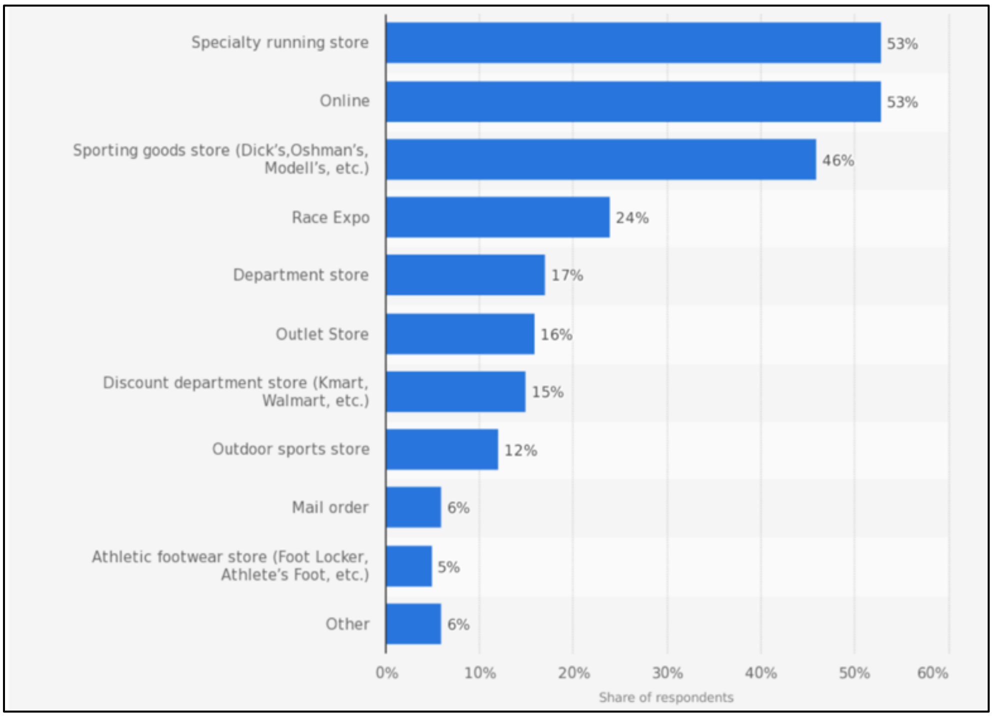

FIGURE 2. SPORT APPAREL POINT OF PURCHASE IN U.S. 2016 (RUNNING USA, 2016)

A specific form of customer behavior could further explain the split in purchasing online versus purchasing in physical speciality stores. In this behavior, customers search online but buy offline, or vice versa. This gives them the opportunity to decide to purchase online or offline without making any sacrifices (Edwards, 2019).

This shift in behavior becomes apparent when analyzing the annual total retail sales in physical stores versus online stores. In Great Britain alone, between 2008 and 2017 there was an upward trend in online retail sales (see Figure 3). The sales in brick-and-mortar store have increased only slightly over the past decade, resulting in online retail sales being markedly higher than physical retail sales (Murphy, 2018).

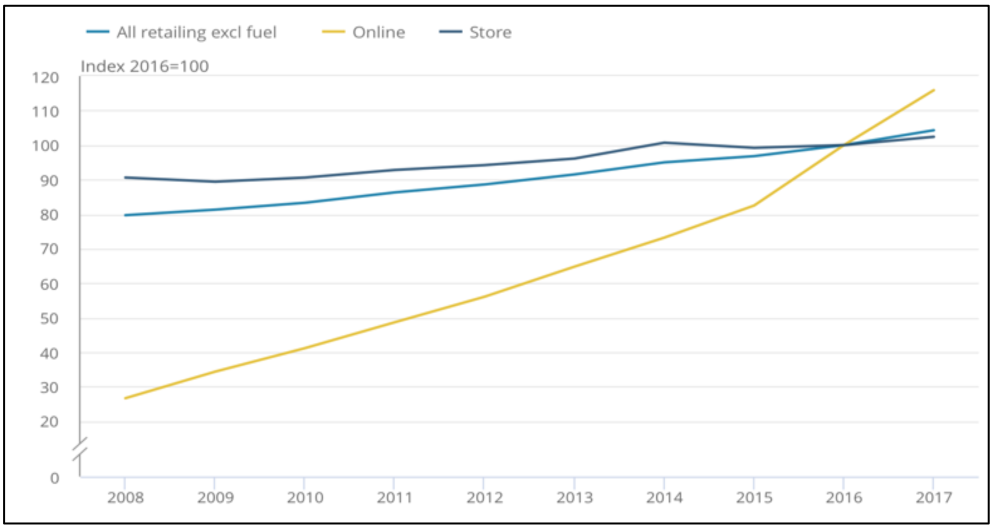

FIGURE 3. ANNUAL TOTAL RETAIL SALES, STORE-ONLY SALES AND ONLINE-STORE-ONLY SALES, NON-SEASONALLY ADJUSTED; GREAT BRITAIN, 2008 TO 2017 (MONTHLY BUSINESS SURVEY, RETAIL SALES INQUIRY: OFFICE FOR NATIONAL STATISTICS, CITED IN MURPHY 2018)

The question remains whether online stores have the potential to entirely replace brick-and-mortar stores. Either way, its potential should not be underestimated. While most sales still occur in physical stores, the business model of traditional brick-and-mortar stores is becoming obsolete. However, the meaning of customer experiences and the need to feel and try products remains essential for customers (Gupta, 2019). Therefore, many retail stores are trying to incorporate a digital element within the customer experience. This is generally done through digital devices or services that can be used by mobile devices (Pymnts, 2019). The next section discusses digital transformation and the digital tools companies currently use to interact with their customers.

2.2 Digital Transformation

Digital transformation refers to the process of transforming an organization to meet customer needs more efficiently through technological innovation and data (Clark, 2018). According to Lopez and Scheibenreif (2017), four goals drive digital transformation: i) competitiveness, ii) profitability, iii) efficient user experience and iv) agility across the company. Those goals not only affect businesses but also have socioeconomic implications. Digital transformation already affected the retail industry during the 1900s and early 2000s, where purchases still occurred exclusively in physical stores and mainly with cash. Media campaigns and advertising became one of the first forces to start the adaptation of digital transformation to cope with customer demand.

After 2000, along with the global rise in smartphone users, businesses faced new challenges involving customer communication and satisfying their digital needs and expectations. Methods of digital transformation were expanded to further cover activities involving payments, the discovery of products and personalization. Various other areas of e-commerce were similarly affected (Schallmo, Williams & Boardman, 2017).

2.2.1 Opportunities

Digital transformation is a powerful source of business opportunities with vast societal impact. Technological innovations not only open up new opportunities for product and market development but also shape entire business models and value chains (Probst et al., 2018). In the current era, it is almost impossible for industry incumbents to sustain a competitive advantage without digitally transforming their business models.

Some global enterprises, such as Volkswagen, Tesla and IKEA, have already successfully implemented digital tools to ensure sustainable and above-average market returns. Volkswagen plans to further invest additional $4 billion in developing their business through digital transformation. These ambitions involve digital innovations which are dedicated to improve customer experience. For example, their vehicles are becoming integrated with the Internet of Things (IoT). The IoT is a concept of establishing interconnections between various devices over the Internet. Volkswagen plans to equip their vehicles with IoT technology to – for example – receive parcels without a driver, by opening the back door autonomously for mail delivery. This innovation could cause a considerable disruption in the parcel business. Other use cases include automatic-parking billing through a mobile device application and improved personalization involving recommendations based on the vehicle's location (Morgan, 2014; Oswald, 2018; Zigurat, 2019).

Tesla is another example for the successful disruption of an industry. By leveraging digital transformation, the electric car company is the only car manufacturer which automatically updates their cars' firmware providing a superior customer experience and to enhance safety. By leveraging emerging technological opportunities, the company was able to become the world's most valuable car manufacturer by market value with a valuation of $208 billion (Bruijl, 2017; Korosec, 2020).

IKEA leveraged emerging technologies by integrating them into mobile devices. In 2017, IKEA introduced a virtual reality mobile application named IKEA Place, where users could visualize how furniture would look once placed in their homes. The application uses the camera of a smartphone. With this innovation, IKEA was the first player to set a new standard in digital transformation within its industry (Zigurat, 2019; IKEA, 2017). While Volkswagen and IKEA are companies that excel at transforming their businesses digitally, the issue affects almost all companies in most industries (Andrade, 2019).

As mentioned earlier, digital tools are not only disrupting business practices and transforming value chains; they are also creating new business models. When transforming traditional business practices, digital transformation can be leveraged to expand into new markets, digitalizing products or services and capturing value from new digital platforms by enabling enhanced customer personalization. Innovations in digital transformation can also improve the cost-value ratio of products in each stage of the value chain. Many companies prioritize full digitalization of their value chains, thus creating synergies driven by emerging digital and technological innovations. Moreover, digital transformation causes business leaders to question their existing business models; it empowers them to reshape innovative and powerful new business models by maximizing digital value creation (Shimp, 2017; Accenture, 2013; IBM Institute for Business Value 2011).

2.2.2 Risks

Although successful digital transformation greatly benefits companies and industries worldwide, digitalization must be implemented cautiously. Businesses which do not innovate at the digital level will face major consequences in the future; however, implementing a wrong approach to digital transformation can also be harmful even if it does not threaten the survival of the business (Collins, 2009).

Denisco-Rayome (2019) reported that the most severe risks concerning digital transformation were as follows: cybersecurity issues, inflexible technological infrastructure, legal and budget constraints, and resistance and risk aversion regarding emerging technologies. Llewellyn (2019) claimed that a major contributing factor in unsuccessful digital transformation is that companies might not be entirely convinced that the status quo needs to be challenged or improved. Furthermore, misalignment in the company's vision, or failing to operate stringently towards strategic alignment throughout an organization, can lead to aversion regarding implementing new digital practices. In recent decades, these risks have become apparent.

McKinsey & Company (2018) identified 21 practices that have the greatest potential to ensure the success of digital transformation. These practices include implementing digital tools to enhance the internal availability of information within a company. This leads employees of an organization to support the digital transformation and to alter the operating procedures to leverage digital technologies. Innovative tools can establish new guiding principles for digital transformation and demonstrate its relevance and purpose.

Moreover, companies need to involve digital technology experts in their top management to empower leaders to challenge traditional work processes and redefine roles and responsibilities, and to align with the purpose of digital transformation. These experts need to facilitate innovative ideas involving digitalization. The practices include establishing new digital forms of working, integrating various levels of the organization to support the digital transformation and developing technologies for internal use. In addition, leveraging the power of leaders in a company encourages employees to actively participate in digital transformation and fosters collaboration across business units within the organization.

Digital transformation is impacting the sports apparel industry on a global scale. According to Behr (2018), the industry will continue to be disrupted by digital innovations. An example is smart clothes. The integration of technology into clothing can be beneficial regarding sports and performance apparel because technology can recognize patterns and trigger actions. It could be that in the future, casual shoes will lace up automatically (Eden, 2016). The hypothesis that smart clothes present a valid futuristic innovation was tested during the expert interviews at Nike, reported in Chapter 5.

While it cannot be accurately predicted, it seems possible that the IoT will become relevant to digital transformation in the sports apparel industry. From the perspective of the retail sector, digital transformation can be leveraged especially well by athletic sports apparel companies. Indepth Tech News (2019) highlighted such applications related to IoT. For instance, businesses could build up a smart inventory with automated management. Here, all stored items are continuously checked, which allows for accurate levels of sales forecasting and the reordering of products that are out of stock. The IoT would thus become attractive for the application of analytics.

Another emerging technological trend is artificial intelligence, which is defined as automated activities associated with human thinking (Bellman, 1978). The use cases are diverse and can be applied online as well as in brick-and-mortar stores. Such evolution could radically change retail store experiences of customers (Collelldevall, Kamshybekova, Lu, Wagner & Wielheesen, 2019). From the viewpoint of the sports apparel industry, industry incumbents as well as their customers could benefit from such a digital transformation.

Virtual reality refers to the use of technology to visual simulate a real environment. This could also find its way into retail stores soon, aiming to enhance the customer experience. Not only the visual sense can be imitated but also hearing, touch and smell. These impressions would make the virtual experience as real as possible, enabling customers to gain a detailed impression of products without seeing them physically.

Amazon Go is an example of a company which is already offering a digital shopping experience to its customers. The company offers a seamless shopping experience without physical payment, using smartphones as wireless transaction devices. The stores and the smartphone communicate wirelessly to autonomously process the payment as soon as a customer exits the store with a product. This innovative technology allows wireless checkouts without requiring customers to pay in-store physically by making use of a radio frequency identification (RFID) system linked to a customer’s Amazon account (Amazon.com, 2019). It is not unlikely that leading companies in the sports apparel industry would take advantage of this advanced technology.

Other use cases of digital transformation in retail include smart fitting rooms in stores, where customers scan their product to access information on available sizes as well as different colors or product recommendations. Companies such as Mango and Ralph Lauren are already using this digital innovation, and incumbents of the sports apparel industry might also adapt to this trend (Osborne, 2018). Moreover, a rising technological innovation in retail stores is the digital mannequin. These mannequins artificially portray customers in 3D while wearing the selected clothes, shoes or accessories. Once the customer has been scanned to create their digital mannequin, the data is stored online and can be reused at any time when customers want to see how well the clothes offered in online stores fit them (Subastral Inc., 2017).

However, the question remains what kind of store experience the customers of sports apparel brands will want in the future. Moreover, the subject of how much personal data customers want to share is critical. Virtual 3D mannequins of customers would not only reveal exact body measurements to companies, but updates in their measurements would reveal physical changes of their physique over time. This data might allow companies to identify trends and adapt individual product offerings and customer communications accordingly. It needs to be considered, however, that this customer data is sensible health data and therefore needs to be protected. The importance of data privacy was further enforced by the 2018 EU General Data Protection Regulation (GDPR) to regulate the use of customer data. These new regulations forced players in the sports apparel industry to change the way they use customer data and interact with them (Allday, 2018).

2.3 Customer Research

Understanding of customer behavior has become an essential part of any successful business. The science of customer behavior originated in the 1960s and has become increasingly important over the decades (Abdul Brosekhan & Muthu Velayutham, 2019). As shown in Figure 4, customer behavior can be divided into *customer activities* and *customer responses,* which are interdependent categories. *Customer activities* can be further split into three activity categories of the buyer journey: *purchase*, *use/consume* and *dispose.* These activities all influence the customer's responses. *Purchase* activities occur when customers acquire certain products or services; this includes efforts leading to the final purchase, such as researching prices or sizes. *Use/consume* activities involve factors such as the time and location where customers use or consume products. Those activities differ significantly from product to product. Lastly, *dispose* activities include actions about how customers discard the products, and may include reselling, reusing and recycling.

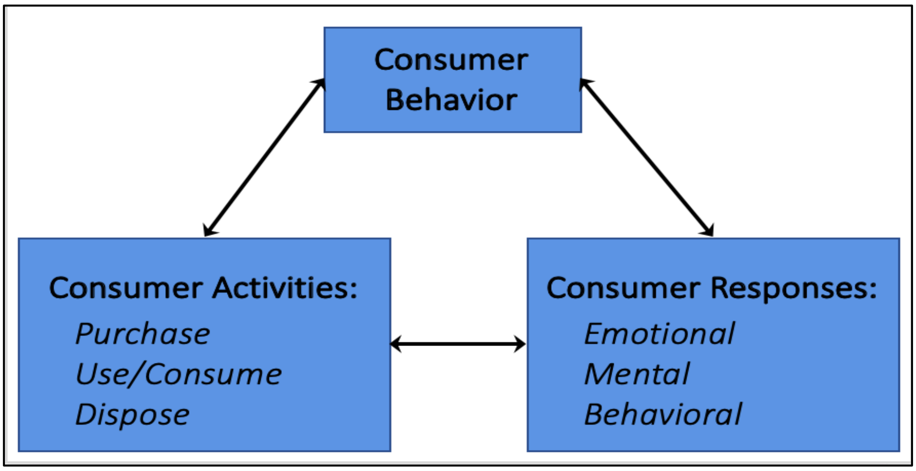

FIGURE 4. WHAT IS WHAT IS CONSUMER BEHAVIOR? (KARDES, CRONLEY & CLINE, 2015, P. 8)

Customer responses can also be divided into three categories. The first is e*motional* responses, which involve feelings and temperament. *Mental* responses involve thought processes, attitudes, beliefs and intentions that customers have about products. These mental responses can be either evaluative or non-evaluative. Evaluative use involves judgements and assigning value to the judged object, whereas non-evaluative use involves thinking about an object without making any judgement of its value.

Lastly, *behavioral* responses involve customer decisions and actions at purchase, during product use or consumption, and during its disposal. *Behavioral* responses are likely to be influenced by marketing activities, advertisements or promotions (Kardes, Cronley & Cline, 2015).

2.3.1 Customer Evolution

In recent decades, not only has customer behavior evolved but the needs and expectations of customers have changed considerably. Historically, customers were used to traditional means of shopping by purchasing and experiencing products or services, all offline. There were no online services for comparing prices; customers had to physically enter a shop during its operating hours and it was hard to obtain detailed information about product specifics without asking a salesperson. Today, customers are influenced by the era of digitalization. Comparing prices, finding additional information about products and purchasing products can easily be done online (Jose, 2017).

A crucial influence that has shaped the purchasing behavior of customers is the increasing use of social media. Today, over 3.8 billion people regularly use social media, which is more than a third of the entire global population (Kemp, 2020). Companies are aware of this trend and target their customers primarily in places where they spend the most time. Thus, social media marketing has become a substantial part of any promotion campaign. Customers are led to webpages where they are able to purchase products or services they saw in advertisements only minutes earlier, for instance on a social media platform. A report by Deloitte (2015) found that almost a third of customers spend more money when they shop online than when they purchase in physical stores, which contributes to the trend of companies increasingly selling online.

In line with the findings of Deloitte and Salesforce (2018) suggested that digitalization has significantly changed customer expectations in recent years. In that study, over 80% of customers stated that it is important to be treated like a person and not a number and that companies should prioritize personalization. Additionally, more than half of customers were actively seeking to purchase products and services from companies that innovate at the highest level and integrate the latest technology in their offerings. Another finding was that increased digitalization enhanced the risks associated with data privacy. Over 50% of customers said that they felt insecure about their personal information being used by companies and that they were afraid that their data could be retrieved through leaks in data security (Salesforce, 2018).

Despite the fact that many researchers predict a purely digital future, Morgan (2019) argued that in the future customers will continue to shop in physical stores. Several factors support this argument. The main one is that consumers have always wanted to and will continue to want to see or feel products physically. Second, often products need to be adapted to the customer (e.g. tailoring), which requires a physical presence for the service to be executed. Another aspect is the social one. It has become a common practice to spend time shopping with friends. This social element is mostly non-existent in the online space because it is hard to imitate it virtually. Lastly, in the future, customers will experience new digital technologies in stores through virtual or augmented reality and robots, which will attract them to experience brick-and-mortar stores in a new digital way (Morgan, 2019).

However, it will remain a challenge for businesses to cope with the changing needs and expectations of their customers concerning online and offline shopping. In physical retail stores, an element considered by many customers to be important is personalized service from a human salesperson. This element is hard to fully replace in online stores. BRP (2019) found that 87% of customers expected a uniform shopping experience across all sales channels. Use cases for achieving this could be companies which enable customers to order online but allow them to pick up their delivery in their physical stores.

Another factor which contributes to successful adaptation to changing customer expectations is the use of mobile technology within physical stores. For instance, Apple has made it possible for customers to self-check-out in its stores by scanning products with their smartphones. The checkout process can either be performed entirely by the customers themselves or with the assistance of a salesperson processing the checkout using a mobile payment device (BRP, 2019; Lloyd, 2018).

2.3.2 Customer Journey Mapping

An indispensable tool in understanding customer interactions is customer journey mapping. The concept of customer journeys has become imperative for companies that want to provide superior experiences for individual customer segments. Customer journeys involve recurring interactions between customers and the those who serve them (Meroni and Sangiorgi, 2011).

Customer journey mapping involves visual representations of the customer’s journey regarding their experience with a product or service. Its main purpose is to emphasize the individual touchpoints (i.e. interactions) with customers and supports to understand the various stages involved in the journey (Marquez & Downey, 2015). Mapping should include at least three essential elements, which are *customer needs, customer perceptions* and *customer processes*. Customer journey maps can include additional elements, such as the impact of the brand, improvement of interactions, key stakeholders and critical touchpoints along the journey.

The creation of customer journey maps generally involves five steps. These are i) collecting internal insights; ii) developing an initial hypothesis; iii) researching customer needs, perceptions and processes; iv) analyzing customer research and v) mapping the customer journey. The collection of internal insights refers to drawing on existing knowledge about customers and trying to define a collection of customer touchpoints. Developing initial hypotheses is essential to successfully synthesize the data gathered through observation and to support assumptions about the customer journey. Regarding the customer needs, perceptions and processes, various research approaches are used to derive insights. The findings from the customer research are then analyzed and "personas" are created. Personas are fictional characters which are used to describe specific customer types. In the last step, the customer journey map is visually laid out, taking the prior customer analysis into account (Temkin, 2010).

2.4 Theoretical Frameworks

To leverage secondary research about Nike in the triangulation approach, it was necessary to first understand the relevance of the strategic frameworks used for the analysis. The sports apparel industry is a rather concentrated industry with a few large market players. Because the purpose of this study was to analyze the digital transformation of Nike, this subchapter reviews the literature regarding three strategic frameworks. These are used for in-depth analyses of Nike in Chapter 3. The three strategic frameworks selected for the analyses were as follows:

- Porter's Five Forces
- The Value Chain
- Digital Transformation Roadmap

2.4.1 Porter's Five Forces

The first framework is crucial for analyzing the attractiveness of an industry by providing an overview of the market dynamics and its competitiveness. Porter's five forces refers to a model of the five competitive forces that shape strategy (see Figure 5). These forces are i) the *threat of entry*, ii) the *threat of substitution*, iii) the *bargaining power of suppliers*, iv) the *bargaining power of buyers* and v) *rivalry among existing competitors*. The stronger each of these forces, the harder it is for an incumbent to earn high returns and the less attractive the industry becomes (Porter, 1979).

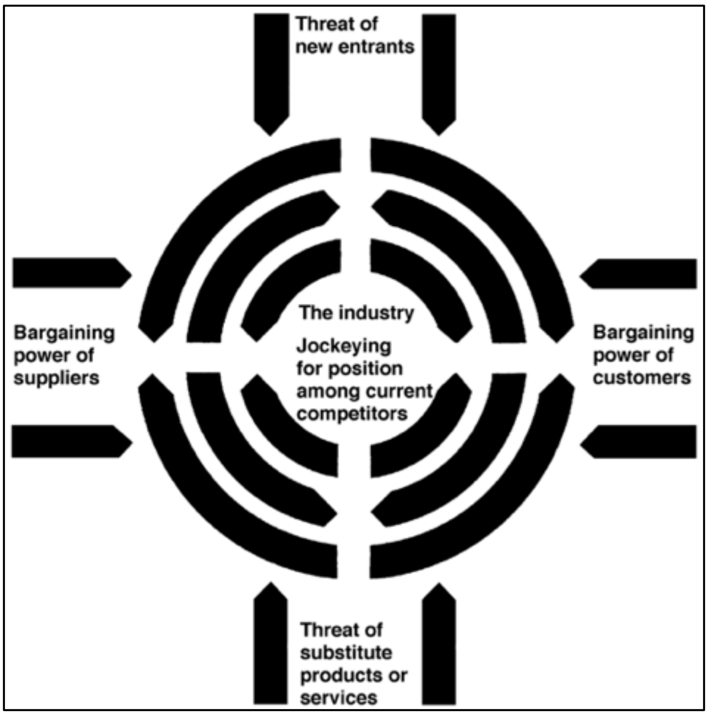

FIGURE 5. FORCES GOVERNING COMPETITION IN AN INDUSTRY (PORTER, 1979)

The first competitive force is the *threat of entry.* This term refers to the threat that new entrants present to existing market incumbents by trying to capture market share and valuable resources. The degree of the threat depends strongly on the level of the barriers to entry. High barriers to entry pose significant challenges for new entrants to establish themselves on the market. In contrast, low barriers allow new entrants to capture market share and become competing incumbents relatively rapidly.

There are six potential *barriers to entry* that protect a market and pose a challenge to new entrants (Porter, 1979). The first barrier *is economies of scale*. Existing incumbents bear lower costs than do new entrants because their scale of operation decreases their unit costs. The second barrier is *product differentiation*. It refers to brand identification and leads to new investments to acquire customers from other incumbents. The third barrier is *capital requirements*, which relates to the required upfront monetary investments to enter a new industry. These capital requirements usually relate to research and development and technological development.

