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Expanding the Playing Field: Nike's World Shoe Project (A)

To bring inspiration and innovation to every athlete in the world.

Company Mission Statement

We want to be able to shoe and clothe young athletes of the world regardless of where they live. To do it for really difficult socio-economic situations is both challenging and rewarding.

Tom Hartge, Footwear Director for Emerging Markets

The words “just make me the shoe!” echoed down the boardroom table to Tom Hartge, a 17-year veteran of the running company, Nike, Inc. Tom Clarke, president of the company in 1998, had attended the meetings, seen the presentations and reviewed the numbers related to the market potential of China: a ripe gem with a booming population of 1.2 billion. He also knew that in many parts of the world, including China, people couldn't afford Nike's current footwear products. Clarke didn't want to listen to any more speeches. He wanted to hold in his hand a tangible prototype—a specialized shoe that could sell in an emerging economy. Nike's challenge was to “expand the playing field” with a range of affordable, durable and easy-to-produce sport shoes. So with this command, Hartge, Director of Emerging Market Footwear, teamed up with long time shoe designer Alex Gajowskyj, and began the development of the World Shoe Project in early 1998, a footwear line exclusively intended for emerging markets in Asia, Africa and Latin America.

In early 1999, initial indicators were positive as the World Shoe line hit retail stores in China as well as Thailand, Indonesia, Malaysia, the Philippines, and other Asian and Latin American markets. In China, marketing studies suggested a growing population of sports enthusiasts and over 80 million Chinese earning between US\$10,000 and \$40,000 a year.¹ Further, Nike faced little competition from other major international shoe companies. The World Shoe line was manufactured in China using local materials and Nike's existing manufacturing network, which helped to decrease import duties and other costs of production. These cost reductions, combined with a design-for-manufacture process that had a relatively small environmental impact, allowed for a relatively low cost product for the intended Chinese segment. As another benefit, the local manufacturing and sourcing plan created jobs and thus income generation for local residents, who typically had little purchasing power. The \$15 retail price point held the potential to capture a huge new customer base and expand the range of Nike products offered in retail stores.

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