The fourth barrier to entering an industry is *cost advantages independent of* size. This refers to the learning effect (i.e. learning increases productivity), privately-owned technologies or exclusive access to raw materials. These cost advantages make substitution and imitation harder for competitors. The fifth barrier is *access to distribution channels*, whereby new entrants must either establish themselves using the same distribution channels as their competitors or must create their own. The sixth and last barrier to entering an industry is *government policy.* This barrier poses significant challenges even for powerful market entrants.

According to Grundy (2006), these four entry barriers are a function of physical access to customers or resources, the acquisition of knowledge, the cost to enter a market as well as the extent of comfortability to be in the respective industry.

The second competitive force is the *threat of substitute products or services* that lower the profitability of an industry. This threat refers to the availability of a substitute product that customers can acquire instead of a company's product. Generally, the higher the substitute product in terms of price and performance, the higher the threat for the industry to earn below-average profits. If products are not differentiated in quality or uniqueness, industry incumbents will unlikely earn above-average returns and the industry growth may suffer. Two kinds of substitute products are critical from a strategic standpoint. The first is substitute products which offer better price-performance than the competing products of incumbents. The second is substitute products which are produced by other industries and are more profitable than the respective industry; this situation can force incumbents to decrease their prices or to differentiate their product regarding quality or performance (Porter, 1979). This competitive force is a function of outsourcing versus internal operations, leveraging technology to achieve equal value, emotions during purchases, bundling and breaking up value-adding activities into small components (Grundy, 2006).

The third competitive force is the *bargaining power of suppliers.* This is influenced by increases in prices and decreases in the quality of a product or a service that is supplied to the industry. Three factors determine whether suppliers have high bargaining power. The first is when the supplier industry is dominated by a few players or is more concentrated than the industry which it supplies. The second factor is that supplier power is high when a supplied product is strongly differentiated and there are switching costs for changing the supplier. The third factor contributing to the bargaining power of suppliers is when industry incumbents whom they supply are not highly important to them. This competitive force is a function of unique knowledge of suppliers, resource scarcity and the suppliers' ability to integrate forward in the respective industry (Grundy, 2006).

The fourth competitive force is *the bargaining power of buyers.* Buyers can demand lower prices or higher quality, and their bargaining power is strong if there are only a few buyers or they order high volumes. Moreover, if they buy standardized products which are low in differentiation, they can easily buy from other companies without sacrifice (i.e. no switching costs). Two other factors influencing the bargaining power of buyers are the irrelevance of the product to customers or when the product offers no cost savings to the customer (Porter, 1979). This competitive force also is a function of the added value, the urgency of lead times to consumption and emotions (Grundy, 2006).

The fifth competitive force is the *rivalry within an industry.* This is another crucial factor influencing the attractiveness of an industry. Intense rivalry decreases the average profitability of the competing incumbents, while less intense rivalry indicates above-average profitability. Factors affecting the intensity of rivalry within an industry are, for instance, whether many competitors exist that are similar in size and market share. Moreover, if industry growth is slow, rivalry among competitors increases. Rivalry also increases when there are low switching costs (i.e. customers can easily switch between companies) or the product is standardized or low in differentiation. Rivalry within an industry is also on dependent on the incumbents' commitment to the market, mindset or similarity. Lastly, barriers to exit can affect rivalry, because such barriers may persuade companies to stay in the industry and invest to further compete instead of leaving the industry (Grundy, 2006; Porter, 1979).

2.4.2 The Value Chain

The second framework used for the analysis of Nike in this study was a strategic analysis approach. It provides a disaggregated and holistic company overview, structured according to activities of strategic influence. The value chain consists of two activity categories: primary and support (see Figure 6). Five primary activities influence the competition in an industry and are crucial for sustaining advantage. These activities depend strongly on the industry or field a company operates in (Porter, 1985).

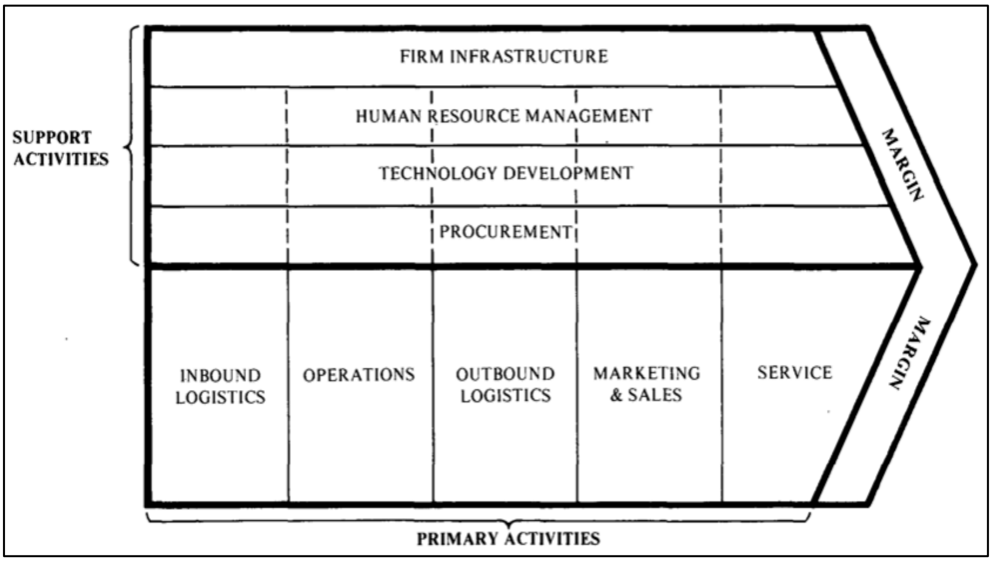

FIGURE 6. THE GENERIC VALUE CHAIN (PORTER, 1985, P. 37)

The first primary activity is *inbound logistics,* which are activities associated with "receiving, storing and disseminating inputs to the product, such as material handling, warehousing, inventory control, vehicle scheduling and returns to suppliers" (Porter, 1985, p. 40). The second primary activity is *operations,* which involves actions associated with "transforming inputs into the final product form, such as machining, packaging, assembly, equipment maintenance, testing, printing, and facility operations" (Porter, 1985, p. 40). The third primary activity is *outbound logistics*, which is concerned with "activities associated with collecting, storing, and physically distributing the product to buyers, such as finished goods warehousing, material handling, delivery vehicle operation, order processing and scheduling" (Porter, 1985, p. 40).

The fourth primary activity is *marketing and sales*, which involves actions associated with "providing a means by which buyers can purchase the product and inducing them to do so, such as advertising, promotion, salesforce, quitting, channel selection, channel relations, and pricing" (Porter, 1985, p. 40). The fifth and last primary activity is *service*, which involves actions associated with "providing service to enhance or maintain the value of the product, such as installation, repair, training, parts supply, and product adjustment" (Porter, 1985, p. 40).

Complementary to the primary activities of the value chain are the support value activities. The first support activity is *procurement*. It is concerned with the purchase of inputs (e.g. raw materials, supplies and physical assets) which are further used in other value chain activities. The second support activity is *technological development*, which involves actions that can be "broadly grouped into efforts to improve the product and the process" (Porter, 1985, p. 40). Technological development has various forms, ranging from basic research and product design to service procedures. This activity is a substantial part of sustaining a competitive advantage in any industry.

The third support activity is *human resources management,* which is concerned with actions involving the hiring process, training development and compensation at all levels of an organization. It supports areas of both primary and supporting activities and, like technology development, is a substantial element due to its influence on competitive advantage. The fourth and last support activity is *firm infrastructure,* which is a source of competitive advantage.

> "It includes a range of actions, such as general management, planning, finance, accounting, legal, government affairs, and quality management. Infrastructure, unlike other support activities, usually supports the entire chain and not individual activities. Depending on whether a firm is diversified or not, firm infrastructure may be self-contained or divided between a business unit and the parent corporation. In diversified firms, infrastructure activities are typically split between the business unit and corporate levels (e.g. financing is often done at the corporate level while quality management is done at the business unit level)" (Porter, 1985, p. 40).

Since the traditional value chain model strongly emphasizes on the supply chain and internal operations, it is useful to consider influential factors of today's era. The Chartered Institute of Management Accountants (2014) identified three major trends which affect the value chain. These are globalisation, demographic change and digitisation.

Globalisation is the growing international occurrence of value chains enabled by the flow of goods, services, technology and capital. On the one hand, companies' value chains benefit from it whereas they form new partnerships or joint ventures with companies or local suppliers in new countries. On the other hand, risks of globalising a value chain include potential intellectual property right breaches, compliance complexity and a more challenging regulatory environment (The Chartered Institute of Management Accountants, 2014).

Demographic change refers to the redistribution of the workforce which will create a different world as we know it today. While some countries show slow or no population growth (e.g. Europe), other populations (e.g. Africa) are exponentially increasing. This contrasting growth will lead to a fundamental rearrangement in the design of successful value chains which need to adapt to the changing demographic and geographic circumstances (The Chartered Institute of Management Accountants, 2014).

Lastly business will inevitably come across the opportunities of technological advancement in digital practices. These can not only be used for improving the efficiency of internal processes but also for the manufacturing processes. In the future, this might allow companies to extend their value chains by manufacturing in smaller facilities in customer proximity (The Chartered Institute of Management Accountants, 2014).

2.4.3 Digital Transformation Roadmap

The digital transformation roadmap is a planning tool for coordinating and creating digital innovations throughout an organization. Digital transformation consists of at least four core components: *the goal, the strategy, key activities and milestones.* The goals should be clearly defined and must consider the individual digital requirements of an organization. The vision and mission enhance the alignment of actions within the organization. In addition, a clear strategy for achieving the goal is necessary for the success of any digital transformation (Navvia, 2018).

The theoretical framework used for the analysis of Nike's digital transformation was the roadmap of digital transformation by Schallmo, Williams and Boardman (2017). In Figure

7, the five phases of digital transformation are outlined. These are i) the analysis of digital reality, ii) setting digital goals, iii) defining the digital potential, iv) evaluating the digital fit and v) the digital implementation.

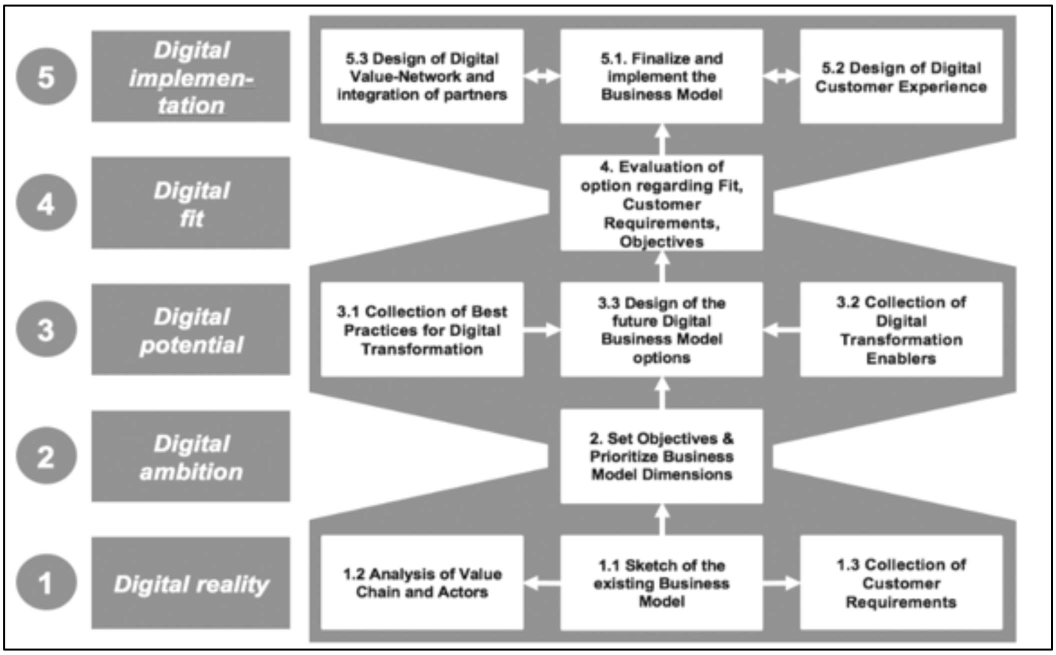

FIGURE 7. ROADMAP FOR DIGITAL TRANSFORMATION (SCHALLMO, 2016, P.23)

The digital reality phase is the first phase of the digital transformation, where the existing business model is outlined. To provide an understanding of the digital level of a company, an added-value analysis is then conducted, incorporating customer requirements and further stakeholders. Next, the digital ambition phase defines the aims of the digital transformation regarding time, space, quality and financials. This step provides priorities for the business model. The second phase, digital potential, creates use cases for the digital transformation and provides the basis for further design of a new digital business model.

In the digital fit phase, the design of the digital adaptation of the business model is evaluated. A digital fit is determined to help avoid misalignment of customer requirements with the objectives of an organization. The fifth and last phase is digital implementation, where the digital customer experiences are designed and the business-model transformation is executed (Schallmo, Williams & Boardman, 2017).

3 NIKE, INC.

This chapter discusses the history of the company Nike and introduces the digital transformation of the company in recent decades. This chapter also focuses on the three frameworks discussed in subchapter 2.5. The discussion establishes a holistic overview of the industry environment, firm-specific activities and the directions and methods of the firm's digital roadmap. Moreover, this chapter offers insights into Nike's competitive environment, internal resources and digital capabilities.

3.1 Corporate History

Nike was founded in 1964, originally as Blue Ribbons Sports by Bill Bowerman and Phil Knight. The company has become the most valuable apparel brand in the world and is currently valued at $32 billion. It employs over 76,000 people worldwide and ranks as number 90 on the Fortune 500 list, on which it has been ranked over the past 25 years consecutively (Fortune, 2019). Acquisitions of sport apparel companies, such as Cole Haan, Hurley International, Converse and Umbro, have accompanied the company's organic growth. However, between 2007 and 2013, the company decided to divest most of these acquisitions and today, Converse is the only owned subsidy of Nike (Kell, 2012; Business Wire, Inc., 2019).

In the past decade, Nike has moved away from its traditional core business and have expanded into the technology business. The company now defines itself as a tech company and has created new departments to focus directly on the technological development of its business (Fortune, 2019; Tannou & Westerman, 2017).

Since early 2020, John Donahoe, the former CEO of eBay, was appointed as the new CEO of Nike. It is therefore expected that the company will start to focus even more strongly on digital strategy and on transforming its business with new digital innovations (Hanbury, 2019).

3.2 Industry Analysis

To clearly evaluate the situation of Nike, it is necessary to analyze several aspects of the company. The first framework for external analysis is Porter's five forces model, which was used to examine the industry that Nike operates in (i.e. the sports apparel industry).

In this thesis, the industry analysis focuses on the core businesses of Nike. As discussed in subchapter 2.5, Porter's model proposes five forces that shape competitive strategies, which are *industry rivalry*, *threat of entry*, *threat of substitution*, *bargaining power of buyers* and *bargaining power of suppliers*.

3.2.1 Industry Rivalry

The global sports apparel industry is a rather concentrated market. According to Wedbush Securities (cited in Sonenshine 2018), Nike holds a 30% market share, whereas Adidas, its largest competitor, holds a 20% share. The remaining market share is distributed among smaller competitors (e.g. Puma, Under Armour, New Balance, Sketchers and Asics). The intensity of industry rivalry has been extreme, especially in recent decades and at the top of the industry. Furthermore, rather low product differentiation is evident, with competing companies offering similar products. This makes it even harder for industry incumbents to sustain a competitive advantage, which results in lower overall profitability of the industry. Therefore, it can be concluded that industry rivalry (the first competitive force) is high.

3.2.2 Threat of Entry

The major players in the sports apparel industry have well-diversified product portfolios and have enforced the development of their products, processes and activities in the past. In addition, the industry requires intensive capital investment, especially for marketing activities. For instance, Nike's marketing expenses alone in 2019 accounted for $3.7 billion (Nike, Inc., 2019a). The strategic resources of most major players are rare, non-substitutable and inimitable, making such companies even stronger as competitors. This situation raises the barriers to entry and creates challenges for new market entrants to enter the industry and capture a significant market share, unless they have adequate financial resources.

However, emerging niche clothing start-ups could become noteworthy in the future. One example is the UK-based sports apparel company Gymshark, which focuses on gym apparel. It has grown in recent years by leveraging influencer marketing on social media. Overall, the general threat of entry (the second competitive force) is low.

3.2.3 Threat of Substitutes

In economics, the term "substitutes" refers to rival products that fulfil customer needs in the same way as the product of the company in question. Substitutes are goods that possess the ability to replace other goods in their use or consumption (Nicholson & Snyder, 2008). The sports apparel industry can be divided into two product categories generating the highest revenues, namely apparel and footwear. In 2019, the value of the sports apparel market was $62.19 billion, with approximately 60% ($37.46 billion) deriving from footwear sales and 40% ($24.73 billion) from apparel sales (Grand View Research, 2019).

There exist several substitute products which include non-athletic footwear (e.g. loafers, moccasins, chukkas and boots) and footwear for specific purposes (e.g. sandals and flip-flops). These products are imperfect substitutes because they only substitute the fundamental function, such as covering the sole of a foot. They do not substitute the specific athletic function or use. With sports apparel, the situation is similar and there are no perfect substitutes for athletic or sports apparel. Hence, it can be concluded that the threat of substitute products is low.

3.2.4 Bargaining Power of Buyers

In the sports apparel industry, often the major players set the price for their products, influencing the price levels of the entire industry. Customers have little bargaining power over the prices. The fact that sports apparel has become a commodity for many people and is also worn outside of sports has further decreased the bargaining power of consumers. The reason is that the more customers buy from an industry, the lower the bargaining power of any individual buyer. Thus, it can be concluded that the overall bargaining power of buyers (the fourth competitive force) is weak.

3.2.5 Bargaining Power of Suppliers

The raw materials typically used for producing sportswear and sports footwear are cotton, calico, microfibre, spandex, polyester and nylon. Polyurethane, foam and rubber are often also used (Laser Screen Printing and Embroidery, 2019; Cavanagh, 1980). Any company that can meet the quality standards of the sports apparel industry at a given price is a potential supplier. This makes it hard for suppliers to negotiate prices, since there are rather low switching costs for sports apparel companies when choosing another supplier. Moreover, some industry incumbents have vertically integrated their operations, lowering the bargaining power of suppliers even more. Hence, the bargaining power of suppliers (the fifth competitive force) is weak to moderate.

3.2.6 Industry Attractiveness

Overall, sports apparel is a rather attractive industry, despite being difficult to enter. The rivalry in the sports fashion industry is intense. The forces from the horizontal competition are weak, which include a low threat of substitutes and a low threat of new entrants. The forces from vertical competition are also rather weak, which include the weak bargaining power of both buyers and suppliers. Therefore, it can be concluded that the overall industry attractiveness – which affects the average profitability of incumbents – is strong to moderate. The industry attractiveness for new entrants is weak to moderate.

3.3 Value Chain Analysis

The second framework used for the analysis of Nike was the value chain model. By conducting this analysis, possible sources of competitive advantage, strategic resources and capabilities became apparent. As discussed in the previous chapter, the value chain is structured into primary and support activities.

3.3.1 Primary Activities

The first primary activity of the value chain is *inbound logistics*. At Nike, much effort is expended on receiving, storing and handling products, at all stages – from the supplier to the warehouse. For receiving products, the company relies on external logistics service providers, which means building a sustainable supply chain (Nike, Inc., 2020d).

Nike has established long-term relationships with its contract manufacturing suppliers located in 14 countries. Previously, however, the company was vertically integrated to a greater extent. The “lean” supply chain model that Nike has more recently enforced enables the company’s primary activities to be more efficient than before, while minimizing overhead costs. Moreover, in 2016, Nike expanded its logistics with a new European logistics campus, aiming for a low-carbon future driven by sustainable innovations (SupplyChainX, 2018; Nike, Inc., 2016).

The second primary activity, *operations,* involves transforming raw material into the final product and packaging it. Nike outsources the manufacturing process of its entire product portfolio by contracting operative manufacturers rather than producing by itself. Through its lean approach to the supply chain, Nike has achieved and sustained low operational costs in manufacturing. Sustainability has also shaped the company's goals in terms of supporting efficiency and environmentally conscious decisions about company operations (Nike, Inc., 2019b).

The third primary activity, *outbound logistics,* is concerned with order processing and delivery of the final products. This activity is crucial for Nike because its distribution centers act as mediators between the contract manufacturers and retail stores. The demand must be fulfilled without bottlenecks in the supply chain (Singh, 2019).

The fourth primary activity, *marketing and sales,* is an activity for which Nike is well known. The company has built a brand empire that to date remains one of the most prominent branding strategies on the planet. its famous "swoosh" logo enabled them to become a prestigious brand; high-class marketing efforts, such as advertising campaigns with celebrities, artists and sports professionals, have also made the company successful. Concerning its sales activities, the company uses two main sales channels: physical and digital. Its physical sales derive from its own Nike factory stores and from distributors and licensors. Digital sales are made through its website and Nike apps and through third-party websites, resellers and online vendors (Danziger, 2018).

The fifth and last primary activity is *service,* which involves actions that help to maintain or enhance the product. Nike has a customer service department to assist with returns, orders and refunds for damaged or defective products (Nike, Inc., 2020a).

3.3.2 Support Activities

The primary activities of the value chain are accompanied by the support activities, namely *firm infrastructure*, *human resource management*, *technological development* and *procurement*. Nike has one of the largest firm infrastructures worldwide and leverages new technological advancements to create efficient solutions. The geographic and divisional features of its organizational structure emphasise regional business strategies while keeping a global focus. This strategic approach is referred to as "glocalization" (Cambridge Dictionary, 2020; Nike, Inc., 2018).

Concerning *company infrastructure*, Nike is directed by global corporate leadership located in its headquarters in the United States. Strategic decisions are made there and implemented globally throughout all business functions. There are seven executive officer functions in its global leadership group. They are as follows: i) president and CEO, ii) finance, iii) consumer and marketplace, iv) administration and general counsel, v) global human resources; vi) global sports marketing and vii) operations. Nike's sales and marketing activities are divided into brand geographic segments. Those are North America; Europe, Middle East and Africa (EMEA); Greater China; and Asia Pacific and Latin America (APLA) (Nike, Inc., 2019a; Thompson, 2019).

Nike has an established *human resource management*, which strengthens its internal processes. The company not only takes care of its own human resources but also looks after its 450 suppliers' employees. Dedicated human resources specialists support and consult with suppliers so that the suppliers become more agile, robust and integrated (Nike, Inc., 2019a; Nike, Inc., 2020b).

In addition to infrastructure and human resources, Nike's *technological development* has allowed the company to rise from a small footwear manufacturer to become the biggest sports apparel – and technology – company in the world. With departments dedicated to technological development, the company innovates in various directions. Not only does the company have departments focusing on product technology, such as advanced innovation and air manufacturing innovation; it also has departments focusing on technological innovations other than product development. Three such departments are Nike Digital, Nike Data & Analytics and Nike Technology (Nike, Inc., 2020c).

Nike Digital emphasizes the technological future and tries to create new digital solutions that drive innovation. Nike Technology strives to develop advances in technology and to implement them globally. Nike Data & Analytics employs data engineers who design and build solutions, driving the decision-making processes by conducting deep analyses. The three departments complement each other because Nike Digital is positioned on the strategic side of technological innovations. In contrast, Nike Technology focuses on implementing new technologies. Nike Data & Analytics is a source of information between the other two departments and provides the foundation to innovate strategically (Ma, 2019; Nike, Inc., 2019c).

Concerning Nike's *procurement*, the company relies heavily on its contractors, who source raw materials in the areas of production. Nike has a global procurement team which is dedicated to the process of selecting suppliers and contracting them. The procurement team is also responsible for selecting the raw materials and aims to maximize the value and reach of Nike's investments through external resources (Singh, 2019; Nike, Inc., 2020c).

3.4 Digital Transformation Roadmap of Nike, Inc.

As described in subchapter 2.5.4, the roadmap for digital transformation was the third framework used to understand Nike. The five critical stages of digital transformation are analyzed in this section.

Concerning the first stage, the *digital reality* stage, Nike's business model, value chain and customer requirements are examined. Nike is one of the largest sellers of apparel and footwear globally. It sells products through brick-and-mortar retail stores and through independent distributors. Moreover, it sells products online through its own website and online partner stores. Nike emphasizes uniting its product innovations with brand-building strategies while continuously improving the overall efficiency of its operational units (Tannou & Westerman, 2017).

Historically, the company's core competencies were design, marketing and development. The company segments the market and customers according to six product categories, as mentioned in section 2.1.1. Most of the company's operations are outsourced to independent contractors.

Nike's customers can be broadly divided into three broad segments: women, young athletes and runners (Lutz, 2015). Each segment has its own needs and requirements. According to Klingelhöfer (2018), the sports apparel segment for women should focus on developing products targeted for women and should have marketing campaigns that appeal to female sports enthusiasts. For young athletes and runners, the main focus should be providing comfortable athletic apparel products that support athletic performance (Necef, Tama, Öndoğan, 2014). Today's customer needs and expectations of Nike are discussed further in Chapter 5 together with the analysis of expert interviews and the customer survey.

Regarding the *digital ambition* among customers, an applicable use case of Nike is its vision of mass personalization. The company introduced mass customization of shoes with NIKEiD in the early 2000s. With the emergence of new technologies, the company was able to scale up its mass personalization capabilities, resulting in opportunities for customers to individually adapt products to their preferences (Tannou & Westerman, 2017).

Concerning at the digital ambition from the company side, an example would be the digitalization of the operations. In 2012, Nike's operations team were required to enter incoming orders manually into the system. The company then digitally transformed this business process; today, the system is connected to the accounting system, featuring a data interface that enables orders to be communicated instantly between departments (International Key Account Manager, personal communication, May 2, 2019).

Concerning the *digital ambition* and collecting best practices for digital transformation, Nike has established its Nike Digital division. Innovation teams focus on emerging digital technologies and find new ways of incorporating them into Nike products (Cendrowski, 2012).

Regarding *digital fit*, Nike's strategy entails a customer-centric approach, enabling the company to foster individual customer interactions. The company carefully evaluates and monitors its customer requirements and identifies changes to adapt its strategies. Recently, the company has focused on personalized communication to individually interact with customers (Merkle Inc., 2019).

Concerning *digital implementation*, the management of Nike decided to coordinate and integrate the digital efforts across the whole firm in an integrated manner. Hence, Nike implemented a digital transformation strategy in its own business units and also equipped the company with a digital component (Tannou & Westerman, 2017).

This chapter has examined the secondary research about Nike from a business analysis perspective. The company, its industry and its digital transformation were analyzed from multiple perspectives. The first analysis was an industry evaluation, with an assessment of attractiveness and profitability. The second analysis focused on the company's internal scenario and examined the business's primary and support activities as well as resources and capabilities. Lastly, the digital transformation roadmap provided insights about Nike's digital transformation practices. Additional methodological themes are explored and discussed in the next chapter.

4 METHODOLOGY

In this chapter, the methodology of the research is outlined. First, the methods used for data collection are presented. Second, the approach to data analysis and the limitations of the instruments are discussed.

This research analyses the effects of digital transformation on the sports apparel industry, especially Nike. Moreover, it examines how customers perceive this change. Furthermore, the thesis investigates whether Nike’s current digital practices and its vision of digital transformation align with their customers’ needs and expectations.

4.1 Triangulation Approach

A triangulation approach was chosen consisting of two primary research methods and one secondary research method. The primary research was conducted in the form of expert interviews and a questionnaire-based customer survey whereas the secondary research involved three framework analyses. The triangulation allowed for holistic examination of the digital transformation of Nike and the sports apparel industry.

According to Kadushin, Hecht, Sasson and Saxe (2008), triangulation refers to a method of collection to gain accurate measurement through analyzing a concept using two or more research methods. The reason this methodological approach was chosen over a single survey or interview was that the researcher wanted to capture a complete representation, without relying on only one method and potentially encountering bias.

The purpose of the expert interviews was to capture the managerial insights into the operations behind digital innovations and the challenges of implementing these. The questionnaire-based survey was sent online to Nike customers, emphasizing two target groups, millennials and Generation Z. These two groups were chosen because they i) are concerned with digital trends and ii) tend to be highly tech-savvy. The survey focused on their expectations and feelings towards digital innovation by Nike.

The strategic analyses conducted in the previous chapter provided detailed views regarding the value chain of Nike. In doing so, it examined its product portfolio as well as its different customers and distribution channels, external analysis and digital transformation from a secondary research standpoint.

4.2 Research Instruments

Research instruments are tools that support researchers in gathering relevant data. According to Wilkinson and Birmingham (2003), the most widely used instruments are questionnaires, interviews, focus groups and observations (Blackstone, 2014).

In this study, both quantitative and qualitative data were collected from a questionnaire-based customer survey; additional qualitative data were gained from the expert interviews. Quantitative data were analyzed using the software Statistical Package for the Social Sciences (SPSS) to provide in-depth and comprehensive understanding of Nike's customers. The main hypothesis of the thesis was tested by cross-analyzing the data collected in the triangulation.

4.2.1 Interview

The first method of the primary research were expert interviews. Interviews are one of the oldest and most popular research methods because they involve a conversation between the researcher and interviewees. The parties exchange information by asking questions and giving answers. Interviews are especially useful when detailed information is required and are widely used in cases where no other instruments would be appropriate (Blackstone, 2014; Wilkinson & Birmingham, 2003).

A central feature of interviews is that they involve a set of assumptions and understandings about a situation, which are not normally associated with casual conversation (Denscombe as cited in Wilkinson & Birmingham 2003). Emerging technologies and the popularity of online tools in research has led to the growing use of video conferencing as an interview method. This method has the advantage of removing the barrier of geographical location; video interviews can be conducted without the interview partners meeting in person. However, a certain level of technological hardware or equipment is required. This includes a computer, a webcam and a microphone, with a software component such as the video-conference tool Skype (Nehls, Smith & Schneider, 2015).

The three main types of interviews are structured interviews, unstructured interviews and semi-structured interviews. Structured interviews exist in various forms, such as a questionnaire administered in person or a more conversational interview. All forms of structured interviews have in common that the researcher (or the person taking the role of the interviewer) has full control over the order of the questions that are posed. This allows for a more accurate prediction of the extent of the interview and the estimated length of conduction and analysis.

By contrast, unstructured interviews have no set order for the questions posed; instead, they focus on allowing the interviewee to control the interview. This leads to more balanced interview, compared with a structured interview approach. However, unstructured interviews are difficult to plan in terms of length and the direction of the conversation. Moreover, unstructured interviews require more effort to analyze than do structured interviews because the topic of discussion can quickly move beyond the original research focus.

Because it is difficult to make a clear distinction between structured and unstructured interviews, semi-structured interviews often provide the most flexible approach. They give the interviewee more control than in a structured interview but not as much as in an unstructured interview. This allows the interviewer to ask set questions while remaining able to react flexibly to comments by the interviewee. These can be, for example, providing additional information about a topic of interest (Wilkinson & Birmingham, 2003).

In this research, expert interviews at Nike were conducted. One interview was conducted in person and the others by the video conferencing tools of Nike BlueJeans and Zoom. For all interviews, a semi-structured approach was chosen to keep the focus close to the predetermined questions and not deviate in other directions. All interviews were held separately.

There were three themes represented by individual questions. For all interviews, the themes were identical but the specific questions varied according to the expertise and geographic focus of the interviewees. The first theme was concerned with the general background of the interviewee. This theme covered their position at Nike, their experience before joining the company and personal questions concerning digitalization. The second theme was digital innovation; this covered the company's practices in terms of digital transformation, their developing retail business and the trends in digital innovation within the industry. The third theme involved customer-related questions. It was intended to find out how Nike perceived and understood their customers. This theme was crucial for the interviews since it concerns the critical connection of interest to this study, namely the link between Nike's digital transformation and its customers' needs and expectations.

The first interview was conducted with one international key account manager and office lead at Nike in Vienna and Prague. The interview was conducted in English via video-conference on May 2, 2019 and lasted 30 minutes. A second interview was conducted with the same participant on May 8, 2019 and lasted 54 minutes.

The third interview was conducted with a visual merchandising specialist for Nike Vienna and Central, EMEA. The interview was again held in English but this time was conducted in person at the Nike office in Vienna, Austria, on June 11, 2019. It lasted 72 minutes.

The fourth interview was conducted with a visual merchandising and styling specialist for Nike Berlin and Central, EMEA. This interview was conducted in German via video-conference on June 25, 2019 and lasted 50 minutes.

Additionally, an expert interview was conducted with a digital membership specialist at Nike Berlin and Central, EMEA. It was held in English via video-conference on September 16, 2019 and lasted 47 minutes.

To estimate the potential impact of major digital innovations, a follow-up expert estimation interview was conducted with the international key account manager. Its purpose was to confirm and quantify the qualitative findings from the expert interviews about digital innovation. The follow-up interview was conducted in English via video-conference on May 20, 2020 and lasted 29 minutes.

Special emphasis was placed on obtaining written consent from the experts for transcript publication. All transcripts appear in English in Appendices V to IX.

4.2.2 Survey

The second research instrument was a questionnaire-based online customer survey. Surveys or questionnaires are usually used in the quantitative analysis of trends, attitudes or opinions. They examine a specific group or a sample; inferences are then drawn to the population the researcher is interested in regarding the topic of research (Creswell, 2014). Surveys are commonly used to examine trends or characteristics of large groups (i.e. populations). Compared to other research instruments, a survey has lower costs and can achieve generalizability and reliability. However, it also bears higher risks of participants stating inaccurate answers (Blackstone, 2012). The threats of validity are further discussed in subchapter 4.5.

The traditional method of conducting surveys is a pen-and-paper questionnaire where interviewees are requested to physically write their answers. In line with the increasing use of emerging technologies for conducting interviews, surveys can today also be conducted on a computer. In computer-assisted approaches, the interviewer enters the questions into a computer; this offers the advantage of cost savings because no paper is needed. The collected answers are then submitted and processed immediately; they can be analyzed rapidly because the process of receiving the data is automated. One such approach is Internet or online surveys. This was the research instrument of choice in the current study because of the low cost, high speed and the independence of geographical locations (Robson, 2002).

There are two types of questions regarding designing a survey. The first is closed-ended questions, which can be any kind of question where the respondent chooses from a selection of given answers. The second type is open-ended questions, which do not offer predetermined answers but allow the respondent instead to state an individual and qualitative answer (Mathers, Fox & Hunn, 2007). An advantage of closed-ended questions is that they are faster and easier to answer; generally, little effort is needed to select one of the presented answers. Moreover, the survey results are less influenced by the quality of respondents' written communication skills than is the case for open-ended questions. Lastly, due to the simplicity of the question design, the responses can usually be more efficiently analyzed (Hyman & Sierra, 2016).

Closed-ended questions, however, are unable to provide in-depth insight into the field of interest if the set answers do not entirely represent the respondents' opinions. By contrast, open-ended questions enable respondents to answer in various ways by expressing their thoughts, which must be interpreted in the answers. The disadvantage of open-ended questions arises when analyzing the individual responses, because each response is unique, making the process of data collection and analysis less efficient. Moreover, some responses might be hard to record because they are not predetermined in any way (Hyman & Sierra, 2016).

The survey used for this research included closed-ended and open-ended questions. This ensured an efficient process in the analysis while still capturing a qualitative understanding of the customers. The survey was conducted online because Nike is a global brand, with customers all over the world. Collecting data in only one region or country would have limited the scope and could have entailed biases due to regional product preferences. The online survey emphasized reaching a global population.

To ensure a representative selection of respondents, the link to the online survey was distributed online on social media (personal Facebook and Twitter page) and was unrestricted to access. The data from the survey was collected through SurveyMonkey, an online survey tool for data collection. The participant link for accessing the survey was active from January 27 until March 30, 2020. The survey was created and distributed in English to enable international customers of Nike to partake in this research.

The response data was collected and then exported to Microsoft Excel, where it was structured and then transferred to SPSS. The data analysis in SPSS allowed for statistical testing of predetermined hypotheses. For most of the correlational tests, a two-tailed approach was used since the direction of the correlation (i.e. positive or negative) was unknown.

4.3 Survey-based Hypotheses

In the context of this research, a survey-based hypothesis refers to a hypothesis which is concerned with variables derived from the questionnaire-based customer survey. This customer survey was partly aimed at contributing to the existing customer research by Nike. To draw inferences from the sample of respondents, four survey-based hypotheses were created in addition to the main hypothesis of this study. The aim was to examine potential correlations between relevant variables. All four survey-based hypotheses focused on differences between *digital natives* and *digital immigrants.*

The term “digital native” indicates that younger generations have been exposed to the Internet, mobile systems and social networks at early stages of their lives. This early exposure has resulted in a “hypercognitive” generation, able to collect and cross-analyze numerous sources of information simultaneously (Francis & Hoefel, 2018). Conversely, the term *“*digital immigrant*”* refers to generations who were born before the digital natives and were not raised with these digital opportunities (Hayes, 2019).

Concerning this research, however, digital natives and digital immigrants are distinguished by the cut-off age of 21 years by assuming that digital natives are those who were potentially using the Internet from the age of three to five onwards (i.e. born 1997 or later). This is because although Francis & Hoefel (2018) found the true digital natives to be born between 1995 and 2010, it was not emphasized enough that children are unable to use the Internet or social media already within their earliest years of life. Child Trends (2018) found that 41% of children aged three to five years are already using the Internet at home which supports the argument that it is unlikely for children born in 1995 to have already used the Internet before the age of three.

Therefore, the respondents are grouped according to their answer to the survey question “What is your age?”. Those who answer with one of the first three answer options (i.e. 14 years or younger, 15–18 or 19–21) are allocated to the group *digital natives*. Those respondents who answer the question with the latter three options (i.e. 22–25, 26–29 or 30 years and older) were allocated to the group *digital immigrants*.

Validation of the hypotheses could benefit Nike, especially in terms of customer insights and informing the marketing and sales strategies. However, the validation of survey-based hypotheses relied on correlations and does not imply causation. Therefore, the results solely provide a potential connection between the variables.

The first survey-based hypothesis concerns the preference for shopping online for sports apparel rather than shopping offline in physical stores. The null hypothesis (H_0) stated that there is no significant correlation between the variable “Digital native or digital immigrant” and the variable “Prefer to shop for my sports apparel online rather than offline in a physical store”. The alternative hypothesis (H_1) stated that a significant correlation exists between these two variables. The hypothesis was supported by the literature (discussed in subchapter 4.2.2) concerning the preference of younger generations for online rather than offline shopping.

A common opinion among many researchers is that offline shopping could become extinct in the future. Therefore, the second survey-based hypothesis was focused on whether Nike’s customers, especially *digital natives*, could imagine a future without online shopping. The null hypothesis (H_0) states that no significant correlation exists between the variable “Digital native or digital immigrant” and the variable “Being able to imagine a future without offline shopping”. The alternative hypothesis (H_1) states that a significant correlation exists between these two variables. This hypothesis challenges the argument by Morgan (2019) stating that offline shopping will continue to exist in the future.

As reviewed in subchapter 2.3.2, global enterprises are digitally transforming their business to ensure a sustained competitive advantage. However, it is not known whether customers are satisfied with this change or would prefer a less digital future. The third survey-based null hypothesis (H_0) states that there is no significant correlation between the variable “Digital native or digital immigrant” and the variable “Satisfied with the digitalization of the shopping experience brands”. The alternative hypothesis (H_1) assumes that there is a significant correlation between these two variables.

As discussed in subchapter 2.4.2, Salesforce (2018) found that 50% of customers seek to buy from the most innovative companies. Nike could benefit from a validation of the hypothesis that their customers' purchasing behavior accords with this principle. The null hypothesis (H_0) of the fourth survey-based hypothesis assumes that no significant correlation exists between the variable "Digital native or digital immigrant" and the variable "Considers Nike to be a more innovative sports apparel brand than other sports apparel brands". The alternative hypothesis assumes a significant correlation between these two variables. This test could provide insight into how Nike's customers perceive the brand's positioning in the sports apparel market, compared with their direct competition concerning digital innovation.

4.4 Data Analysis

The survey included response scales, closed single-answer questions, closed multiple-answer questions and open-ended questions. The interview questions were all open-ended. Throughout the analysis, the collected data were examined to find significant results, in addition to the influential factors that shape digital transformation from the customers' side. The attempt to establish correlations between variables could also provide the foundation for further research.

However, significant correlations do not necessarily imply causation. A significant correlation only provides the insight that there might be causation; an observed significant correlation is insufficient foundation for concluding that a cause-and-effect relationship exists among variables (Aldrich, 1995).

The tool used for the analysis was the SPSS, which allows for deep models of analysis, including correlations, cross-tabulations and data visualizations. The primary data, collected from interviews, complemented the customer survey. It also tried to identify similarities between the survey and interview responses. Lastly, the quantitative data of the expert estimation of the potential sales achieved through digital innovation was collected using a questionnaire template (see 5.2.9).

Regarding the expert interviews, thematic analyses were performed using Microsoft Excel. The answers were cross-analyzed and similarities were clustered. This allowed to benchmark the answers that the experts provided.

5 RESULTS AND DISCUSSION

This chapter provides insights into the results derived from both the survey and the interviews. The survey focused on customers' digital needs and expectations, and the interviews were conducted with experts at Nike. Moreover, the chapter gives in-depth insight into the data analysis of the customer survey, aiming to establish correlations to validate the four survey-based hypotheses and the main hypothesis. The latter states that the digital transformation of Nike aligns with the needs and expectations of its customers.

5.1 Customer Survey

The first question of the first section in the survey was "Have you ever purchased a product of Nike, Inc.?" This was used as an elimination question to ensure that only the answers of Nike customers were considered. In total, 195 responses were collected, of which 94.4% (n=184) answered this question positively. Eleven respondents (5.6%) answered "No" and were therefore excluded from answering further survey questions (see Table 1).

Have you ever purchased a product of Nike, Inc.?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	11	5.6	5.6	5.6
	Yes	184	94.4	94.4	100.0
	Total	195	100.0	100.0	

TABLE 1. BREAKDOWN OF RESPONSES TO SURVEY QUESTION 5: "HAVE YOU EVER PURCHASED A PRODUCT OF NIKE, INC.?" (SPSS OUTPUT)

5.1.1 Descriptive and Analytical Statistics

To provide a complete overview of the descriptive statistics of the survey answers, this subchapter provides insights into customer demographics; shopping-specific details; satisfaction with Nike products and services; brand attachment and the perception of the positioning of Nike. The statistical methods used are frequency tables, crosstabulations and correlations.

5.1.1.1 Demographics and Product Preferences (Questions 1–4 and 6)

The initial descriptive statistics covered demographic questions and general interest in sports apparel and products of Nike. The first question of this section asked the gender of the respondents. As shown in Table 2, 56.5% of respondents (n=104) were female, whereas 42.9% of the respondents (n=79) were male. One respondent preferred not to indicate a gender and accounted for 0.5% of the responses (n=1).

What is your gender?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	104	56.5	56.5	56.5
	Male	79	42.9	42.9	99.5
	Prefer not to say	1	.5	.5	100.0
	Total	184	100.0	100.0	

TABLE 2. SURVEY QUESTION 1 "WHAT IS YOUR GENDER?" (SPSS OUTPUT)

The second question asked the respondents to indicate their age (see Table 3). Six age groups, ranging from <14 years to >30 years, were provided as answer options. Most respondents (72.8%; n=134) were aged between 15 and 25 years. The age segment with the highest share of respondents ranged from 19 to 21 years and was 30.4% (n=56). The second-highest share of respondents was aged between 22 and 25 years and accounted for 23.9% (n=44). The age segment 15–18 years made up 18.5% (n=34) and respondents older than 30 years made up another 12% (n=22). The age segment 26–29 years accounted for 10.3% (n=19), and the smallest share of respondents was aged 14 or younger, with 4.9% (n=9).

What is your age?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	14 or younger	9	4.9	4.9	4.9
	15–18	34	18.5	18.5	23.4
	19–21	56	30.4	30.4	53.8
	22–25	44	23.9	23.9	77.7
	26–29	19	10.3	10.3	88.0
	30 or older	22	12.0	12.0	100.0
	Total	184	100.0	100.0	

TABLE 3. SURVEY QUESTION 2 "WHAT IS YOUR AGE?" (SPSS OUTPUT)

Survey question 3 concerned the residential region of the respondents (see Table 4). There were five answer options: EMEA, North America, Greater China, APLA and "other". Among the 184 respondents, 58.2% resided in EMEA (n=107); 19% resided in APLA (n=35); and 15.8% resided in Greater China (n=29). North American residents accounted for 7.1% of respondents (n=13) and the fifth option, "other" had no responses.

What is your region of residence?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	EMEA	107	58.2	58.2	58.2
	North America	13	7.1	7.1	65.2
	Greater China	29	15.8	15.8	81.0
	APLA	35	19.0	19.0	100.0
	Total	184	100.0	100.0	

TABLE 4. SURVEY QUESTION 3 "WHAT IS YOUR REGION OF RESIDENCE?" (SPSS OUTPUT)

The fourth question asked respondents about their preferences regarding sports apparel. There were six answer options: running, fitness, leisure, football, soccer and "other". The answer options were not mutually exclusive (i.e. multiple answers were possible to be selected). At 42.9%, fitness had the highest share of respondents (n=79). The second-highest share, 38%, was running (n=70). Leisure accounted for 29.3% (n=54) and American football accounted for 19% (n=35). Soccer made up 16.8% (n=31). No respondents choose the "other" option. The detailed SPSS output for this question appears in Appendix III.

The fifth question of this section, survey question 6, referred to the products purchased. Respondents were given three mutually exclusive answer options: apparel, footwear or both. As shown in Table 5, 52.5% of respondents had purchased footwear in the past (n=96). With 35.5% 65 respondents purchased both, apparel and footwear. The number of apparel-only purchases made up 12.5% (n=23). This suggests that respondents are more inclined to buy apparel and footwear instead of only apparel.

What product have you purchased?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Apparel	23	12.5	12.5	12.5
	Footwear	96	52.2	52.2	64.7
	Both	65	35.3	35.3	100.0
	Total	184	100.0	100.0	

TABLE 5. SURVEY QUESTION 6 "WHAT PRODUCT HAVE YOU PURCHASED?" (SPSS OUTPUT)

The correlations of questions 1 to 4 and question 6 were examined using the two-tailed Kendall's tau-b method. Several significant positive intercorrelations were identified. Table 7 highlights significant correlations between variables ($p<0.05$; $p<0.01$). The most relevant correlations for this research were a significant positive correlation between gender and interest in sports apparel, both for running ($p<0.05$) and for leisure ($p<0.01$). In addition, a significant positive correlation was noted between region of residence and interest in sports apparel, both for running ($p<0.05$) and fitness ($p<0.05$). Moreover, interest in sports apparel for running was significantly correlated with interest in sports apparel for fitness ($p<0.01$). No correlation was established between the product purchased by respondents and any responses to questions 1 to 4.

		What is your age?	What is your region of residence?	I am interested in sports apparel for running	I am interested in sports apparel for fitness	I am interested in sports apparel for leisure	I am interested in sports apparel for football	I am interested in sports apparel for soccer	What product have you purchased?
What is your gender?	Correlation Coefficient	.001	.021	.188*	-.012	.319**	-.052	.042	-.155*
	Sig. (2-tailed)	.989	.761	.011	.873	.000	.485	.569	.029
	N	184	184	184	184	184	184	184	184
What is your age?	Correlation Coefficient	1.000	-.142*	-.192**	-.270**	-.185**	.087	.107	-.015
	Sig. (2-tailed)	.	.022	.004	.000	.005	.191	.105	.809
	N	184	184	184	184	184	184	184	184
What is your region of residence?	Correlation Coefficient	-.142*	1.000	.175*	.169*	.018	-.020	-.070	-.171*
	Sig. (2-tailed)	.022	.	.012	.015	.800	.771	.318	.010
	N	184	184	184	184	184	184	184	184
I am interested in sports apparel for running	Correlation Coefficient	-.192**	.175*	1.000	.202**	.134	-.237**	-.263**	-.018
	Sig. (2-tailed)	.004	.012	.	.006	.070	.001	.000	.799
	N	184	184	184	184	184	184	184	184
I am interested in sports apparel for fitness	Correlation Coefficient	-.270**	.169*	.202**	1.000	.213**	-.392**	-.273**	.079
	Sig. (2-tailed)	.000	.015	.006	.	.004	.000	.000	.268
	N	184	184	184	184	184	184	184	184
I am interested in sports apparel for leisure	Correlation Coefficient	-.185**	.018	.134	.213**	1.000	-.282**	-.194**	.129
	Sig. (2-tailed)	.005	.800	.070	.004	.	.000	.009	.069
	N	184	184	184	184	184	184	184	184
I am interested in sports apparel for football	Correlation Coefficient	.087	-.020	-.237**	-.392**	-.282**	1.000	-.070	-.179*
	Sig. (2-tailed)	.191	.771	.001	.000	.000	.	.342	.012
	N	184	184	184	184	184	184	184	184
I am interested in sports apparel for soccer	Correlation Coefficient	.107	-.070	-.263**	-.273**	-.194**	-.070	1.000	-.030
	Sig. (2-tailed)	.105	.318	.000	.000	.009	.342	.	.677
	N	184	184	184	184	184	184	184	184
What product have you purchased?	Correlation Coefficient	-.015	-.171*	-.018	.079	.129	-.179*	-.030	1.000
	Sig. (2-tailed)	.809	.010	.799	.268	.069	.012	.677	.
	N	184	184	184	184	184	184	184	184

TABLE 6. KENDALL'S TAU-B CORRELATION OF DEMOGRAPHIC AND PURCHASING PREFERENCE VARIABLES (SPSS OUTPUT)

5.1.1.2 Shopping-specific Insights (Questions 7–16)

Shopping-specific insights about the customers are presented in this section. The first four questions asked about the importance of four services related to the customer shopping experience at Nike. The four services are:

- Personalization
- Customer service by sales employees
- Interactive smartphone app function within the stores
- In-store checkout via smartphone

The purpose of these questions was to investigate whether Nike fulfils the expectations of their customers regarding these four services.

Table 7 shows balanced responses without notable differences in most answers. Notably, concerning the importance of the customer service by sales employees, 63.6% of respondents (n=117) perceived it as being either very important or essential.

How important is the following factor to you related to shopping at Nike: Personalization

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all important	34	18.5	18.5	18.5
	Slightly important	51	27.7	27.7	46.2
	Neither unimportant nor important	26	14.1	14.1	60.3
	Very important	46	25.0	25.0	85.3
	Essential	27	14.7	14.7	100.0
	Total	184	100.0	100.0	

How important is the following factor to you related to shopping at Nike: Customer service of sales employees

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all important	14	7.6	7.6	7.6
	Slightly important	26	14.1	14.1	21.7
	Neither unimportant nor important	27	14.7	14.7	36.4
	Very important	59	32.1	32.1	68.5
	Essential	58	31.5	31.5	100.0
	Total	184	100.0	100.0	

How important is the following factor to you related to shopping at Nike: Interactive smartphone app within the stores

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all important	18	9.8	9.8	9.8
	Slightly important	68	37.0	37.0	46.7
	Neither unimportant nor important	51	27.7	27.7	74.5
	Very important	33	17.9	17.9	92.4
	Essential	14	7.6	7.6	100.0
	Total	184	100.0	100.0	

How important is the following factor to you related to shopping at Nike: Checkout via smartphone

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all important	23	12.5	12.5	12.5
	Slightly important	44	23.9	23.9	36.4
	Neither unimportant nor important	36	19.6	19.6	56.0
	Very important	34	18.5	18.5	74.5
	Essential	47	25.5	25.5	100.0
	Total	184	100.0	100.0	

TABLE 7. RESPONSES TO SURVEY QUESTIONS 7–10 “HOW IMPORTANT IS THE FOLLOWING FACTOR TO YOU RELATED TO SHOPPING AT NIKE: PERSONALIZATION, CUSTOMER SERVICE OF SALES EMPLOYEES, INTERACTIVE SMARTPHONE APP WITHIN STORES, CHECKOUT VIA SMARTPHONE” (SPSS OUTPUT)

The fifth question, survey question 11, asked about Nike customers’ preference regarding shopping in showrooms versus shopping in a physical store, and about buying in-store or online. Showrooms are stores where certain preview products are shown; customers cannot buy products physically but can view them and then order directly to have the products delivered to their homes or to pick up in stores. This is a concept which, according to experts at Nike could potentially make up the majority of physical stores in the future. Therefore, it is worthwhile to examine the future expectations of Nike’s customers related to physical shopping stores.

As shown in Table 8, 48.9 % of respondents (n=90) disagreed or strongly disagreed that they prefer shopping showrooms over the possibility of shopping in physical stores. A further 26.6% (n=49) indicated that they agreed or strongly agreed with the statement, while 24.5% (n=45) neither disagreed nor agreed with the statement.

I prefer visiting showrooms (stores where they only show preview products but you get them delivered) over the possibility of shopping in a physical store and buying in-store or online

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	42	22.8	22.8	22.8
	Disagree	48	26.1	26.1	48.9
	Neither disagree nor agree	45	24.5	24.5	73.4
	Agree	35	19.0	19.0	92.4
	Strongly agree	14	7.6	7.6	100.0
	Total	184	100.0	100.0	

TABLE 8. SURVEY QUESTION 11 "I PREFER VISITING SHOWROOMS OVER SHOPPING IN A PHYSICAL STORE" (SPSS OUTPUT)

The sixth question of the shopping-specific insights section, which is the 12th question of the survey, asked about the preference for shopping for sports apparel online rather than offline in a physical store. They were also asked for their reason for selecting the answer. This question is highly relevant since it provides insight into customer preferences, especially among Generation Z. Of the 184 respondents, 60.9% (n=112) agreed or strongly agreed with the statement, whereas 24.4% (n=45) disagreed or strongly disagreed with it (see Table 9).

I prefer to shop my sports apparel online rather than offline in a physical store

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	19	10.3	10.3	10.3
	Disagree	26	14.1	14.1	24.5
	DisagreeNeither disagree nor agree	27	14.7	14.7	39.1
	Agree	59	32.1	32.1	71.2
	Strongly agree	53	28.8	28.8	100.0
	Total	184	100.0	100.0	

TABLE 9. SURVEY QUESTION 12 "I PREFER TO SHOP MY SPORTS APPAREL ONLINE RATHER THAN OFFLINE IN A PHYSICAL STORE" (SPSS OUTPUT)

For the seventh question of this section, survey question 13, 39.1% of respondents (n=72) provided an answer (see Table 10). As previous research suggests, the low response rate can be explained by the use of an open-ended question. Respondents may be more inclined to skip the question compared to if a closed question was used.

The question asked about the reason for selecting the answer to the previous question, with three main reasons identified. Those were the ability to check or try physical products (36.1%; n=26), the choice of products (23.6%; n=17) and time (16.7%; n=12).

Following up to your previous answer, what is the reason for your answer?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		112	60.9	60.9	60.9
	Ability to check / try phsyical product	26	14.1	14.1	75.0
	Availability	2	1.1	1.1	76.1
	Choice	17	9.2	9.2	85.3
	Convenience	6	3.3	3.3	88.6
	Dislke online shopping	4	2.2	2.2	90.8
	Price	3	1.6	1.6	92.4
	Recommendations from sales staff	2	1.1	1.1	93.5
	Time	12	6.5	6.5	100.0
	Total	184	100.0	100.0	

TABLE 10. SURVEY QUESTION 13 “FOLLOWING UP TO YOUR PREVIOUS ANSWER, WHAT IS THE REASON FOR YOUR ANSWER” (SPSS OUTPUT)

Questions eight and nine of the section (survey questions 14 and 15) asked about the satisfaction with Nike’s efforts to make online shopping more seamless and to make offline shopping more digital. This question probed whether Nike is appropriately addressing the online shopping experience and digitalization of offline shopping. Table 12 summarizes the customer satisfaction regarding making online shopping experience more seamless. As noted, 47.3% of respondents (n=87) were either somewhat satisfied or very satisfied; a further 10.3% (n=19) were somewhat dissatisfied or very dissatisfied; and 42.4% (n=78) were neither dissatisfied nor satisfied. Regarding Nike’s efforts to make offline shopping experiences more digital, 67.9% (n=125) were satisfied or very satisfied. A minority of 4.9% (n=9) were somewhat dissatisfied or very dissatisfied, and 27.2% of respondents (n=50) were neither dissatisfied nor satisfied.

How satisfied are you with Nike, Inc.'s efforts to make your online shopping experience more seamless?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very dissatisfied	8	4.3	4.3	4.3
	Somewhat dissatisfied	11	6.0	6.0	10.3
	Neither dissatisfied nor satisfied	78	42.4	42.4	52.7
	Somewhat satisfied	45	24.5	24.5	77.2
	Very satisfied	42	22.8	22.8	100.0
	Total	184	100.0	100.0	

How satisfied are you with Nike, Inc.'s efforts to make your offline shopping experience more digital?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very dissatisfied	5	2.7	2.7	2.7
	Somewhat dissatisfied	4	2.2	2.2	4.9
	Neither dissatisfied nor satisfied	50	27.2	27.2	32.1
	Somewhat satisfied	78	42.4	42.4	74.5
	Very satisfied	47	25.5	25.5	100.0
	Total	184	100.0	100.0	

TABLE 11. SURVEY QUESTIONS 14 AND 15 "HOW SATISFIED ARE YOU WITH NIKE, INC.'S EFFORTS TO MAKE YOUR ONLINE SHOPPING EXPERIENCE MORE SEAMLESS?" AND "HOW SATISFIED ARE YOU WITH NIKE, INC.'S EFFORTS TO MAKE YOUR OFFLINE SHOPPING EXPERIENCE MORE DIGITAL?" (SPSS OUTPUT)

The tenth question of this section, survey question 16, asked respondents if they could imagine a future without offline shopping experiences (i.e. physical stores) concerning Nike products. Answers to this question reveal to what extent Nike's customers feel the need for an offline shopping experience in the future. The answers could be relevant when defining future sales channel strategies. The responses were rather balanced, although a 17.4% difference between agreeing and disagreeing with the statement was noted. Roughly half (48.9%; n=90) agreed or strongly agreed, versus 31.5% of respondents (n=58) who disagreed or strongly disagreed with the statement (see Table 12).

I could imagine a future without the offline shopping experience concerning Nike, Inc. products					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	24	13.0	13.0	13.0
	Disagree	34	18.5	18.5	31.5
	Neither disagree nor agree	36	19.6	19.6	51.1
	Agree	40	21.7	21.7	72.8
	Strongly agree	50	27.2	27.2	100.0
	Total	184	100.0	100.0	

Table 12. SURVEY QUESTION 16 "I COULD IMAGINE A FUTURE WITHOUT THE OFFLINE SHOPPING EXPERIENCE CONCERNING NIKE, INC. PRODUCTS" (SPSS OUTPUT)

When correlating all variables of the shopping-specific insights section, several positive significant correlations were identified (see Table 13). The findings suggest that there is an overall correlation between variables related to personalization, interactive in-store apps and checkout via smartphone with most other variables. These findings could be explained by the fact that respondents who value personalization are usually young people who tend to place a higher importance on individualistic offerings. Alternatively, they are more satisfied with Nike's digital practices than are older respondents.

		How important is the following factor to you related to shopping at Nike: Customer service of sales employees	How important is the following factor to you related to shopping at Nike: Interactive smartphone app within the stores	How important is the following factor to you related to shopping at Nike: Checkout via smartphone	I prefer visiting showrooms (stores where they only show preview products but you get them delivered) over the possibility of shopping in a physical store and buying in-store or online	How satisfied are you with Nike, Inc.'s efforts to make your offline shopping experience more digital?	How satisfied are you with Nike, Inc.'s efforts to make your online shopping experience more seamless?	I could imagine a future without the offline shopping experience concerning Nike, Inc. products
How important is the following factor to you related to shopping at Nike: Personalization	Correlation Coefficient	.078	.248**	.464**	.210**	.367**	.315**	.388**
	Sig. (2-tailed)	.196	.000	.000	.000	.000	.000	.000
	N	184	184	184	184	184	184	184
How important is the following factor to you related to shopping at Nike: Customer service of sales employees	Correlation Coefficient	1.000	.152*	.103	-.064	.380**	.337**	-.042
	Sig. (2-tailed)	.	.013	.089	.291	.000	.000	.484
	N	184	184	184	184	184	184	184
How important is the following factor to you related to shopping at Nike: Interactive smartphone app within the stores	Correlation Coefficient	.152*	1.000	.301**	.020	.426**	.094	.011
	Sig. (2-tailed)	.013	.	.000	.748	.000	.129	.850
	N	184	184	184	184	184	184	184
How important is the following factor to you related to shopping at Nike: Checkout via smartphone	Correlation Coefficient	.103	.301**	1.000	.312**	.352**	.251**	.333**
	Sig. (2-tailed)	.089	.000	.	.000	.000	.000	.000
	N	184	184	184	184	184	184	184
I prefer visiting showrooms (stores where they only show preview products but you get them delivered) over the possibility of shopping in a physical store and buying in-store or online	Correlation Coefficient	-.064	.020	.312**	1.000	.114	.102	.229**
	Sig. (2-tailed)	.291	.748	.000	.	.066	.097	.000
	N	184	184	184	184	184	184	184
How satisfied are you with Nike, Inc.'s efforts to make your offline shopping experience more digital?	Correlation Coefficient	.380**	.426**	.352**	.114	1.000	.438**	.137*
	Sig. (2-tailed)	.000	.000	.000	.066	.	.000	.027
	N	184	184	184	184	184	184	184
How satisfied are you with Nike, Inc.'s efforts to make your online shopping experience more seamless?	Correlation Coefficient	.337**	.094	.251**	.102	.438**	1.000	.195**
	Sig. (2-tailed)	.000	.129	.000	.097	.000	.	.001
	N	184	184	184	184	184	184	184
I could imagine a future without the offline shopping experience concerning Nike, Inc. products	Correlation Coefficient	-.042	.011	.333**	.229**	.137*	.195**	1.000
	Sig. (2-tailed)	.484	.850	.000	.000	.027	.001	.
	N	184	184	184	184	184	184	184

TABLE 13. KENDALL'S TAU-B CORRELATION BETWEEN SHOPPING-SPECIFIC VARIABLES (SPSS OUTPUT)

5.1.1.3 Satisfaction with Nike, Inc. Products and Services (Questions 17–23)

The purpose of the third survey section was to gain further understandings of Nike's customers concerning their satisfaction with the product and service offerings. The first question of this section, survey question 17, asked about the customers' satisfaction with Nike's offerings for personalization. As shown in Table 14, at 55.4% most respondents (n=102) were somewhat satisfied or very satisfied with it. With 2.7%, a minority of respondents (n=5) were somewhat dissatisfied, whereas no respondents were very dissatisfied with this aspect. Lastly, 41.8% of respondents (n=77) were neither dissatisfied nor satisfied with the offerings for personalization.

How satisfied are you with Nike, Inc.'s offerings for personalization

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Somewhat dissatisfied	5	2.7	2.7	2.7
	Neither dissatisfied nor satisfied	77	41.8	41.8	44.6
	Somewhat satisfied	55	29.9	29.9	74.5
	Very satisfied	47	25.5	25.5	100.0
	Total	184	100.0	100.0	

Table 14. SURVEY QUESTION 17 "HOW SATISFIED ARE YOU WITH NIKE, INC.'S OFFERINGS FOR PERSONALIZATION?" (SPSS OUTPUT)

Regarding the second question of this section, survey question 18, the findings show that 52.2% of respondents (n=96) were somewhat satisfied or very satisfied with Nike's interactive in-store screens. A minority of 6.5% (n=12) were somewhat dissatisfied or very dissatisfied with this digital practice, whereas 41.3% (n=76) were neither dissatisfied nor satisfied with the interactive in-store screens (see Table 15).

How satisfied are you with the following digital practice at Nike: Interactive in-store screens?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very dissatisfied	4	2.2	2.2	2.2
	Somewhat dissatisfied	8	4.3	4.3	6.5
	Neither dissatisfied nor satisfied	76	41.3	41.3	47.8
	Somewhat satisfied	73	39.7	39.7	87.5
	Very satisfied	23	12.5	12.5	100.0
	Total	184	100.0	100.0	

Table 15. SURVEY QUESTION 18 "HOW SATISFIED ARE YOU WITH THE FOLLOWING DIGITAL PRACTICE AT NIKE: INTERACTIVE IN-STORE SCREENS?" (SPSS OUTPUT)

Question three of this section, survey question 19, asked about satisfaction with the official Nike app. More than half of the respondents (52.7%; n=97) were neither dissatisfied nor satisfied with the Nike app. This could be explained by the fact that not all respondents had used the app and therefore answered in a way that indicated they could not say how satisfied they were, without skipping the question. Nevertheless, 42.4% of respondents (n=78) were somewhat satisfied or very satisfied, while 4.9% (n=9) were somewhat dissatisfied or very dissatisfied with the Nike app.

How satisfied are you with the following digital practice at Nike: Nike, Inc. App?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very dissatisfied	2	1.1	1.1	1.1
	Somewhat dissatisfied	7	3.8	3.8	4.9
	Neither dissatisfied nor satisfied	97	52.7	52.7	57.6
	Somewhat satisfied	37	20.1	20.1	77.7
	Very satisfied	41	22.3	22.3	100.0
	Total	184	100.0	100.0	

TABLE 16. SURVEY QUESTION 19 "HOW SATISFIED ARE YOU WITH THE FOLLOWING DIGITAL PRACTICE AT NIKE: NIKE, INC. APP?" (SPSS OUTPUT)

The fourth and fifth questions of the section, survey questions 20 and 21, asked customers about their satisfaction with both the Nike SNKRS app and Nike's digital enhanced apparel or footwear. The detailed SPSS output for these two questions can be found in Appendix IV.

Question six of this section, survey question 22, asked customers about their satisfaction with Nike's offline practices – such as Nike stores, offline product range and physical customer care. The question serves as a measure of how well Nike manages the needs and expectation of their offline customers. Table 17 shows that 75.5% or most respondents (n=139) were somewhat satisfied or very satisfied. A further 14.7% (n=27) were somewhat dissatisfied, whereas 9.8% of respondents (n=18) were neither dissatisfied nor satisfied. No respondents were very dissatisfied with the Nike's offline practices, as mentioned before.

How satisfied are you with the offline practices and service of Nike, Inc.: Nike stores, product range, customer care?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Somewhat dissatisfied	27	14.7	14.7	14.7
	Neither dissatisfied nor satisfied	18	9.8	9.8	24.5
	Somewhat satisfied	97	52.7	52.7	77.2
	Very satisfied	42	22.8	22.8	100.0
	Total	184	100.0	100.0	

TABLE 17. SURVEY QUESTION 22 "HOW SATISFIED ARE YOU WITH THE FOLLOWING DIGITAL PRACTICE AT NIKE: NIKE STORES, PRODUCT RANGE, CUSTOMER CARE?" (SPSS OUTPUT)

Question seven of this section, survey question 23, asked customers about their satisfaction with Nike's online practices – such as the Nike website, third-party websites selling Nike products, online resellers and the comprehensive online product range. Because of digitalization, this question was relevant since the online practices of Nike have become increasingly important in recent years and will continue to do so in the future. As shown in Table 18, a 76.6% majority of respondents (n=141) were somewhat satisfied or very satisfied. With 6.5%, a minority of respondents (n=12) were somewhat dissatisfied or very dissatisfied. A further 16.8% of all respondents (n=31) were neither dissatisfied nor satisfied with Nike's online practices.

How satisfied are you with the online practices and service of Nike, Inc.: Nike website, 3rd party websites, resellers, online product range?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very dissatisfied	4	2.2	2.2	2.2
	Somewhat dissatisfied	8	4.3	4.3	6.5
	Neither dissatisfied nor satisfied	31	16.8	16.8	23.4
	Somewhat satisfied	70	38.0	38.0	61.4
	Very satisfied	71	38.6	38.6	100.0
	Total	184	100.0	100.0	

TABLE 18. SURVEY QUESTION 23 "HOW SATISFIED ARE YOU WITH THE FOLLOWING DIGITAL PRACTICE AT NIKE: NIKE WEBSITE, THIRD-PARTY WEBSITES, RESELLERS, ONLINE PRODUCT RANGE?" (SPSS OUTPUT)

Several significant correlations were identified during the analysis of all variables in this section concerning customers' satisfaction with Nike's products and services. The two most notable ones concerned two variables "Satisfaction with interactive in-store screens" and "Satisfaction with Nike, Inc.'s online practices". Both variables significantly correlated with five other variables in this section.

		How satisfied are you with the following digital practice at Nike: Interactive in-store screens?	How satisfied are you with the following digital practice at Nike: Nike, Inc. App?	How satisfied are you with the following digital practice at Nike: Nike SNKRS App?	How satisfied are you with the following digital practice at Nike: Digitally enhanced Apparel or Footwear?	How satisfied are you with the offline practices and service of Nike, Inc.: Nike stores, product range, customer care?	How satisfied are you with the online practices and service of Nike, Inc.: Nike website, 3rd party websites, resellers, online product range?
How satisfied are you with Nike, Inc.'s offerings for personalization	Correlation Coefficient	.211**	.012	.215**	.122	-.168**	.170**
	Sig. (2-tailed)	.001	.855	.001	.064	.010	.008
	N	184	184	184	184	184	184
How satisfied are you with the following digital practice at Nike: Interactive in-store screens?	Correlation Coefficient	1.000	.548**	.573**	.468**	.217**	.419**
	Sig. (2-tailed)	.	.000	.000	.000	.001	.000
	N	184	184	184	184	184	184
How satisfied are you with the following digital practice at Nike: Nike, Inc. App?	Correlation Coefficient	.548**	1.000	.453**	.608**	.420**	.267**
	Sig. (2-tailed)	.000	.	.000	.000	.000	.000
	N	184	184	184	184	184	184
How satisfied are you with the following digital practice at Nike: Nike SNKRS App?	Correlation Coefficient	.573**	.453**	1.000	.467**	.109	.377**
	Sig. (2-tailed)	.000	.000	.	.000	.094	.000
	N	184	184	184	184	184	184
How satisfied are you with the following digital practice at Nike: Digitally enhanced Apparel or Footwear?	Correlation Coefficient	.468**	.608**	.467**	1.000	.355**	.288**
	Sig. (2-tailed)	.000	.000	.000	.	.000	.000
	N	184	184	184	184	184	184
How satisfied are you with the offline practices and service of Nike, Inc.: Nike stores, product range, customer care?	Correlation Coefficient	.217**	.420**	.109	.355**	1.000	.053
	Sig. (2-tailed)	.001	.000	.094	.000	.	.410
	N	184	184	184	184	184	184
How satisfied are you with the online practices and service of Nike, Inc.: Nike website, 3rd party websites, resellers, online product range?	Correlation Coefficient	.419**	.267**	.377**	.288**	.053	1.000
	Sig. (2-tailed)	.000	.000	.000	.000	.410	.
	N	184	184	184	184	184	184

TABLE 19. KENDALL'S TAU-B CORRELATION OF NIKE PRODUCT AND SERVICE SATISFACTION VARIABLES (SPSS OUTPUT)

5.1.1.4 Brand Attachment (Questions 24–27)

The fourth survey section probed how attached the customers of Nike were to the brand. To analyze customer brand attachment, four survey questions were selected concerning their feelings and attitudes towards the brand.

The first question of this section, survey question 24, asked respondents if they liked the Nike brand because they felt that it fitted their lifestyle. The purpose of this question was to find out if lifestyle was a crucial driver for purchasing Nike products. As shown in Table 20, at 69% the majority of respondents (n=127) agreed or strongly agreed, whereas 8.2% of respondents disagreed or strongly disagreed with the statement. At 22.8%, 42 of the respondents neither disagreed or agreed that they liked the Nike brand because they felt it fits their lifestyle.

I like the Nike, Inc. brand because I feel it fits to my lifestyle					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	6	3.3	3.3	3.3
	Disagree	9	4.9	4.9	8.2
	Neither disagree nor agree	42	22.8	22.8	31.0
	Agree	87	47.3	47.3	78.3
	Strongly agree	40	21.7	21.7	100.0
	Total	184	100.0	100.0	

TABLE 20. SURVEY QUESTION 24 "I LIKE THE NIKE, INC. BRAND BECAUSE I FEEL IT FITS MY LIFESTYLE" (SPSS OUTPUT)

The second question of the section, survey question 25, asked respondents if they like the Nike brand because it makes them feel good. As shown in Table 25, with 59.3%, 109 respondents agreed or strongly agreed with the statement. Only 14.7% of respondents (n=27) disagreed or strongly disagreed with it. A further 26.1% or 48 of respondents neither disagreed or agreed that they liked the Nike brand because it makes them feel good.

I like the Nike, Inc. brand because it makes me feel good					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	7	3.8	3.8	3.8
	Disagree	20	10.9	10.9	14.7
	Neither disagree nor agree	48	26.1	26.1	40.8
	Agree	66	35.9	35.9	76.6
	Strongly agree	43	23.4	23.4	100.0
	Total	184	100.0	100.0	

TABLE 21. SURVEY QUESTION 25 "I LIKE THE NIKE, INC. BRAND BECAUSE IT MAKES ME FEEL GOOD" (SPSS OUTPUT)

The third question of the section, survey question 26, asked respondents if they like the Nike brand because it recognizes who they are. This question also examined the customers' satisfaction, which in turn could impact on Nike's customer relationship management. As presented in Table 22, 63.8% or most respondents (n=117) agreed or strongly agreed with the statement, whereas 16.8% of respondents (n=31) disagreed or strongly disagreed. A further 19.6% (36 respondents) neither disagreed or agreed that they liked the Nike brand because it makes them feel good.

I like the Nike, Inc. brand because it recognizes who I am	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly disagree	5	2.7	2.7	2.7
Disagree	26	14.1	14.1	16.8
Neither disagree nor agree	36	19.6	19.6	36.4
Agree	57	31.0	31.0	67.4
Strongly agree	60	32.6	32.6	100.0
Total	184	100.0	100.0	

TABLE 22. SURVEY QUESTION 26 "I LIKE THE NIKE, INC. BRAND BECAUSE IT RECOGNIZES WHO I AM" (SPSS OUTPUT)

The fourth question of the section, survey question 27, asked respondents about their attachment to the Nike brand. Customer retention is crucial for any company, especially in the retail industry, and brand attachment can be a driving force behind repeated purchases. As shown in Table 23, at 62% most respondents (n=114) agreed or strongly agreed with the statement, "I feel strongly attached to the brand Nike, Inc." A further 21.1% of respondents (n=39) disagreed or strongly disagreed with it, and 16.8% or 31 of the respondents neither disagreed or agreed.

I agree with the following statement "I feel strongly attached to the brand Nike, Inc."		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	8	4.3	4.3	4.3
	Disagree	31	16.8	16.8	21.2
	Neither disagree nor agree	31	16.8	16.8	38.0
	Agree	43	23.4	23.4	61.4
	Strongly agree	71	38.6	38.6	100.0
	Total	184	100.0	100.0	

TABLE 23. SURVEY QUESTION 27 "I AGREE WITH THE FOLLOWING STATEMENT "I FEEL STRONGLY ATTACHED TO THE BRAND NIKE, INC." (SPSS OUTPUT)

Finally, regarding the correlations between the four variables in this section about brand attachment, several significant correlations were found. A significant correlation exists between the variable "Attachment to the brand" and the variable "I like the Nike, Inc. brand because it makes me feel good" (p<0.01). Another significant correlation exists the variable "Attachment to the brand" and the variable "I like the Nike, Inc. brand because it recognizes who I am" (p<0.01).

Correlations						
			I like the Nike, Inc. brand because I feel it fits to my lifestyle	I like the Nike, Inc. brand because it makes me feel good	I like the Nike, Inc. brand because it recognizes who I am	I agree with the following statement "I feel strongly attached to the brand Nike, Inc."
Kendall's tau_b	I like the Nike, Inc. brand because I feel it fits to my lifestyle	Correlation Coefficient	1.000	.076	.113	-.112
		Sig. (2-tailed)	.	.223	.072	.074
		N	184	184	184	184
	I like the Nike, Inc. brand because it makes me feel good	Correlation Coefficient	.076	1.000	.411**	.399**
		Sig. (2-tailed)	.223	.	.000	.000
		N	184	184	184	184
	I like the Nike, Inc. brand because it recognizes who I am	Correlation Coefficient	.113	.411**	1.000	.374**
		Sig. (2-tailed)	.072	.000	.	.000
		N	184	184	184	184
	I agree with the following statement "I feel strongly attached to the brand Nike, Inc."	Correlation Coefficient	-.112	.399**	.374**	1.000
		Sig. (2-tailed)	.074	.000	.000	.
		N	184	184	184	184

TABLE 24. CORRELATIONS BETWEEN BRAND-ATTACHMENT VARIABLES (SPSS OUTPUT)

5.1.1.5 Digital Perception and Nike, Inc.'s Positioning

The fifth and last survey section probed the positioning of Nike. Perceptions about the company's position related to innovations were also examined. The section contained five questions. The first one asked Nike's customers how important the level of digitalization of a company is to them in general. In today's era, many companies feel pressured to continually innovate in terms of digitalization to gain new customers. It is unclear, however, whether customers perceive this constant digitalization as necessary. As shown in Table 25, a 57.6% majority of respondents (n=106) indicated that digitalization of a company is very important or essential to them. Only 12.5% of respondents (n=23) stated that it is slightly relevant or not at all important to them. A further 29.9% (55 respondents) indicated that a company's level of digitalization was neither unimportant nor important to them.

How important is the level of digitalization of a company to you in general?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all important	6	3.3	3.3	3.3
	Slightly important	17	9.2	9.2	12.5
	Neither unimportant nor important	55	29.9	29.9	42.4
	Very important	80	43.5	43.5	85.9
	Essential	26	14.1	14.1	100.0
	Total	184	100.0	100.0	

TABLE 25. SURVEY QUESTION 28 "HOW IMPORTANT IS THE LEVEL OF DIGITALIZATION OF A COMPANY TO YOU IN GENERAL?" (SPSS OUTPUT)

The second question of this survey section, survey question 29, asked respondents if they considered Nike to be the most innovative brand in comparison to all other global brands. The company is one of the largest global players in the sports apparel industry. Therefore, customer insight regarding whether Nike is a highly innovative company is a value-adding insight and confirmation of successful implementation of its strategies. As shown in Table 26, with 62%, most customers (n=114) agreed or strongly agreed with the statement posed in the question. Only 6% of respondents (n=11) disagreed with it. With 32.1%, 59 respondents indicated that they neither disagreed or agreed. No respondents strongly disagreed that Nike was the most innovative brand compared to other global brands.

Overall I consider Nike, Inc. the most innovative brand compared to other global brands

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	11	6.0	6.0	6.0
	Neither disagree nor agree	59	32.1	32.1	38.0
	Agree	61	33.2	33.2	71.2
	Strongly agree	53	28.8	28.8	100.0
	Total	184	100.0	100.0	

TABLE 26. SURVEY QUESTION 29 "OVERALL I CONSIDER NIKE, INC. THE MOST INNOVATIVE BRAND COMPARED TO OTHER GLOBAL BRANDS" (SPSS OUTPUT)

The third question of this section, survey question 30, was concerned with Nike's customers' satisfaction towards the increasing trend of digitalizing their shopping experience. As shown in Table 27, a majority of 72.2% of respondents (n=133) were either somewhat satisfied or very satisfied with this trend. Only 6.6% or 12 respondents indicated that they were somewhat dissatisfied or very dissatisfied. In addition, 21.2% of respondents (n=39) stated they were neither dissatisfied nor satisfied with the trend of increasing digitalizing of their shopping experience of brands.

How satisfied are you with the increasing trend towards digitalizing your shopping experience of brands?		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very dissatisfied	6	3.3	3.3	3.3
	Somewhat dissatisfied	6	3.3	3.3	6.5
	Neither dissatisfied nor satisfied	39	21.2	21.2	27.7
	Somewhat satisfied	47	25.5	25.5	53.3
	Very satisfied	86	46.7	46.7	100.0
	Total	184	100.0	100.0	

TABLE 27. SURVEY QUESTION 30 "HOW SATISFIED ARE YOU WITH THE INCREASING TREND TOWARDS DIGITALIZING YOUR SHOPPING EXPERIENCE OF BRANDS." (SPSS OUTPUT)

In the fourth question of this section, survey question 31, Nike's customers were asked if they consider the company to be a forerunner regarding digital innovation related to shopping experiences. As presented in Table 28, with 75% most respondents (n=138) agreed or strongly agreed with the statement, whereas 8.1% of respondents (n=15) disagreed or strongly disagreed with it. A further 16.8% (n=31) neither disagreed nor agreed that Nike is a forerunner in digital innovation related to the shopping experience.

I would consider Nike, Inc. to be a forerunner when it comes to digital innovation related to my shopping experience		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	8	4.3	4.3	4.3
	Disagree	7	3.8	3.8	8.2
	Neither disagree nor agree	31	16.8	16.8	25.0
	Agree	92	50.0	50.0	75.0
	Strongly agree	46	25.0	25.0	100.0
	Total	184	100.0	100.0	

TABLE 28. SURVEY QUESTION 31 "I WOULD CONSIDER NIKE, INC.TO BE A FORERUNNER REGARDING DIGITAL INNOVATION RELATED TO MY SHOPPING EXPERIENCE" (SPSS OUTPUT)

The fifth and last question of this survey section, survey question 32, asked Nike's customers if they considered the company to be the most innovative sports fashion brand compared to other sports apparel brands. This question probed how Nike's customers position the firm in terms of innovation, in comparison to their direct competition (e.g. Adidas, Puma, Under Armour and Asics). At 84.8% the vast majority of respondents (n=156) agreed or strongly agreed, whereas 15.2% of the respondents (n=28) neither disagreed or agreed. No respondents disagreed or strongly disagreed that Nike is the most innovative brand among all sports apparel brands.

Overall I consider Nike, Inc. the most innovative sports apparel brand compared to other sports apparel brands					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Neither disagree nor agree	28	15.2	15.2	15.2
	Agree	71	38.6	38.6	53.8
	Strongly agree	85	46.2	46.2	100.0
	Total	184	100.0	100.0	

TABLE 29. SURVEY QUESTION 32 "OVERALL I CONSIDER NIKE, INC. THE MOST INNOVATIVE SPORTS APPAREL BRAND COMPARED TO OTHER SPORTS APPAREL BRANDS" (SPSS OUTPUT)

Finally, Table 30 presents the correlations of all questions in this survey section concerning the perception customers have towards digitalization and how they view Nike's position in terms of innovation. Several correlations are evident. Interestingly, all variables in this section correlated with one another (p<0.01).

Correlations			How important is the level of digitalization of a company to you in general?	Overall I consider Nike, Inc. the most innovative brand compared to other brands in general	How satisfied are you with the increasing trend towards digitalizing your shopping experience of brands?	I would consider Nike, Inc. to be a forerunner when it comes to digital innovation related to my shopping experience	Overall I consider Nike, Inc. the most innovative sports fashion brand compared to sports apparel brands
Kendall's tau_b	How important is the level of digitalization of a company to you in general?	Correlation Coefficient	1.000	.334**	.180**	.417**	.242**
		Sig. (2-tailed)	.	.000	.005	.000	.000
		N	184	184	184	184	184
	Overall I consider Nike, Inc. the most innovative brand compared to other brands in general	Correlation Coefficient	.334**	1.000	.151*	.454**	.385**
		Sig. (2-tailed)	.000	.	.018	.000	.000
		N	184	184	184	184	184
	How satisfied are you with the increasing trend towards digitalizing your shopping experience of brands?	Correlation Coefficient	.180**	.151*	1.000	.506**	.364**
		Sig. (2-tailed)	.005	.018	.	.000	.000
		N	184	184	184	184	184
	I would consider Nike, Inc. to be a forerunner when it comes to digital innovation related to my shopping experience	Correlation Coefficient	.417**	.454**	.506**	1.000	.267**
		Sig. (2-tailed)	.000	.000	.000	.	.000
		N	184	184	184	184	184
	Overall I consider Nike, Inc. the most innovative sports fashion brand compared to sports apparel brands	Correlation Coefficient	.242**	.385**	.364**	.267**	1.000
		Sig. (2-tailed)	.000	.000	.000	.000	.
		N	184	184	184	184	184

TABLE 30. CORRELATION OF VARIABLES REGARDING NIKE, INC.'S DIGITALIZATION AND INNOVATION (SPSS OUTPUT)

5.1.1.6 Concluding Questions

The survey was concluded by asking two questions. The first was an open-ended question that asked customers about potential recommendations for Nike's management (see Table 31). Out of 184 total respondents, 34.8% (64 respondents) provided an answer to the question. The reason for the low response rate might be the same as for survey question 12, which was also an open-ended question. Respondents could have been inclined to skip the open-ended questions and to answer the closed-ended questions.

Among the 64 respondents, 40.6% (n=26) stated that they had no recommendation for management, potentially indicating that there is nothing the company could do better at present. A further 23.4% (n=15) indicated that they would recommend that management should lower the prices. An additional 14% of respondents (n=9) stated that they recommend implementing more options for personalization, and 9.4% (n=6) suggested improvements in the shopping experience.

If I would have to make any recommendations for the management of Nike, Inc., Inc. to improve the shopping experience in terms of personalization and digitalization, I would recommend..

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		120	65.2	65.2	65.2
	Better quality	1	.5	.5	65.8
	Better shopping experience	6	3.3	3.3	69.0
	Faster delivery	3	1.6	1.6	70.7
	Larger product range	4	2.2	2.2	72.8
	Lower prices	15	8.2	8.2	81.0
	More personalization options	9	4.9	4.9	85.9
	Nothing	26	14.1	14.1	100.0
	Total	184	100.0	100.0	

TABLE 31. SURVEY QUESTION 33 "IF I HAD TO MAKE ANY RECOMMENDATIONS FOR THE MANAGEMENT OF NIKE, INC. TO IMPROVE THE SHOPPING EXPERIENCE IN TERMS OF PERSONALIZATION AND DIGITALIZATION, I WOULD RECOMMEND.." (SPSS OUTPUT)

Question 34, the last question of the survey, asked respondents about which channel they would consider when buying their next Nike product. With this question, the customer's preference for sales channel was examined; they also were given the option of considering both channels for their next purchase. As shown in Table 32, at 54.9%, most respondents (n=101) considered buying their next Nike product online, whereas 27.7% (n=51) stated that they would consider buying it offline in a physical store. A further 15.8% or 29 respondents answered that they considered both channels as an option. Lastly, 1.6% of respondents (n=3) indicated that they did not consider any of the three answers to be an option.

I am considering to buy the next Nike, Inc. product through the following channel:					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Online	101	54.9	54.9	54.9
	Offline	51	27.7	27.7	82.6
	Both	29	15.8	15.8	98.4
	None	3	1.6	1.6	100.0
	Total	184	100.0	100.0	

TABLE 32. SURVEY QUESTION 34 "I AM CONSIDERING BUYING THE NEXT NIKE, INC. PRODUCT THROUGH THE FOLLOWING CHANNEL:" (SPSS OUTPUT)

5.1.2 Validation of Survey-based Hypotheses

Regarding the validation of the survey-based hypotheses, all four hypotheses were concerned with the topic of digitalization. As a first step, two groups were formed according to age. Respondents who answered the second question "What is your age?" with the first three answer options (i.e. 14 years or younger, 15–18 or 19–21) were allocated to the group *digital natives*. All respondents who answered the question with the latter three options (i.e. 22–25, 26–29 or 30 years and older) were allocated to the group *digital immigrants*. Table 33 shows that 53.8% of the respondents (n=99) were *digital natives*, whereas 46.2% (n=85) were *digital immigrants*.

In the second step, relevant variables were correlated with the variables referring to these two groups, aiming to validate the survey-based hypotheses. Moreover, through the use of crosstabulations, differences between the two groups were established and potential causes were highlighted.

Digital native or digital immigrant?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Digital Immigrant	85	46.2	46.2	46.2
	Digital Native	99	53.8	53.8	100.0
	Total	184	100.0	100.0	

TABLE 33. PROPORTION OF DIGITAL NATIVES VS DIGITAL IMMIGRANTS (SPSS OUTPUT)

5.1.2.1 Survey-Based Hypothesis 1

Regarding the first survey-based hypothesis, its validation is concerned with finding a correlation between the variables "Digital native or digital immigrant" and "Prefer to shop sports apparel online over offline". As shown in Table 34, there was a significant correlation between the two variables ($r=0.445$; $p<0.01$). Therefore, the null hypothesis

(H_0) was rejected and H_1 was accepted, which stated that a correlation exists between these two variables.

Correlations				
			Digital native or digital immigrant?	I prefer to shop my sports apparel online rather than offline in a physical store
Kendall's tau_b	Digital native or digital immigrant?	Correlation Coefficient	1.000	.445**
		Sig. (2-tailed)	.	.000
		N	184	184
	I prefer to shop my sports apparel online rather than offline in a physical store	Correlation Coefficient	.445**	1.000
		Sig. (2-tailed)	.000	.
		N	184	184

TABLE 34. CORRELATION BETWEEN DIGITAL NATIVE OR IMMIGRANT AND PREFER TO SHOP ONLINE OVER OFFLINE (SPSS OUTPUT)

While correlation does not imply causation, a crosstabulation provided deeper insight into the distribution of responses. Table 35 shows that 41.2% of the 85 respondents in the group *digital immigrants* (n=35) answered that they disagreed or strongly disagreed that they prefer to shop sports apparel online rather than offline in a physical store. By contrast, 10.1% of the 99 respondents in the group *digital natives* (n=10) answered that they disagreed or strongly disagreed. A clear difference can be identified here.

Moreover, regarding the "strongly agree" responses, further differences between the two groups were noted, with 7% (n=6) of the *digital immigrants* strongly agreeing with the statement. In comparison, 47.5% of the respondents in the group *digital natives* (n=47) strongly agreed.

I prefer to shop my sports apparel online rather than offline in a physical store * Digital native or digital immigrant? Crosstabulation

Count

		Digital native or digital immigrant?		
		Digital Immigrant	Digital Native	Total
I prefer to shop my sports apparel online rather than offline in a physical store	Strongly disagree	17	2	19
	Disagree	18	8	26
	Neither disagree nor agree	15	12	27
	Agree	29	30	59
	Strongly agree	6	47	53
Total		85	99	184

TABLE 35. CROSSTABULATION BETWEEN DIGITAL NATIVE OR IMMIGRANT AND PREFER TO SHOP ONLINE OVER OFFLINE (SPSS OUTPUT)

5.1.2.2 Survey-Based Hypothesis 2

The second survey-based hypothesis considers a correlation between the variable "Digital native or digital immigrant" and the variable "Being able to imagine a future without offline shopping". The null hypothesis (H_0) assumes that there is no significant correlation between the variables, whereas the alternative hypothesis (H_1) assumes that there is a significant correlation between them. As shown in Table 36, a significant correlation ($r=0.657$; $p<0.01$) was identified. Thus, the null hypothesis (H_0) was rejected and the alternative hypothesis (H_1) was accepted.

Correlations

			Digital native or digital immigrant?	I could imagine a future without the offline shopping experience concerning Nike, Inc. products
Kendall's tau_b	Digital native or digital immigrant?	Correlation Coefficient	1.000	.657**
		Sig. (2-tailed)	.	.000
		N	184	184
	I could imagine a future without the offline shopping experience concerning Nike, Inc. products	Correlation Coefficient	.657**	1.000
		Sig. (2-tailed)	.000	.
		N	184	184

TABLE 36. CORRELATION BETWEEN VARIABLES DIGITAL NATIVE OR IMMIGRANT AND BEING ABLE TO IMAGINE A FUTURE WITHOUT OFFLINE SHOPPING (SPSS OUTPUT)

In addition, apparent differences were evident between the two groups. Most (81.8%) of the *digital natives* (n=81) agreed or strongly agreed that they could imagine a future without the offline shopping experience concerning Nike products. By contrast, only 10.6% of the *digital immigrants* (n=9) answered in the same way; more than half (63.5%) of the group *digital immigrants* (n=54) disagreed or strongly disagreed that they could imagine it. Only 4% of the *digital natives* (n=4) disagreed or strongly disagreed.

I could imagine a future without the offline shopping experience concerning Nike, Inc. products * Digital native or digital immigrant? Crosstabulation

Count

		Digital native or digital immigrant?		
		Digital Immigrant	Digital Native	Total
I could imagine a future without the offline shopping experience concerning Nike, Inc. products	Strongly disagree	23	1	24
	Disagree	31	3	34
	Neither disagree nor agree	22	14	36
	Agree	7	33	40
	Strongly agree	2	48	50
Total		85	99	184

TABLE 37. CROSSTABULATION BETWEEN VARIABLES DIGITAL NATIVE OR IMMIGRANT AND BEING ABLE TO IMAGINE A FUTURE WITHOUT OFFLINE SHOPPING (SPSS OUTPUT)

5.1.2.3 Survey-Based Hypothesis 3

The third survey-based hypothesis is concerned with a correlation between the variables "Digital native or digital immigrant" and "Satisfied with the digitalization of the shopping experience of brands". Table 38 shows a significant correlation between the two variables ($r = 0.165$; $p < 0.05$). The null hypothesis (H_0) was thus rejected and the alternative hypothesis (H_1) was accepted. That is, a significant correlation exists between the variables in question.

Correlations

			Digital native or digital immigrant?	How satisfied are you with the increasing trend towards digitalizing your shopping experience of brands?
Kendall's tau_b	Digital native or digital immigrant?	Correlation Coefficient	1.000	.165*
		Sig. (2-tailed)	.	.017
		N	184	184
	How satisfied are you with the increasing trend towards digitalizing your shopping experience of brands?	Correlation Coefficient	.165*	1.000
		Sig. (2-tailed)	.017	.
		N	184	184

TABLE 38. CORRELATION BETWEEN VARIABLES DIGITAL NATIVE OR IMMIGRANT AND SATISFIED WITH THE DIGITALIZATION OF THE SHOPPING EXPERIENCE OF BRANDS (SPSS OUTPUT)

Closer analysis of the responses showed that the majority of both *digital natives* (76.8%; n=76) and *digital immigrants* (67%; n=57) were somewhat satisfied or very satisfied with the trend to digitalize the shopping experience of brands. Only 5% of the *digital natives* (n=5) and 8.2% of the *digital immigrants* (n=7) were somewhat dissatisfied or very dissatisfied

How satisfied are you with the increasing trend towards digitalizing your shopping experience of brands? * Digital native or digital immigrant? Crosstabulation

Count

		Digital native or digital immigrant?		
		Digital Immigrant	Digital Native	Total
How satisfied are you with the increasing trend towards digitalizing your shopping experience of brands?	Very dissatisfied	3	3	6
	Somewhat dissatisfied	4	2	6
	Neither dissatisfied nor satisfied	21	18	39
	Somewhat satisfied	26	21	47
	Very satisfied	31	55	86
Total		85	99	184

TABLE 39. CROSSTABULATION BETWEEN VARIABLES DIGITAL NATIVE OR IMMIGRANT AND SATISFIED WITH THE DIGITALIZATION OF THE SHOPPING EXPERIENCE OF BRANDS (SPSS OUTPUT)

5.1.2.4 Survey-Based Hypothesis 4

The fourth and last survey-based hypothesis posited a correlation between the variable "Digital native or digital immigrant" and the variable "Considering Nike, Inc. the most innovative brand compared to other sports apparel brands". The null hypothesis (H_0) assumes that there is no significant correlation between the variables, while the alternative hypothesis (H_1) assumes that there is a significant correlation between the two variables. As shown in Table 40, a significant correlation (r=0.372; p<0.01) was evident. Subsequently, the null hypothesis (H_0) was rejected and the alternative hypothesis (H_1) was accepted.

Correlations

			Digital native or digital immigrant?	Overall I consider Nike, Inc. the most innovative sports apparel brand compared to other sports apparel brands
Kendall's tau_b	Digital native or digital immigrant?	Correlation Coefficient	1.000	.372**
		Sig. (2-tailed)	.	.000
		N	184	184
	Overall I consider Nike, Inc. the most innovative sports apparel brand compared to other sports apparel brands	Correlation Coefficient	.372**	1.000
		Sig. (2-tailed)	.000	.
		N	184	184

TABLE 40. CORRELATION BETWEEN VARIABLES DIGITAL NATIVE OR IMMIGRANT AND CONSIDERING NIKE, INC. THE MOST INNOVATIVE BRAND COMPARED TO OTHER SPORTS APPAREL BRANDS (SPSS OUTPUT)

Finally, the two variables were cross tabulated, as shown in Table 41. The results indicated that most of Nike's customers, both digital natives and digital immigrants, agreed or strongly agreed that the brand and company were more innovative than their competitors. Here, with 95%, the majority of the group *digital natives* (n=95) and 71.8% of the group *digital immigrants* (n=61) agreed or strongly agreed with the statement. Among *digital natives,* 4% (n=4) and 28.2% of the group *digital immigrants* (n=24 neither disagreed or agreed. No respondents disagreed or strongly disagreed that Nike was the most innovative sports apparel brand.

Overall I consider Nike, Inc. the most innovative sports apparel brand compared to other sports apparel brands * Digital native or digital immigrant? Crosstabulation

Count

		Digital native or digital immigrant?		
		Digital Immigrant	Digital Native	Total
Overall I consider Nike, Inc. the most innovative sports apparel brand compared to other sports apparel brands	Neither disagree nor agree	24	4	28
	Agree	37	34	71
	Strongly agree	24	61	85
Total		85	99	184

TABLE 41. CROSSTABULATION BETWEEN VARIABLES DIGITAL NATIVE OR IMMIGRANT AND CONSIDERING NIKE, INC. THE MOST INNOVATIVE BRAND COMPARED TO OTHER SPORTS APPAREL BRANDS (SPSS OUTPUT)

5.2 Expert Interviews

In the sports apparel industry, Nike is perceived as a forerunner in innovation. The previous subchapter provided insight into customers' perspectives regarding digital transformation in the sports apparel industry, focusing on Nike. To complement these insights from the company's perspective, this subchapter presents the results from the expert interviews conducted at Nike. The content of the interview questions was based on the reviewed literature (see Chapter 2).

As discussed in Chapter 4, the interviews were conducted with four experts at Nike. These experts included an international key account manager, a digital membership specialist and two visual merchandising specialists.

5.2.1 Major Digital Innovations

The first question was concerned with the innovative changes that digitalization has triggered over the past decade. Here, all experts shared a similar opinion, namely that there is not only one major innovation but many, which have fundamentally changed both their daily work and the way the company operates.

The international key account manager emphasized Nike's internal ordering process as well as the market and competitive landscape that affects strategic decisions. He stated that

> *"Everything has changed. For instance, eight years ago, the entire order system was operated manually, so employees had a heavy manual workload. Over the years this digitalized and today the order system is fully automated without the need for manual*

entries […] The online business disrupted the market and affected turnovers. Market leaders disappeared, while new players like Zalando emerged very quickly and changed the industry completely. Some of the older companies realized in time that they needed to do something to stay on the market, while others who focused on their strengths but did not invest enough in technologies disappeared" (personal communication, May 2, 2019).

The digital membership specialist was more concerned with the shopping experience of their customers. This respondent commented as follows:

"In the past, products were bought offline in brick-and-mortar stores. Customers compared prices eventually online but still bought the products offline. Today the ecosystem is more online. Platforms like Instagram, for instance, are used to direct customers online to buy our products. Despite the digitalization, products are still targeted on a localization basis to ensure different customer preferences are addressed properly" (personal communication, September 16, 2019).

Both visual merchandising specialists focused on online channels in their answers. One of them noted that "Today, we know a lot more about our customers than in the past, the data usage is much higher, and through artificial intelligence and automated processes our customers can be much better served, especially online regarding social media channels". The other specialist commented that "Every day the number of people buying online instead of offline is increasing. Today, social networks provide us with a very cost-efficient way to show our consumers new products and innovations through our digital channels, which is beneficial because our target customers usually spend much time in social network" (personal communication, June 11, 2019; personal communication, June 15, 2019).

The answers differed in their content but all participants agreed that substantial changes have occurred through digital transformation. Interestingly, the focus of their answers was strongly connected to their job positions. Within the company, the international key account manager focuses on strategic issues, whereas the specialists focus on task execution and strategic implementation. Thus, the manager is concerned mainly with digitalization on a macro level, related to the company, the market and the competitors. By contrast, the specialists focus on digital tools at the micro level, such as sales channels and shopping experience.

According to the digital membership specialist, Nike's decision making is structured according to three levels. The first and lowest level is the territory level. At this level, employees focus on executing tasks. The second level is the Geo level, where strategic but region-specific decisions are made. The third and highest level is the global level, where the most important strategic decisions are made on a global scale (personal communication, September 16, 2019).

5.2.2 Need for Innovation

To understand the mindset of Nike, the experts answered questions concerning the importance of digital innovation and whether it is even needed for sustaining a competitive market position. Again, all experts shared similar opinions. They stated that innovation is not only necessary but also inevitable. The international key account manager commented that *"Every industry is affected by it. All companies want to develop, and the biggest improvements are seen in digital innovation"* (personal communication, May 2, 2019). One of the visual merchandising specialists noted that *"It is necessary because you need to keep up with your competition and to get your customers. Digital innovation enables us to reach much more customers than by offline-only practices"* (personal communication, June 25, 2019).

5.2.3 Future Industry Trends

The next question asked the experts about current industry trends in innovation. Here, five major innovations were mentioned, which were 3D printing, technology-enhanced footwear, technology-enhanced apparel, virtual or augmented reality and showrooms. The results for the question are presented here. In addition, subchapter 5.2.9 presents an expert estimation by the international key account manager concerning these five innovations and their potential impact on Nike's sales uplift (i.e. percentage increase in sales revenue). The answers to this question indicate that there are specific future trends in innovation that the experts at Nike are aware of.

The digital membership specialist stated that

> *"In the future, our product will learn from us and how we behave, for instance, smart fibers that adapt to warm or cool body temperature or environment and save this information on a digital platform. There lies tremendous potential in the connection of the physical and the digital retail business like smooth transactions of online shopping and offline pick-up, redirections from social media to product availability of your nearest store or also the connection between your smartphone and footwear like the Nike Adapt shoe"* (personal communication, September 16, 2019).

One of the visual merchandising specialists stated that "Brick-and-mortar stores will become more digital. Customers will go shopping for the experience rather than for necessarily buying the product. Stores will be able to recognize customers and what products they prefer. In addition, digital mannequins will become a digital trend where the product design is projected on physical mannequins" (personal communication, June 25, 2019).

The international key account manager said that "New ways of production will emerge through 3D printing allowing for production in regions close to the retail sites. In addition, virtual reality will eventually lead to more people staying at home and experience shopping through VR glasses [i.e. allowing the person who wears it to experience a 3D simulation]. I also think that the speed of innovation will become even faster than it is today" (personal communication, May 2, 2019).

5.2.4 Development of Shopping Experience

When asked about how the offline and online shopping customer experience changed over the years, the online experience has become increasingly important, experts suggested. They gave concrete examples of how digital tools can enhance the customer experience. For instance, the international key account manager explained that in the past, online products were only presented through one or two pictures. Today, many online stores feature a 360-degree product view with the option of zooming in and out, with the opportunity even to look inside the product (personal communication, May 8, 2019). Also, virtual reality will develop the online shopping experience in the future to become even more real. Virtual reality will likely be used in physical showrooms to virtually showcase products, and the stores will be smaller than today because no large storage spaces will be needed. The purpose of showrooms will be to showcase the products to the customer, instead of traditional selling.

One visual merchandising specialist noted that especially within physical stores, digitalization has strongly affected the stores' development. Today, in some Nike stores, customers can control in-store features with their smartphones. In other stores, digital tablets help customers to order products that are not physically available in the store. The ordered products are then delivered to the customer's home or to a Nike store where they can be collected (personal communication, June 11, 2019).

The digital membership specialist stated that in addition to the customer experience changing, in the past the first customer touchpoint was always offline. Today, the first contact with the customer is often online, for instance on social media (personal communication, September 16, 2019).

5.2.5 Nike, Inc.'s Digital Positioning

Nike has been the market leader in the sports apparel industry in recent decades. However, digitalization continually offers new opportunities for innovation, and competitors are leveraging new technologies to establish strategic competitive positions in the market. Therefore, experts at Nike were asked to share their thoughts on how their company is positioned regarding digitalization.

The international key account manager mentioned that "Concerning digitalization, Nike made massive shifts in innovations. However, no company is ever at the highest level of digitalization because it is constantly evolving. However, looking at how everything has been transformed by digitalization over the past years, a great overall shift can be identified as well" (personal communication, May 8, 2019).

According to the digital membership specialist, Nike was the first company in the sports apparel industry to develop a digital membership programme. It is called Nike Plus Membership. Moreover, concerning product positioning, Nike focuses on digitally innovative products, such as the Nike Adapt shoe which features a self-lacing system, or shirts which customers can scan with their smartphone to access exclusive features (personal communication, September 16, 2019).

The other visual merchandising specialist stated that “Digital positioning is indispensable for companies, especially in the retail business. Without it, they would not survive on the market. Digital as well as offline channels need to be combined to achieve the greatest value-add for the company. Visual merchandising was conceptualized for offline stores online, but it evolves with the digitalization. For online stores, Nike moved away from focusing solely on showing products but presents them in a way that inspires the customer, using action shoots of professional models” (personal communication, June 11, 2019).

5.2.6 How to Innovate to Ensure Customer Interest

When the experts at Nike were asked about how the company innovates to ensure customer interest, the answers were rather diverse. The international key account manager stated that regular interaction with the customer is essential for ensuring customer interest. Nike does this through the use of big data and GPS tracking using apps such as Nike Run Club, where the company sees how often customers run or change their shoes. Through these new methods, Nike has created further opportunities to communicate and interact with their customers (personal communication, May 8, 2019).

The digital membership specialist suggested that to ensure sustained customer interest, innovations should focus on establishing an interconnection between online and offline. For instance, if customers shop offline but the product is unavailable, they should automatically receive a smartphone notification about where the product is available. The same thing could happen in reverse with online shopping. Regarding offline stores, in the future, the feeling of an innovation hub will become increasingly important to customers. Virtual or augmented reality could be a useful tool for customers to experience products in innovative ways (personal communication, September 16, 2019).

5.2.7 Customer Evolution

Regarding the evolution of Nike’s customers in recent years, experts agreed that not only their needs and expectations but also their behavior have changed substantially. In the past, customers usually went to several physical stores to buy products. Today, they either buy directly online or gain inspiration offline but then buy online, or vice versa (international key account manager, personal communication, May 8, 2019).

According to the visual merchandising specialists, Nike today focuses more on consumer mindsets than on segmenting by general demographics. The company created six different consumer mindsets to which they adopt different product collections and styles. These are Sneakers-obsessed, Sports-inspired, Sports-addicted, Visionary, Trendsetter and Runners (personal communication, June 11, 2019; personal communication, June 25, 2019).

As someone highly familiar with customer segments, the digital membership specialist stated that *"Generation Z is our main customer focus group because they tend to follow trends easily. Although it might be harder to attain them, the reward when they convert to your brand is high because they are very passionate about the trends. Moreover, this generation is digitally native and thus very used to online activities".* He furthermore commented that the different customer mindsets and generations tend to shop differently because their consumer journeys start at different points. At Nike, customer journey maps are usually drawn in a content plan built on consumer touchpoints. The customer journey maps are oriented towards a specific goal, for example, buying a specific product, attending an event or running a specific distance using a newly released shoe and using the Nike Run Club app (personal communication, September 16, 2019).

Generally, older customer segments tend to connect with Nike for the first time offline and outside of their homes – for example, through posters or digital screens. In contrast, the first touchpoint between the younger generations and the brand tends to happen online (e.g. TikTok, Facebook). The second touchpoint on the customer journey map happens when customers receive information through one of Nike's channels, such as a physical store, the Nike.com website or a Nike app (digital membership specialist, personal communication, September 16, 2019).

5.2.8 Customer Expectations

As the needs and shopping behavior of Nike's customers have changed, their expectations towards the brand have become more demanding. The international key account manager, the digital membership specialist and one visual merchandising specialist all pointed out that increasing digitalization is associated with higher customer expectations. This is primarily because Nike is perceived as a young and innovative company.

The target customer group is young and active and has an affinity to the latest fashion because this group is strongly digitally connected. They expect Nike to be the trendsetter in digital and product innovation. Therefore, the company needs to continually ensure that they offer the most innovative products and the best possible digital experience to attain and retain this young customer segment (personal communication, June 25, 2019).

Concerning customer expectations, the international key account manager stated that *"If you are not on top of it, you will have a hard time"* (personal communication, May 8, 2019). The digital membership specialist described this as follows: *"The biggest challenge for Nike is to know the needs of our customers and what they expect and to adapt our business to that. Throughout this process we collect customer data, cluster it, further process the data using tools to gain customer insights and learn from it so we can target the right customer with the right content at the right time".* He added that all customer groups have different expectations. For instance, it is quite hard to attain new customers older than 25 years because their attachment to a brand is already set. The younger generations are more flexible in their interests. He stated that *"If you have bought from Adidas for 25 years, you will also stay with that brand. The older customers get, the less willing they* are to switch brands and also the fewer channels they use to buy products" (digital membership specialist, personal communication, September 16, 2019).

One of the visual merchandising specialists described his viewpoint by saying "Customers expect to receive our products as fast as possible. They expect innovations regularly, and they appreciate when a brand practices what it preaches by standing behind its actions. For instance, the younger generations are more concerned about their surroundings, like the topic of climate change, and we as a company need to be aware of it" (personal communication, June 11, 2019).

The international key account manager highlighted that "The challenge of the industry is that it is too little digitalized. The question is if the industry is ready for the young generations, because there is very little going up concerning digitalization targeted specifically towards them" (personal communication, May 8, 2019).

5.2.9 Sales Uplift Potential through Digital Innovation

During the expert interviews, five major innovations were mentioned. The five innovations are (i) 3D printing, (ii) technology-enhanced footwear, (iii) technology-enhanced apparel, (iv) virtual or augmented reality and (v) brick-and-mortar showrooms. To quantify those findings, the international key account manager estimated the potential impact of these innovations on the Nike's sales uplift. Figure 8 shows the quantified data aggregation of the expert estimation.

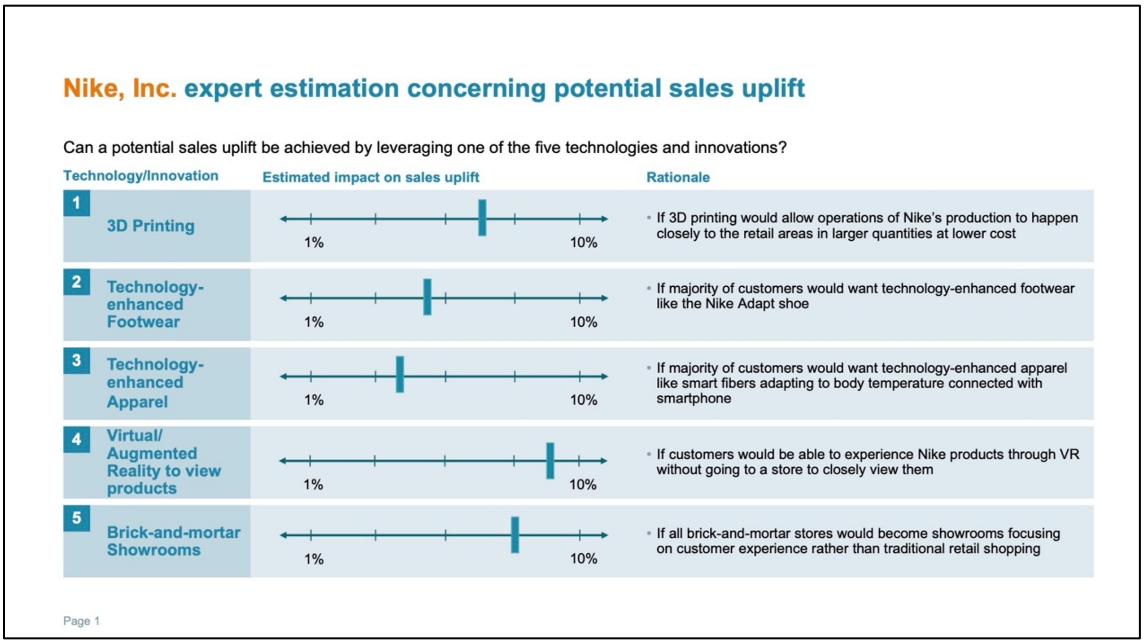

FIGURE 8. AGGREGATED DATA OF EXPERT ESTIMATION INTERVIEW

According to the international key account manager, 3D printing can create a potential sales uplift of 6%. The reason is that it could enable companies to produce faster and more cost-efficiently. It allows for automated production directly in locations where products are sold, which fosters independence from international production locations. Through technological-enhanced footwear, the manager estimates a potential 4.5% sales uplift, whereas technology-enhanced apparel could bring a 3.5% sales uplift. Technology-enhanced footwear is already better developed than apparel; however, with the technological development of smart fibers, future trends could be influenced and new revenues created.

Concerning virtual and augmented reality, the international key account manager estimated the potential sales uplift to be around 9%. Previously, it was unimaginable to have the technology that exists today, and technological development will not stop here. Virtual or augmented reality will enable companies to provide a superior online shopping experience to customers. Lastly, showrooms could achieve a potential sales uplift of 8%. This is because the cost of renting ample storage space will become difficult to cover through revenue, and to ensure profitability, store space will become smaller. In addition, large storage space for products will become redundant. Companies are likely to shift their retail strategy to deliver products to customers instead of offering the products to take home from a store (international key account manager, personal communication, May 20, 2020).

5.3 Discussion

This subchapter provides further insights into data analysis by discussing the findings of the customer survey and the expert interviews. The end of the discussion chapter is concluded by a synthesis of both discussed findings.

5.3.1 Customer Survey

Through the questionnaire-based customer survey, several dimensions of customer preferences, needs and expectations were examined. The main sections of the survey were concerned with shopping-specific insights, satisfaction with Nike's products and services, attachment to the brand, and perceptions of the company's digital position.

Regarding shopping-specific insights, the survey showed that Nike's customers place a high value on customer service by sales employees. This finding suggests that human contact will still be desired in the future, related to offline shopping experiences. A concept mentioned throughout the interviews was that of showrooms; these are brick-and-mortar stores where the main intention is to provide customers with an experience rather than to make sales directly. Most experts at Nike argued that this concept could become the future of offline shopping. However, the survey found that almost half Nike's customers (48.9%; n=90) disagreed or strongly disagreed that they preferred such showrooms over traditional stores. It is questionable whether this opinion will change once customers can experience these offerings from Nike.

Furthermore, the research found that most of Nike's customers preferred online shopping to offline shopping regarding sports apparel. This might be why they did not necessarily look for a superior offline shopping experience. A contributor in this result could be the age distribution and degree of digital nativeness. The topic of digital nativeness is further dealt with in 5.1.3, the survey-based hypotheses validation.

Another finding was that the majority of *digital natives* (81.8%; n=81) of Nike's customers could imagine a future without the offline shopping experience regarding the brand's products. In contrast, only 10.6% of the *digital immigrants* (n=9) could imagine such a future. This indicates that it might be worthwhile looking more in-depth into each individual customer segment to identify the causes. Customer segmentation according to digital characteristics could help to identify specific customer preferences.

Additionally, most customers were satisfied or very satisfied with the following offerings of Nike: personalization, Interactive in-store screens, Nike app, Nike stores, Offline product range and Customer care as well as its website, third party websites, resellers and online product range. Findings suggest that Nike has managed to adjust its digital strategy to meet customers' needs regarding digital practices. While these results strongly indicate general satisfaction concerning the digital practices and offerings, Nike should continually seek innovative ways to satisfy their customers and to ensure that they are retained over the long term.

The majority of Nike's customers liked the brand because it not only fits their lifestyle but also makes them feel good and highlights who they are. As mentioned during the expert interviews, Nike is a sports company at heart and wants to inspire people to engage in sports. This purpose was reflected in the answers of their customers who stated that they like the Nike brand because it fits their lifestyle. In this regard, the company evidently leads by example and its customers appreciate that. Additionally, Nike's customers like the brand because it gives them a good feeling. The reason might lie in the strategy of focusing less on selling and more on inspiring customers through providing them with superior shopping experiences.

Furthermore, in line with the finding that most customers were satisfied with the offerings for personalization. In addition, the fact that they feel that the brand recognizes who they are as an individual indicates that Nike achieves to serve its customers individually. Especially for a global company this is difficult to achieve, yet the fact that Nike achieved it, might be a reason for the company's sustained success.

The last finding of this section was that most customers felt strongly attached to the Nike brand. Regarding customer retention, this finding confirms the successful implementation of customer strategy. Brand attachment is a key success factor, especially regarding the younger generations, who – according to the experts – are harder to retain than the older generations.

The last section, concerning Nike's digital positioning, found that for most customers, the general level of digitalization of a company is essential. The survey found that customers considered the brand to be the most innovative sports apparel brand and Nike to be a more innovative company than other global brands. Complementary to this finding, most customers considered Nike to be a forerunner regarding digital innovation related to their shopping experience. This finding suggests that the company is aware of their customers' needs and expectations concerning digitalization.

Four survey-based hypotheses were set up to investigate the differences between *digital natives* and *digital immigrants*. The former group refers to people raised in the digital age and the latter group to people who transitioned into the digital age later in life. More than half of the respondents (53.8%; n=99) were *digital natives* (i.e. 21 years or younger), which benefited the analysis in terms of statistical balance concerning questions regarding digitalization. For none of the survey-based hypothesis could causation be established through correlational analysis. However, the results indicated that there could be a potential causation between the variables.

The first survey-based hypothesis was validated, which stated that a correlation exists between the variable "Digital native or digital immigrant" and the variable "Prefer to shop my sports apparel online rather than offline in a physical store". Fewer than half of the *digital immigrants* preferred offline over online shopping. As discussed in the literature review and in the expert interview findings, the findings suggest that younger generations tend to prefer online over offline shopping in general. For Nike this could indicate that in the future they might need to concentrate even more on its digital business as the proportion of *digital natives* will increase every year. Further research is recommended to investigate whether *digital immigrants* would prefer online over offline shopping if virtual salespersons assisted them in a digital store.

The second survey-based hypothesis was also validated because a significant positive correlation was observed between "Digital native or digital immigrant" and the variable "Being able to imagine a future without offline shopping". Here, a clear difference between the groups was identified, with most *digital natives* being able to imagine a future without the offline shopping experience. However, most *digital immigrants* were unable to imagine such a future. The answer to this question might be too abstract to draw inferences from. It might be worth examining the offline preferences of *digital natives more closely.* If all upcoming generations prefer online shopping over offline shopping, a primary strategic switch might be necessary.

The third survey-based hypothesis was validated by a significant positive correlation between the variable "Digital native or digital immigrant" and the variable "Satisfied with the digitalization of the shopping experience brands". Most customers, regardless of their digital nativeness, were satisfied with the trend of increasing digitalizing in their shopping experience of brands. However, Nike already emphasizes digitalization; hence, no strategic implication was identified through analyzing the data for this survey-based hypothesis.

The fourth and last survey-based hypothesis was validated by establishing a significant positive correlation between the variable "Digital native or digital immigrant" and the variable "Considering Nike the most innovative sports apparel brand compared to other sports apparel brands". The analysis found that *digital natives* considered Nike to be the most innovative company in the sports apparel industry. The same was not true for *digital immigrants*. These findings do not suggest any adaptation in the competitive strategy.

In conclusion, all four survey-based hypotheses were validated by this research. The intention is to provide value to the recommendations for Nike's customer strategy, especially concerning digital transformation.

5.3.2 Expert Interviews

Overall, the expert interviews at Nike confirmed the findings from the literature (see Chapter 3). The company is aware of the need for digital transformation and is emphasizing on it. The findings indicate which direction Nike is following and what practices the company currently uses to drive its digital innovation.

As discussed in 5.2.9, the experts identified five major digital innovations which potentially impact the future of the sports apparel industry and of Nike. However, it is not certain yet whether these innovations will indeed impact the industry. The overall picture that the experts provided was an optimistic outlook at the future, giving the impression that the company knows what they are doing in terms of channel strategies, digital transformation and customer expectation management.

As one of the experts highlighted, the industry is just at the beginning of its digital era. Through the digital shift created by younger generations, the future is likely to even more digitalized. Not only will online shopping become more experiential but offline shopping will also be revolutionized. Influenced by the emergence of showrooms, offline brick-and-mortar stores will focus less on traditional selling and more on inspiring customers through providing a superior in-store shopping experience.

Regarding products, there will come a point where the advancement of technology will enable Nike to create new technology-enhanced products to serve its customers even better. In conclusion, the international key account manager estimated that all digital innovations identified during the expert interviews could raise the potential sales. He expected that virtual and augmented reality and showrooms are likely to have the greatest impact on Nike.

5.3.3 Synthesis

The triangulation approach of this thesis ensured a holistic data collection. It supported this research which aims to find out how is digital transformation affecting the sports apparel industry, especially, Nike and how customers perceive this change. The research also examined whether Nike's current digital practices and its vision of digital transformation align with its customers' needs and expectations.

A synthesis of the collected data provides the basis for further recommendations for Nike, with all relevant research findings considered. The triangulation approach consisted of secondary research discussed throughout Chapter 3 concerning Nike together with the questionnaire-based customer survey and the expert interviews.

Nike's innovation practices are creating substantial customer value and help to transform the company into a more digital one. The secondary research indicated that the digital practices of Nike accord with the digital transformation roadmap by Schallmo, Williams and Boardman (2017). The research also found that the company is goal-oriented in terms of *digital ambition* through personalization practices and digitalizing internal processes. Nike focuses on *digital transformation* on a broad level by leveraging new technologies to enhance its products and by adapting its strategies to the digital level of its customers. These findings of the secondary research were congruent with the expert interviews and showed that the company's culture fosters digital thinking at all levels.

It remains uncertain how extensive Nike's level of digitalization will be in the future. However, the customer survey revealed that the younger generation expects companies to be digitally innovative and prefers to shop online. Moreover, as the international key account manager mentioned, through happenings such as the COVID-19 crisis, the need for digital transformation has been accelerated, leading to rapid digitalization of companies and the extinction of traditional companies which operated only offline.

While the older generation of *digital immigrants* were unable to imagine a future entirely without an offline shopping experience, most *digital natives* could imagine the future of shopping to be entirely digital. The next decade could set the stage for rest of the century; during this time, the number of non-digital customers will be vastly reduced through generational changes. The sports apparel industry must be ready for this shift, and Nike, as well as its competitors need to proactively recognize trends and adapt its strategies accordingly. Only then can companies create maximum value for their customers and for themselves as corporations. As stated by the experts during the interviews, the sports apparel industry is at the beginning regarding digitalization; it is uncertain whether the industry is ready for generations of young and digital customers.

As highlighted by the experts, digital transformation is inevitable. It is not a question of whether companies want to do it or not; those companies which do not transform their businesses digitally will be left behind. This sentiment was one of the key findings that indicate how important digitalization is to Nike. Other findings from the expert interviews and customer survey indicated that customers' digital needs and expectations were aligned with the digital transformation of Nike. The company is well aware of individual preferences among customer segments and serves customers in a personalized manner in terms of product offerings and digital customer communications. The needs and expectations of the surveyed customers differed strongly according to the degree of digital nativeness, with younger generations feeling more comfortable with digitalization than older generations. This finding was confirmed during the expert interviews.

The most impactful innovation which was identified is virtual or augmented reality and it was estimated to cause a potential sales uplift of 9%. Moreover, brick-and-mortar showrooms were mentioned as the innovation having the second-highest impact on Nike and potentially causing a sales uplift of 8%. However, the survey found that almost half of the customers did not prefer visiting showrooms over shopping in traditional brick-and-mortar stores. Among digital natives, 47.5% (n=47) stated that they preferred *online* over offline shopping, and only 10.1% (n=10) stated that they preferred *offline* over online shopping. In comparison, 41.2% of *digital immigrants* (n=35) preferred offline over online shopping, and only 7% (n=6) preferred online over offline shopping. However, it seems possible that in general the older generation might be little inclined to visit showrooms and that future generations of *digital natives* might favour showrooms over traditional stores.

Regarding the main research question, not only Nike but also the entire sports apparel industry is fundamentally affected by digital transformation. Most customers (72.3%; n=133 out of 184) – especially the younger generations, who are *digital natives* (76.8%; n=76 out of 99) – perceive this change positively and even expect companies to continually innovate on a digital level. The sports apparel industry has changed profoundly over the past decade. Market leaders who did not follow the trend of digitalization disappeared, while new players who focused on leveraging the digital opportunities of shopping emerged. These entrants often achieved a strong competitive market position rather rapidly. The fact that companies are forced to digitally innovate to ensure a competitive market position will not change in the future. Nike is aware of this fact as most of the company's business functions are affected. Everything from marketing and sales to operating activities has experienced substantial digital development. As the experts at Nike suggest, the future of the sports apparel industry will be different from its current state, and digital innovations will be the reason for the change.

It appears that the customers generally feel satisfied with the direction of the digitalization of the industry and of Nike. Because customers drive the digital transformation of companies, understanding their needs and expectations is crucial for building a strategy to serve them in the best way possible. Nike focuses on inspiring customers through providing superior shopping experience and has transformed its business model to cope with customers' changing digital needs and expectations. This enables Nike to sustain its leading market position.

Conclusively, the main hypothesis of this thesis was validated, indicating that the Nike's current digital practices and their vision of digital transformation aligns with their customers' needs and expectations. Thus, the alternative hypothesis (H_1) was accepted, which states that the digital transformation of Nike aligns with the needs and expectations of customers. Consequently, the null hypothesis (H_0) was therefore rejected.

5.3.4 Limitations

The research instruments provided valuable benefits to the researcher. However, any research instrument bears risks and limitations, which need to be addressed. Both of the primary research instruments had limitations that could impose threats to validity.

In interviews, the main limitation is that they require substantial time to be conducted and evaluated. Another limitation is that interviews are not as scalable as surveys because the interviewer needs to interview in real-time. Moreover, although results can be anonymized, interviews are seldom fully anonymous. In addition, there is the potential for subconscious bias; answers can be subconsciously influenced by factors such as the expression, behavior or questions of the researcher.

When conducting surveys, especially electronic and online surveys, certain factors must be considered as limitations of the research instrument. In traditional pen-and-paper surveys, a risk lies in untruthful answers. Such answers are more easily given by respondents in a survey than personal interview and the risk is intensified by the absence of a physical interviewer. Online surveys furthermore possess several limitations. One is that they usually have a lower response rate than traditional surveys and are more likely to entail a potential bias in respondents because it excludes people without Internet access (Alshenqeeti, 2014; Rosenfeld, Booth-Kewley & Edwards, 1993).

Concerning the questionnaire-based online customer survey used in this research, the main limitation is the open access to the online survey and the online affinity of the sample for data collection. This could lead to a potential skew in the data. Moreover, a potential weakness of the survey sample's representability regarding normal distribution needs to be considered. However, since the main target group of Nike is the young, digitally native generation, a sample of online affine customers benefited this research. Moreover, another limitation is that the customer survey was exclusively available in English. Therefore, respondents were required to have a profound understanding of the English language. This excludes a substantial number of especially young customers who might not yet possess basic English language skills.

Another limitation concerning the synthesis of the triangulation method is that no statistical significance was tested since the main hypothesis focused on establishing a qualitative alignment of the expert interviews and framework-based analyses with the quantitative survey results.

6 CONCLUSION

This last chapter of the thesis provides a summary of the research. It outlines the contribution to knowledge and gives conclusive remarks concerning implications and recommendations for relevant stakeholders.

6.1 Summary

The sports apparel industry is a fast-developing industry with a global market size of $185 billion. Technological advancement has allowed for ground-breaking innovations and contributed to digital development, which has enabled new companies to emerge and acquire market share relatively quickly. Digitalization also caused the downfall of former market leaders who did not believe in digital transformation and either lagged behind or went bankrupt.

Nike has shaped the sports apparel industry more than any other company which allowed it to be the market leader for several decades. This research examined how digital transformation has affected the company and industry in the past and how it will shape the future. A secondary aim was to investigate how Nike's customers perceive these changes and to scrutinize their digital needs and expectations.

The approach of this research was a triangulation method with a threefold data collection process. This allowed for the establishment of a holistic representation of Nike, its customers and the sports apparel industry. The triangulation involved primary research in the form of a questionnaire-based customer survey and expert interviews at Nike. It also involved secondary research to confirm the findings in the literature. The research aims to conclude about the digital needs and expectations of Nike's customers and if they align with the digital customer strategy of the company.

During the interviews, the Nike experts indicated that digital transformation completely disrupted the entire sports apparel industry. They stated that digital innovation is necessary to sustain a competitive advantage and earn above-average profits.

The research found that the digital strategy and implemented practices of Nike are in line with the needs and expectations of its customers. The analysis highlighted significant differences between *digital natives* and *digital immigrants*. Significant differences were found to be the degree of digitalization that two groups desire today and expect in the future. The expert interviews further revealed that the company is aware of the diverse digital needs and expectations of its customers and adapts its digital strategy to serve its customer segments individually. In addition, the company emphasizes providing customers with a superior shopping experience by inspiring them.

It remains still unclear, however, what underlying factors influence Nike's ability to attract customers or vice versa. These customers feel attached to the brand and remain loyal because the brand makes them feel good.

6.2 Contribution to Knowledge

Previous research in the sports apparel industry concerning digital transformation was primarily focused on single quantitative methods. Such studies failed to portray holistically a complete image of the industry and did not consider Nike's digital transformation.

The current study contributes to the knowledge about Nike. A substantial contribution to research was made by validating the main hypothesis of the thesis and answering the research question. Further findings about the needs and expectations of *digital natives* and *digital immigrants* were attained during the validation of the survey-based hypotheses.

6.3 Implications and Recommendations for Relevant Stakeholders

Concerning recommendations for Nike, minimal strategic adaptations and digital implementations are likely to be needed in the future to compete in the digital environment. The research findings do not suggest the need for major future strategic adaptations. However, proactive research is recommended in various technological fields. As the findings imply, it is questionable whether the industry is ready for younger generations concerning digitalization. Future capital expenditure due to further digital transformation should thus be expected.

The management at Nike should consider the differences in needs and expectations between *digital natives* and *digital immigrants*. The research found significant differences in digital needs and expectations between these two groups. Therefore, future adaptations in Nike's sales channels, product and marketing strategies should be considered. The findings of this research can be used to benchmark the results of additional strategic analyses in the field of digital transformation related to customer relationships, sales channels and the product portfolio mix.

To conclude, five main recommendations can be made to the management of Nike related to the findings of this research. The first recommendation is that the diverging needs and expectations of *digital natives* and *digital immigrants* must be considered when formulating new strategies. The data suggest that *digital natives* are more inclined towards online shopping than are *digital immigrants*. Second, *digital natives* can imagine a future without the offline shopping experience at Nike whereas *digital immigrants* cannot.

The second recommendation is that a significant sales uplift could be achieved through implementing digital innovations such as virtual or augmented reality, showrooms, technology-enhanced apparel or footwear and 3D printing. Findings from the expert interviews suggest that these digital innovations have the potential to substantially impact the company. As confirmed by the customer survey, these innovations are also anticipated by the majority of Nike's customers.

The third recommendation is that Nike could leverage the emerging technology of IoT to its advantage. For instance, apparel or footwear could become interconnected with other devices to create an individualistic product experience for customers. As the research suggests, major players in the automotive and industrial goods sector are already adapting their business models to this technological innovation. It is therefore recommended to analyze successful use cases for this technology and to find ways of implementing it to sustain a competitive advantage.

The fourth recommendation is that Nike should proactively monitor and assess its competitive environment because its competitors are also aware of digitalization. Moreover, if the company recognizes that a sports apparel start-up can acquire significant market share in a highly profitable niche, such as Gymshark, it could be beneficial to analyze the opportunity of acquiring such a company. Doing so could increase long-term profits while lowering Nike's threat by new entrants.

The fifth and last recommendation is that Nike should attempt to build a sharing feature on its website to enable customers to shop together online. This would allow customers to experience online shopping similar to offline experiences, where they can shop together with friends, talk about products in each other's shopping basket and share their opinions through instant messaging or video. There are two main benefits to this approach. First, existing online customers will appreciate the company's efforts and spend more time in the online store because of the enriched experience. Second, this approach could persuade offline-only customers to shop online because of the opportunity to be guided by someone in their personal network and to have a less isolated shopping experience.

6.4 Future Research

While the research provided new insights through its triangulation approach, the scope and capabilities were limited. First, a relatively small sample of 184 customers participated in the questionnaire-based customer survey; this group is not representative of or generalizable to Nike's entire customer base. Second, only four experts at Nike were interviewed. The small number of interviewed experts limits the amount of collected data and restricts the generalizability of the findings to the entire company.

While this research could be used as the basis for recommendations, further investigations and strategic analyses are recommended before proposing fundamental changes in strategy. Therefore, further in-depth company analyses are recommended for Nike, including a revenue and cost analysis of the past three to five fiscal years. Margins of traditional sales channels versus digital sales channels could be compared. Furthermore, a product portfolio analysis is recommended with a focus on differences in margins, the level of digital integration and price elasticity. Additionally, a deeper market analysis is recommended with the emphasis on changing regulations, changes in technology, mergers and acquisitions activities (i.e. consolidation of companies or assets), and an analysis of the industry lifecycle.

Furthermore, a competitor analysis should include a revenue and cost analysis. In addition, a supplier analysis, including expert interviews at competitors, would provide important insights to inform any adaptations required in Nike's strategy. Lastly, in-depth customer analysis is recommended for more advanced insights. This could involve detailed investigations about regional or segment-related product and channel preferences as well as the profitability of each segment.

Concerning digital transformation, Nike "just does it" (referring to its slogan – Just Do It); indeed, the company is a forerunner in the sports apparel industry regarding digital innovation. While no expert can accurately predict the future of the sports apparel industry, the findings of this study indicate that the future of Nike and the sports apparel industry will become steadily more digitalized.

7 BIBLIOGRAPHY

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8 APPENDICES

Appendix I: Questionnaire-based Customer Survey

M.Sc. Thesis - Nike, Inc. Customer Survey

This survey is intended to find out about how customers perceive Nike, Inc.'s digital transformation.

1. What is your gender?

- ◯ Female
- ◯ Male
- ◯ Prefer not to say

2. What is your age?

- ◯ 14 or younger
- ◯ 15-18
- ◯ 19-21
- ◯ 22-25
- ◯ 26-29
- ◯ 30 or older

3. What is your region of residence?

- ◯ EMEA (Europe, Middle East, Africa)
- ◯ North America
- ◯ Greater China
- ◯ APLA (Asia Pacific, Latin America)
- ◯ Other (please specify)

4. I am most interested in sports apparel for

- ☐ Running
- ☐ Fitness
- ☐ Leisure
- ☐ Other (please specify)
- ☐ Football
- ☐ Soccer

5. Have you ever purchased a product of Nike, Inc.?

- ○ Yes
- ○ No

M.Sc. Thesis - Nike, Inc. Customer Survey

6. What product have your purchased?

- [ ] Apparel
- [ ] Footwear
- [ ] Both
- [ ] Other (please specify)

7. How important is the following factor to you related to shopping at Nike: **Personalization**

- Not at all important
- Slightly important
- Neither unimportant not important
- Very important
- Essential

8. How important is the following factor to you related to shopping at Nike: **Customer service of sales employees**

- Not at all important
- Slightly important
- Neither unimportant not important
- Very important
- Essential

9. How important is the following factor to you related to shopping at Nike: **Interactive smartphone app within the stores**

- Not at all important
- Slightly important
- Neither unimportant not important
- Very Important
- Essential

10. How important is the following factor to you related to shopping at Nike: **Checkout via smartphone**

- Not at all important
- Slightly important
- Neither unimportant not important
- Very Important
- Essential

11. I prefer visiting showrooms (stores where they only show preview products but you get them delivered) over the possibility of shopping in a physical store and buying in-store or online

- Strongly disagree
- Disagree
- Neither disagree or agree
- Agree
- Strongly agree
- Other (please specify)

12. Following up to your previous answer, what is the reason for your answer?

13. How satisfied are you with Nike, Inc.'s efforts to make your online shopping experience more seamless?

- Very dissatisfied
- Somewhat dissatisfied
- Neither dissatisfied nor satisfied
- Somewhat satisfied
- Very satisfied

14. How satisfied are you with Nike, Inc.'s efforts to make your offline shopping experience more digital?

- Very dissatisfied
- Somewhat dissatisfied
- Neither dissatisfied nor satisfied
- Somewhat satisfied
- Very satisfied

15. I could imagine a future without the offline shopping experience concerning Nike, Inc. products

- Strongly disagree
- Disagree
- Neither disagree or agree
- Agree
- Strongly agree

16. I prefer to shop my sports apparel **online** rather than offline in a physical store

- Strongly disagree
- Disagree
- Neither disagree or agree
- Agree
- Strongly agree

17. How satisfied are you with Nike, Inc.'s offerings for personalization

- Very dissatisfied
- Somewhat dissatisfied
- Neither dissatisfied nor satisfied
- Somewhat satisfied
- Very satisfied

18. How satisfied are you with the following digital practice at Nike: **Interactive in-store screens**?

- Very dissatisfied
- Somewhat dissatisfied
- Neither dissatisfied nor satisfied
- Somewhat satisfied
- Very satisfied

19. How satisfied are you with the following digital practice at Nike: **Nike, Inc. App**?

- Very dissatisfied
- Somewhat dissatisfied
- Neither dissatisfied nor satisfied
- Somewhat satisfied
- Very satisfied

20. How satisfied are you with the following digital practice at Nike: **Nike SNKRS App**?

- Very dissatisfied
- Somewhat dissatisfied
- Neither dissatisfied nor satisfied
- Somewhat satisfied
- Very satisfied

21. How satisfied are you with the following digital practice at Nike: **Digitally enhanced Apparel or Footwear**?

- Very dissatisfied
- Somewhat dissatisfied
- Neither dissatisfied nor satisfied
- Somewhat satisfied
- Very satisfied

22. How satisfied are you with the offline practices and service of Nike, Inc.: **Nike stores, product range, customer care**?

- Very dissatisfied
- Somewhat dissatisfied
- Neither dissatisfied nor satisfied
- Somewhat satisfied
- Very satisfied

23. How satisfied are you with the online practices and service of Nike, Inc.: **Nike website, 3rd party websites, resellers, online product range**?

- Very dissatisfied
- Somewhat dissatisfied
- Neither dissatisfied nor satisfied
- Somewhat satisfied
- Very satisfied
- Other (please specify)

24. I like the Nike, Inc. brand because I feel it fits to my lifestyle

- Strongly disagree
- Disagree
- Neither disagree or agree
- Agree
- Strongly agree

25. I like the Nike, Inc. brand because it makes me feel good

- Strongly disagree
- Disagree
- Neither disagree or agree
- Agree
- Strongly agree

26. I like the Nike, Inc. brand because it recognizes who I am

- Strongly disagree
- Disagree
- Neither disagree or agree
- Agree
- Strongly agree

27. I agree with the following statement "I feel strongly attached to the brand Nike, Inc."

- Strongly Disagree
- Disagree
- Neither Disagree nor Agree
- Agree
- Strongly Agree

28. How important is the level of digitalization of a company to you in general?

- Not at all important
- Slightly important
- Neither unimportant not important
- Very Important
- Essential

29. Overall I consider Nike, Inc. the most innovative brand compared to other global brands

- Strongly disagree
- Disagree
- Neither disagree or agree
- Agree
- Strongly agree

30. How satisfied are you with the increasing trend towards digitalizing your shopping experience of brands?

- Very dissatisfied
- Somewhat dissatisfied
- Neither dissatisfied nor satisfied
- Somewhat satisfied
- Very satisfied

31. I would consider Nike, Inc. to be a forerunner when it comes to digital innovation related to my shopping experience

- Strongly disagree
- Disagree
- Neither disagree or agree
- Agree
- Strongly agree

32. Overall I consider Nike, Inc. the most innovative sports fashion brand compared to sports apparel brands

- Strongly disagree
- Disagree
- Neither disagree or agree
- Agree
- Strongly agree

33. If I would have to make any recommendations for the management of Nike, Inc., Inc. to improve the shopping experience in terms of personalization and digitalization, I would recommend..

34. I am considering to buy the next Nike, Inc. product through the following channel:

- Online
- Offline
- Both
- None

Thank you for your participation!

Appendix II: Questionnaire-based Survey Question Overview

#	Survey Question	Scale	Reference/Proxy
1	What is your gender?	Closed single answer	Gender of Nike, Inc. customers
2	What is your age?	Closed single answer	Age of Nike, Inc. customers
3	What is your region of residence?	Closed single answer	Nike, Inc.'s brand geographic segments
4	Have you ever purchased a product of Nike, Inc.?	Closed single answer	Elimination question
5	What product have you purchased?	Closed single answer	Nike, Inc.'s primary product categories
6	I am considering to buy the next Nike, Inc. product through the following channel:	Closed single answer	Expert Interviews at Nike, Inc.
7	How important is the following factor to you related to shopping at Nike: Personalization	Closed single answer, Likert five-point scale - importance	Salesforce (2018)
8	How important is the following factor to you related to shopping at Nike: Customer service of sales employees	Closed single answer, Likert five-point scale - importance	Lloyd (2018)
9	How important is the following factor to you related to shopping at Nike: Interactive smartphone app within the stores	Closed single answer, Likert five-point scale - importance	Expert Interviews at Nike, Inc.
10	How important is the following factor to you related to shopping at Nike: Checkout via smartphone	Closed single answer, Likert five-point scale - importance	Lloyd (2018)
11	How important is the level of digitalization of a company to you in general?	Closed single answer, Likert five-point scale - importance	Jose (2017)
12	How satisfied are you with the Nike, Inc.'s offerings for personalization	Closed single answer, Likert five-point scale - satisfaction	Expert Interviews at Nike, Inc.
13	How satisfied are you with Nike, Inc.'s efforts to make your online shopping experience more seamless?	Closed single answer, Likert five-point scale - satisfaction	Expert Interviews at Nike, Inc.
14	How satisfied are you with Nike, Inc.'s efforts to make your offline shopping experience more digital?	Closed single answer, Likert five-point scale - satisfaction	Expert Interviews at Nike, Inc.
15	How satisfied are you with the increasing trend towards digitalizing your shopping experience of brands?	Closed single answer, Likert five-point scale - satisfaction	Jose (2017)
16	How satisfied are you with the following digital practice at Nike: Interactive in-store screens?	Closed single answer, Likert five-point scale - satisfaction	Expert Interviews at Nike, Inc.
17	How satisfied are you with the following digital practice at Nike: Nike, Inc. App?	Closed single answer, Likert five-point scale - satisfaction	Expert Interviews at Nike, Inc.
18	How satisfied are you with the following digital practice at Nike: Nike SNKRS App?	Closed single answer, Likert five-point scale - satisfaction	Expert Interviews at Nike, Inc.

19	How satisfied are you with the following digital practice at Nike: Digitally enhanced Apparel or Footwear?	Closed single answer, Likert five-point scale - satisfaction	Expert Interviews at Nike, Inc.
20	How satisfied are you with the offline practices and service of Nike, Inc.: Nike stores, product range, customer care?	Closed single answer, Likert five-point scale - satisfaction	Expert Interviews at Nike, Inc.
21	How satisfied are you with the online practices and service of Nike, Inc.: Nike website, 3rd party websites, resellers, online product range?	Closed single answer, Likert five-point scale - satisfaction	Expert Interviews at Nike, Inc.
22	I would consider Nike, Inc. to be a forerunner regarding digital innovation related to my shopping experience	Closed single answer, Likert five-point scale - agreement	Expert Interviews at Nike, Inc.
23	Overall I consider Nike, Inc. the most innovative sports fashion brand compared to sports apparel brands	Closed single answer, Likert five-point scale - agreement	Expert Interviews at Nike, Inc.
24	Overall I consider Nike, Inc. the most innovative sports fashion brand compared to other brands in general	Closed single answer, Likert five-point scale - agreement	Expert Interviews at Nike, Inc.
25	I prefer to shop my sports apparel online rather than offline in a physical store	Closed single answer, Likert five-point scale - agreement	Salesforce (2018)
26	I prefer visiting showrooms (stores where they only show preview products, but you get them delivered) over the possibility of shopping offline and buying online	Closed single answer, Likert five-point scale - agreement	Expert Interviews at Nike, Inc.
27	I like the Nike, Inc. brand because it makes me feel good	Closed single answer, Likert five-point scale - agreement	Expert Interviews at Nike, Inc.
28	I like the Nike, Inc. brand because it recognizes who I am	Closed single answer, Likert five-point scale - agreement	Expert Interviews at Nike, Inc.
29	I like the Nike, Inc. brand because I feel it fits my lifestyle	Closed single answer, Likert five-point scale - agreement	Expert Interviews at Nike, Inc.
30	I could imagine a future without the offline shopping experience concerning Nike, Inc. products	Closed single answer, Likert five-point scale - agreement	Expert Interviews at Nike, Inc.
31	I agree with the following statement "I feel strongly attached to the brand Nike, Inc."	Closed single answer, Likert five-point scale - agreement	Expert Interviews at Nike, Inc.
32	I am most interested in sports apparel for	Closed multiple answers	Nike, Inc.'s main product lines
33	Following up to your previous answer, what is the reason for your answer?	Open-ended answer	Link to the previous question
34	If I had to make any recommendations for the management of Nike, Inc. to improve the shopping experience in terms of personalization and digitalization, I would recommend..	Open-ended answer	Expert Interviews at Nike, Inc.

Appendix III: Detailed SPSS Output of Survey Question 4

I am interested in sports apparel for football

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not interested	149	81.0	81.0	81.0
	Interested	35	19.0	19.0	100.0
	Total	184	100.0	100.0	

I am interested in sports apparel for soccer

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not interested	153	83.2	83.2	83.2
	Interested	31	16.8	16.8	100.0
	Total	184	100.0	100.0	

I am interested in sports apparel for running

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not interested	114	62.0	62.0	62.0
	Interested	70	38.0	38.0	100.0
	Total	184	100.0	100.0	

I am interested in sports apparel for fitness

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not interested	105	57.1	57.1	57.1
	Interested	79	42.9	42.9	100.0
	Total	184	100.0	100.0	

I am interested in sports apparel for leisure

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not interested	130	70.7	70.7	70.7
	Interested	54	29.3	29.3	100.0
	Total	184	100.0	100.0	

Appendix IV: Detailed SPSS Output of Survey Questions 20 and 21

How satisfied are you with the following digital practice at Nike: Nike SNKRS App?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Somewhat dissatisfied	6	3.3	3.3	3.3
	Neither dissatisfied nor satisfied	89	48.4	48.4	51.6
	Somewhat satisfied	55	29.9	29.9	81.5
	Very satisfied	34	18.5	18.5	100.0
	Total	184	100.0	100.0	

How satisfied are you with the following digital practice at Nike: Digitally enhanced Apparel or Footwear?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very dissatisfied	4	2.2	2.2	2.2
	Somewhat dissatisfied	3	1.6	1.6	3.8
	Neither dissatisfied nor satisfied	114	62.0	62.0	65.8
	Somewhat satisfied	33	17.9	17.9	83.7
	Very satisfied	30	16.3	16.3	100.0
	Total	184	100.0	100.0	

Appendix V: International Key Account Manager Interview Transcript

Interviewer: Please briefly introduce yourself and tell us about your background at Nike.

International Key Account Manager: I started at Nike as a Key Account Executive 9 years ago and then became Key Account Manager, Sales Manager for the Hungarian market and then International Key Account Manager for Switzerland, Austria and Hungary. Today, I am the Office Lead Nike Austria and the Czech Republic.

Interviewer: In all the years working in the sports fashion industry, what significant changes in innovation have you experienced in respect to digitalization?

International Key Account Manager: Everything has changed. For instance, eight years ago, the entire order system was operated manually, so employees had an enormous manual workload. Over the years this digitalized and today the order system is fully automated without the need for manual entries. In addition, the online business disrupted the market and affecting turnovers. Market leaders disappeared, whereas new players like Zalando emerged very quickly and changed the industry entirely. Some of the older companies realized in time that they needed to do something to stay on the market while others who focused on their strengths but did not invest enough in technologies disappeared. Finally, also the customer interaction changed. In the past sales staff was physically at the point of sale whereby today it is done through online promotion.

Interviewer: How connected and affected do you feel with the topic of digital innovation, i.e. digitalization?

International Key Account Manager: Due to my job, I am very connected to digital innovation. Not only the industry changed but also my career in which I am every day and dealing with digital innovation. Therefore, I need to be connected to it.

Interviewer: Do you think that digital innovation is necessary in general concerning the sports fashion industry? If so, please explain why.

International Key Account Manager: Every industry is affected by it. All companies want to develop and, the most significant improvements are seen in digital innovation. Digital innovation is 100% necessary. In addition, in production, new technologies will come up in the future.

Interviewer: What are current trends in innovation that are likely to affect the future and eventually disrupt the industry?

International Key Account Manager: New ways of production will emerge through 3D, printing allowing for production in regions close to the retail sites. In addition, virtual and augmented reality will eventually lead to more people staying at home and experience shopping through VR glasses. I also think that the speed of innovation will become even faster than it is today.

Interviewer: In your eyes, how did the brick-and-mortar stores as well as the online stores develop in terms of digitalization over the past years?

International Key Account Manager: Back in time, customers went to multiple physical stores and bought our products there. Today, the customer either buys directly online or gets inspiration online buys in-store or vice versa - all connected. Concerning online shopping, products in online stores were only presented through one or two single pictures. Today there is a 360-degree view with the option of zooming and viewing even the inside of the product. Virtual reality will enhance this experience in the future to become even more real. In the future, Virtual reality will potentially be used in showrooms to virtually showcase products whereby the stores will become smaller over time because there will be not as many products of the same type in the stores. After all, the purpose will be just to showcase the products.

Interviewer: In your opinion, what is the single most important factor regarding innovation in general and also focusing on digitalization?

International Key Account Manager: In the retail industry, it is crucial to find the right mix between brick-and-mortar and digital and combine them the best way. Giving the consumer a “360 experience” is vital because they don’t get in touch with product in stores any more but online. We also want to offer the best in-store experience next to our online experience online. Hereby one should enrich the other.

Interviewer: Is digitalization always a good thing?

International Key Account Manager: It can be good and bad. On the one hand side, it can, of course, cause job losses; however, on the other hand, it creates them.

Interviewer: Is it good for the company?

International Key Account Manager: Yes. Through it, we become more efficient and advanced. It is a bad thing if you do not tackle digitalization

Interviewer: How do you feel Nike positions itself in terms of digital innovation in the sports fashion industry?

International Key Account Manager: Concerning digitalization, Nike made massive shifts in innovations. However, no company is ever at the highest level of digitalization because it is continuously evolving. Still, looking at how everything has been transformed by digitalization over the past years, there can be a tremendous overall shift identified as well. In the sports apparel industry, Nike is amongst the leaders if not the leader. Nike is the biggest sports apparel brand by far.

Interviewer: What tools and instruments does Nike possess and use to drive (digital) innovation?

International Key Account Manager: Innovation is at the very heart of Nike, and the company fosters a culture of out-of-the-box thinking. Nike always wanted to be the leader in innovation and aims to be it in the future as well. Our industry is developing year over year, so there is a need to invest in technologies for product development. Nike tries to bring its employees up to speed, keeping them close to the latest innovations inside and outside of Nike with internal training, workshops, external expert presentations.

Interviewer: What is the future of Nike’s brick-and-mortar stores? Do you think that in 20 years all commerce will be made exclusively online or do you see a back-shift of customer interest in offline shopping?

International Key Account Manager: Nike stores developed more and more towards providing customers the true Nike experience by giving them a feeling of being in a very innovative environment, encouraging them to do sports. Brick-and-mortar will continue to exist, but the digital transformation will go on. While in 20 years this world will be a different one. The desire to experience something in the real world will continue to exist in order to get different impressions and to get inspired. Few people buy because of the need, most people buy because of the inspiration. Some retailers only put a lot of product into their stores, expecting customers to actively search for products. This will disappear, and service environment as well as experience will become the relevant factors. In addition, centralized retail stores will be established instead of many decentralized and small retail stores.

Interviewer: What are the practices that managers at Nike have to foster an innovative company culture, respectively, to digitalization?

International Key Account Manager: We foster a culture of openness and provide information about strategies for the next five years on all levels in the respective functions, innovations, key goals and key development areas as well as open communication on what achievements are expected from our employees. We give people the chance to make mistakes and experience new areas and trust them. Only then, new ideas will spark and those create innovation. Innovation possible if these things are happening. Innovation is not just one technology; it is a new way to do things.

Interviewer: At Nike, where do you see an ethical conflict regarding digital transformation? (E.g. Job losses etc.)

International Key Account Manager: I don't see an ethical problem if innovation develops processes in our business or if jobs disappear because of that. An ethical problem arises if technology interferes into privacy or health regardless of Nike or the sports apparel industry.

Interviewer: Do you think that generally, the company's in the sports fashion industry fully understand the digital needs of their customer segments?

International Key Account Manager: The challenge of the industry is that it is too little digitalized. All consumers, to a significant extent, buy products in brick-and-mortar stores, but this already exists. The question is more if the industry is ready for the young generation because the primary consumer of the sports industry is relatively young and very little is going up concerning digitalization the younger generation.

Interviewer: What expectations do you think your different customer segments have in terms of digital innovation?

International Key Account Manager: Nike is seen as a young, innovative company. Our primary consumers are young, active, have an affinity to the latest fashion and are digitally connected. They expect from Nike to be the trendsetter in terms of digital and product innovation. If you are not on top of it, you will have a hard time. Our consumer base is enormous, but the core consumer we want to target in our communication the most is the young generation.

Interviewer: How far can digital innovation in brick-and-mortar stores develop before customers say it is too much and how would such a scenario of overreaching digital innovation look like in real life – is there even a limit?

International Key Account Manager: There can be too much, but I cannot say where this limit is. It all depends on how much the customer can digest.

Interviewer: How can an online store innovate on a digital level to ensure customer interest and a leading position in the online store environment?

International Key Account Manager: The interaction with the customer is essential for ensuring customer interest. Nike does this by making use of big data and GPS tracking with apps like Nike Run Club, where the company also sees how often customers run or how often they change their shoes. Through these new methods, Nike can use further ways to interact with its customers. A consumer regularly interacts with the brand and gives feedback, for instance by placing a product in the basket of the online shop without checking out and then receiving a notification that he or she left an item in the basket. There are a lot of ways how to interact with consumers.

Appendix VI: Digital Membership Specialist Interview Transcript

Interviewer: Please briefly introduce yourself and tell us about your background at Nike.

Digital Membership Specialist: I have been at Nike since 2019 and work as a Membership Specialist in the Digital Direct function.

Interviewer: In all the years working in the sports fashion industry, what significant changes in innovation have you experienced in respect to digitalization?

Digital Membership Specialist: Today, we know a lot more about our customers than in the past. The data usage is much higher, and through artificial intelligence and automated processes, our customers can be much better served, especially online regarding Social Media channels.

Interviewer: Do you think that digital innovation is necessary in general concerning the sports fashion industry? If so, please explain why.

Digital Membership Specialist: Yes, because our customers expect us to do so.

Interviewer: What are current trends in innovation that are likely to affect the future and eventually disrupt the industry?

Digital Membership Specialist: In the future, our product will learn from us and how we behave, for instance, smart fibers that adapt to warm or cool body temperature or environment and save this information on a digital platform. There lies tremendous potential in the connection of the physical and the digital retail business like smooth transactions of online shopping and offline pick-up, redirections from social media to product availability of your nearest store or also the connection between your smartphone and footwear like the Nike Adapt shoe.

Interviewer: In your opinion, what is the single most important factor regarding innovation in general and also focusing on digitalization?

Digital Membership Specialist: Innovation needs to be disruptive. I must be something that has never been seen before to make everyone be part of it.

Interviewer: Broadly speaking, what do your customer segments look like?

Digital Membership Specialist: Generation Z is our main customer focus group because they tend to follow trends easily. Although it might be harder to attain them, the reward when they convert to your brand is high because they are very passionate about the trends. Moreover, this generation is digitally native and thus very used to online activities.

Interviewer: What are the digital needs and expectations of the different customer segments and how do these tend to shop differently?

Digital Membership Specialist: The biggest challenge for us at Nike is to know the needs of our customers and what they expect and to adapt our business to it. Throughout this process we collect customer data, cluster it, further process the data using tools to gain customer insights and learn from it so we can target the right customer with the right content at the right time. This is especially important since all customer groups have different expectations. For instance, it is harder to attain new customers when they are older than 25 years because the attachment to a brand is already set. However, the younger generations are much more flexible in their interest. If you have bought from Adidas for 25 years, you will also stay with that brand. The older customers get, the less willing they are to switch brands and also the fewer channels they use to buy products.

Interviewer: How does the customer journey differ according to those specific needs and expectations?

Digital Membership Specialist: The different customer mindsets and generations tend to shop differently because their consumer journey starts at a different point. At Nike, these customer journey maps are usually drawn out in a content plan built on consumer touchpoints. The customer journey maps are oriented towards a specific goal, for example, buying a specific product, attending an event or running a specific distance using a newly released shoe with the Nike Run Club app. Generally, the older customer segments tend to get in contact with Nike for the first time offline and out of their homes (e.g. posters, digital screens). In contrast, the first touchpoint of the younger generations with the brand tends to happen online (e.g. TikTok, Facebook). The second touchpoint on the customer journey map is happening when customers get informed through one of Nike's channels like our physical stores, the Nike.com website or one of the Nike apps.

Interviewer: How can an online store innovate on a digital level to ensure customer interest and a leading position in the online store environment?

Digital Membership Specialist: To ensure sustained customer interest, the innovations should be focusing on establishing an indifference between online and offline. For instance, if customers shop offline, but the product is unavailable, they receive a smartphone notification where the product is available and vice versa with online shopping. In the future, the feeling of an innovation hub will become increasingly important to our customers. Virtual reality could here be an excellent tool for customers to experience our products in innovative ways in our stores.

Interviewer: How do you feel Nike positions itself in terms of digital innovation in the sports fashion industry regarding digital sales channels?

Digital Membership Specialist: Nike was the first company in the sports apparel industry that developed a digital membership programme, called Nike Plus Membership. Moreover, concerning product positioning, Nike also focuses on digitally innovative products like the Nike Adapt shoe featuring a self-lacing system or shirts which you can scan with your smartphone to get access to exclusive features.

Interviewer: What tools and instruments does Nike possess and use to drive (digital) innovation?

Digital Membership Specialist: The degree of digital innovation at work depends on the company level you are working. The first level, which is also the lowest, is the Territory level where employees are mostly focused on executing tasks. The second level is the Geo level, where strategic but still region-specific decisions are made. The third and highest level is the Global level, where the most important strategic decisions concerning innovations are made on a global scale.

Interviewer: What is the future of Nike's online and offline stores? Do you think that in 20 years all commerce will be made exclusively online or do you see a back-shift of customer interest in shopping offline?

Digital Membership Specialist: It will become a super personalized experience. By entering the store, your smartphone will welcome you and you will be redirected to the area where the favorite product is which you shopped for last week online. In addition, artificial intelligence (AI), machine learning and 5G will have a great impact on customer experience in the future.

Appendix VII: Visual Merchandising and Styling Specialist Interview Transcript

Interviewer: Please briefly introduce yourself and tell us about your background at Nike.

Visual Merchandising and Styling Specialist: I have been at Nike for 5 years. Since 3 years I am a Merchandising and Styling Specialist. In the beginning, it was very retail focused but in the past year a strong digital component emerged because of collaborations with AboutYou, Otto and Intersport.

Interviewer: In all the years working in the sports fashion industry, what major changes in innovation have you experienced in respect to digitalization?

Visual Merchandising and Styling Specialist: In the past, products were bought offline in brick-and-mortar stores, customers compared prices offline or eventually online but still bought the final products offline. Today the ecosystem is more online. Platforms like Instagram, for instance, are used to direct customers online to buy our products. Despite the digitalization, products are still targeted on a localization basis to ensure differences in customer preferences are addressed properly.

Interviewer: How connected and affected do you feel with the topic of digital innovation and digitalization?

Visual Merchandising and Styling Specialist: I feel a strong connection since I am connected with it every day.

Interviewer: Do you think that digital innovation is necessary in general and in relation to the sports fashion industry? If so, please explain why.

Visual Merchandising and Styling Specialist: It is necessary because you need to keep up with your competition and to get your customers. Digital innovation enables us to reach much more customers than through offline-only practices.

Interviewer: What are current trends in innovation that are likely to affect the future and eventually disrupt the industry?

Visual Merchandising and Styling Specialist: Brick-and-mortar stores will become more digital. Customers will go shopping for the experience rather than for necessarily buying the product. Stores will be able to recognize customers and what products they prefer. In addition, digital mannequins will become a digital trend where the product design is projected on physical mannequins.

Interviewer: In your opinion, what is the single most important factor regarding innovation in general and also focusing on digitalization?

Visual Merchandising and Styling Specialist: Inspiration of the customer. When the customer is inspired, they buy the product.

Interviewer: Is digitalization always a good thing?

Visual Merchandising and Styling Specialist: Generally, it is but it strongly depends on who you ask because different generations have different access to it. Younger generations don't know it differently. For Nike, it is also a great opportunity but sets it under pressure because it needs to be always at of the current state of.

Interviewer: What tools and instruments does Nike possess and use to drive and create (digital) innovation for sales channels?

Visual Merchandising and Styling Specialist: First and foremost, our company culture which is driven by innovation. Employees are used to that a lot can change over the future. We moreover have access to online courses and regular training.

Interviewer: What is the future of Nike's online stores? Do you think that in 20 years all commerce will be made exclusively online or do you see a back-shift of customer interest in offline shopping?

Visual Merchandising and Styling Specialist: It will become even more digital. Companies still need brick-and-mortar because the customers will always need that they want to feel the product.

Interviewer: Broadly speaking, what do your customer segments look like?

Visual Merchandising and Styling Specialist: Per product category, there is one special customer type on which we specialize. Generally, the north star customer segment is very young around 15/16 years old. Types are less related to their age- In addition, within the categories, there are different consumer types like sneaker-obsessed, sports-inspired, sports-addicted, visionary and trendsetters.

Appendix VIII: Visual Merchandising Specialist Interview Transcript

Interviewer: Please briefly introduce yourself and tell us about your background at Nike.

Visual Merchandising Specialist: I am a Visual Merchandising Specialist at Nike since Fall 2018. My responsibilities lie in how the products are presented in our brick-and-mortar stores in the CEE region accounts, Nike partner stores in Austria and Germany.

Interviewer: In all the years working in the sports fashion industry, what major changes in innovation have you experienced in respect to digitalization?

Visual Merchandising Specialist: Every day the number of people buying online instead of offline is increasing. Today, especially social networks provide us with a very cost-efficient way to show our consumers new products and innovations through our digital channels which is beneficial because our target customers usually spend a lot of time online. However, Nike is at the beginning of where it wants to be regarding digitalization.

Interviewer: How connected and affected do you feel with the topic of digital innovation and digitalization?

Visual Merchandising Specialist: I feel very connected to it. I also do my personal shopping usually online and I see the digitalization as something important.

Interviewer: Do you think that digital innovation is necessary in general and what about concerning the sports fashion industry? If so, please explain why.

Visual Merchandising Specialist: Yes, there is inevitably a need for digital innovation. In a couple of years, much more people will buy online over brick-and-mortar. There are two major reasons for that, the first one being that it is easier for customers to shop online and the second one is that the time needed for shopping is much less.

Interviewer: What are current trends in innovation that are likely to affect the future and eventually disrupt the industry?

Visual Merchandising Specialist: I feel that technological-enhanced apparel and footwear will very likely affect our industry in the future. We at Nike set a fundamental step in that direction with our Nike MAG shoes with integrated technology which can be adjusted to specific circumstances. Another example are the Nike Adapt BB shoes which are driven by AI and can be controlled via a smartphone, for example, to being tied with one click.

Interviewer: In your eyes, how did the brick-and-mortar stores and online stores develop in terms of digitalization over the past years?

Visual Merchandising Specialist: Especially within the physical Nike stores the digitalization had a major impact on its development. Today, in certain Nike stores, customers can control in-store features with their smartphones while in other stores tablet devices help customers with ordering products that are not physically available in-store to get it delivered to their homes as soon as possible. In addition, virtual reality could enable customers to have a similar experience like in stores but from their homes**.**

Interviewer: In your opinion, what is the single most important factor regarding innovation in general and also concerning digitalization?

Visual Merchandising Specialist: Technological advancement and creativity. The most important thing for Nike is the performance which then needs to be followed by creativity.

Interviewer: Is digitalization always a good thing?

Visual Merchandising Specialist: It is great but it needs to be controlled.

Interviewer: How do you feel Nike positions itself in terms of digital innovation in the sports fashion industry regarding sales channels?

Visual Merchandising Specialist: Digital positioning is indispensable for companies, especially in the retail business. Without it, they would not survive on the market. Digital as well as offline channels need to be combined to achieve the greatest value-add for the company. Visual merchandising was conceptualized for offline stores only but it evolves with the digitalization. For online stores, Nike moved away from focusing solely presenting the product but to inspire the consumer with models and action shoots.

Interviewer: What tools and instruments does Nike possess and use to drive and create digital innovation for sales channels?

Visual Merchandising Specialist: We hold strategy meetings and meeting concerning innovations also on the territory level to show where are we going and much more important why we are going there. Nike is a sports company at its core and therefore fosters this culture of innovation.

Interviewer: What is the future of Nike's brick-and-mortar stores? Do you think that in 20 years all commerce will be made exclusively online or do you see a back-shift of customer interest in offline shopping?

Visual Merchandising Specialist: There will still be products in stores but they will be presented and experienced differently. Moreover, there will be fewer stores because more and more will be done online and smaller brick-and-mortar stores become rather redundant.

Interviewer: What digital needs do the different customer segments of Nike have and how do those tend to shop differently?

Visual Merchandising Specialist: Nike today focuses more on consumer mindsets than general demographic segmentation. When doing product presentations, we focus on six consumer mindsets and different collections and connect collections to consumer and style the collections accordingly to these different mindsets

Interviewer: Other experts mentioned that the future of brick-and-mortar might lie in showrooms - would you agree?

Visual Merchandising Specialist: Physical stores will stay for sure because customers will still want to experience products physically. However, the connection between physical and digital will become even stronger as it is today. Already today the offline world is connected with the digital world, for instance with push notifications when walking into a store.

Interviewer: What digital tools can customers use to enhance their shopping experience?

Visual Merchandising Specialist: We at Nike offer multiple tools, for example, our Nike App, also on Social Networks or even QR codes to get exclusive content. In the past, we created events with a running fast lap with mannequins and treadmills for customers to try our shoes and give them the best possible first-hand experience.

Interviewer: What do you think are the expectations of customers in terms of digital experience?

Visual Merchandising Specialist: Customers expect to receive our products as fast as possible. They expect innovations regularly, and they appreciate when a brand practices what it preaches by standing behind its actions. For instance, the younger generations are more concerned about their surroundings like the topic of climate change and we as a company need to be aware of it.

Interviewer: How can an online store innovate on a digital level to ensure customer interest and a leading position in the online store environment?

Visual Merchandising Specialist: The most important factor is that you need to be in trend by either following it or leading it to ensure customer interest.

Interviewer: How far can digital innovation in brick-and-mortar stores go before customers feel that it is too much and how would such a scenario of overreaching digital innovation look like in real life – is there even a limit?

Visual Merchandising Specialist: If innovations are meaningful and not done for the sake of it there is no real limit. Concerning the offline experience, a human connection will still be desired in the future, digital-only will not work out.

Appendix IX: International Key Account Manager Expert Estimation Interview Transcript

Interviewer: On this slide, you can see five innovations which were identified during the expert interviews. Could you please give an estimation of the potential sales uplift that could be achieved through these innovations in the future. How large would you estimate the potential sales uplift achieved through 3D printing which could enable Nike to produce in high-cost countries at lower costs?

International Key Account Manager: 3D printing could have a potential sales uplift of 6%. I think that there will be 3D printing technology in the future. To which degree is uncertain but there could be a shift in production locations to move to each market, resulting in each market having its own production. Not as it is today, where all production happens in one location. Nike produces in several locations but there are examples in the industry who do not and especially now during the COVID-19 crisis face massive difficulties.

Interviewer: How large would you estimate the potential sales uplift achieved through technology-enhanced footwear and apparel?

International Key Account Manager: I think compared to 3D printing it will play a rather subordinated role, however, the technology will become more apparent. I would say technology-enhanced footwear could achieve a 4.5% uplift in sales and technology-enhanced apparel could achieve a 3.5% sales uplift. As for footwear, we set the first step with the Nike Adapt which is only the beginning. In the future, we will potentially be able to retrieve way more information from our products than we are able today. At the moment shoes are a relatively static product with low differences in adaptations from individual to individual. If we manage to create a product which adapts to each customer individually and generate value through that, a sales uplift will be possible to achieve. Concerning apparel, we have not yet come to the point where fibers in our apparel can be directly controlled in terms of temperature. I believe, however, that in the future this will be an emerging future trend.

Interviewer: How large would you estimate the potential sales uplift achieved through virtual or augmented reality to view products?

International Key Account Manager: Augmented and virtual reality could bring potential sales uplift of 9%. Augmented reality is already in use by companies like ASOS who do not only photoshoot their models but dress them virtually. For me, online shopping is something that has tremendously changed throughout the past months. We at Nike are now where we planned to be in two years. Because of the COVID-19 crisis, a lot of customers had to purchase online and who were new to online shopping and eventually found that it is more convenient than offline shopping. Through that, new segments of online customers were created. From a company perspective, those who were not investing in technology and the digital business now have an even greater issue with coping with the competition. If we look as what has happened in the past, it gives us a good understanding of what the future might look like. While today only a few stores offer virtual reality or other digital features, many online stores today provide a much better experience than five years ago like product videos or a 360-degree view. It is still to answer if augmented or virtual reality will be more present. Due to the COVID-19 crisis, we also created virtual showrooms for our B2B customers since they are not able to physically come to our physical showrooms and it features tools where they can virtually try on shoes by using a smartphone app. If we look at state of technological development we have today which was unimaginable years ago, augmented and virtual reality will absolutely play a role in the future and will make the online experience of customers more convenient. It also could solve the main cost driver in the digital fashion retail business which is the problem high return volumes because products do not fit or because customers consciously order the same product in different sizes knowing that they will only keep the one that fits and is connected with high costs. The more real the virtual experience, the more customers can digitally experience the product and the lower the return rate with its associated costs will be. The VR glasses are just a small step and there will for sure be another tool which enables customers to experience virtual reality even better.

Interviewer: How large would you estimate the potential sales uplift achieved through having showrooms instead of brick-and-mortar stores?

International Key Account Manager: I believe that showrooms will bring a potential sales uplift of 8%. Many sellers built up a click-and-collect business where customers shop and order online but pick products offline allowing companies leverage cross-selling where product offers and complementary products are presented to the customer. The question which will become much more important is how many sellers will be able to afford those large store spaces as they are used today by companies like Hervis or Intersport which rent around 5000 m^2 at prices starting at 40€ to 250€ per m^2 per month. You can imagine how much revenue they need to generate to be profitable. In addition, the shopping frequency in shopping centers and malls is decreasing and now due to the COVID-19 crisis even more. This raises the question if less store space would make the stores more profitable and if it would make a difference for the customers if they view or try the product in-store and get it delivered to their homes on the same or the next day. The cost split is twofold, on the one side as mentioned it is the store space cost and on the other hand it is the capital investment for products stored in the store warehouses because companies aim to have all products in all sizes available in-store. It is almost impossible that the entire product stock will be sold so there will always remain a certain inventory which creates further costs by lowering the product profitability because the leftover products to be then discounted.