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Nike ‘Raising the Bar’ Metaverse Case Study: ‘Raising the Bar’ in the Use of XR/Metaverse Technologies

Nike Inc., headquartered near Beaverton, Oregon, is the world's leading designer, marketer and distributor of authentic athletic footwear, apparel, equipment, and accessories for a wide variety of sports and fitness activities. In fiscal year 2023, which ending on May 31st, Nike operated more than 1,000 stores, generated \$51.2 billion in annual revenues, and employed 83,700 workers worldwide.

Bill Bowerman and Phil Knight founded Nike in 1964. Phil Knight ran track for his former track coach Bill Bowerman at the University of Oregon. Each put up \$500 in 1964 to start ‘Blue Ribbon Sports’, which officially became Nike, Inc. in 1971. The company takes its name from Nike, the Greek goddess of victory.

In 1964, Bill Bowerman said: “If you have a body, you are an athlete!” While Nike’s makes products for all ages, their core consumer is 15 - 40 years old with a particular focus on Millennials and Gen Z buyers.

Nike has been a customer of mine for a long time. I have always been fascinated by their history, the quality of the people that work for Nike, their ‘Just Do It’ business mentality, and the stunning beauty of their Beaverton, Oregon headquarters. If you have not yet read Phil Knight’s passionate memoir titled Shoe Dog, I strongly suggest you do.

Technology has always been a driving force at Nike. For the past decade, Nike has made artificial intelligence (AI), e-commerce, and in-store experiential technology an integral part of their brand strategy. Already in 2020, Nike started filing various patents for downloadable virtual goods, computer programs featuring footwear, clothing, headwear, eyewear, bags for use online and in online virtual worlds. Starting in 2021, Nike moved into the Metaverse full throttle.

‘Nikeland’: Nike’s Immersive World

To continue its technology leadership, and to remain culturally relevant to their Millennial and Gen Z buyers, in 2021 Nike developed their own immersive world – called ‘Nikeland’. Nikeland is a ‘micro metaverse’ built within the Roblox ecosystem. Roblox is known as one of the first official Metaverse platforms designed to empower creators, bring users together in a virtual space, and deliver uniquely immersive experiences. Nikeland is intended to be an engaging 3D space targeted at existing and potential customers enthusiastic about sports and gaming. The virtual environment is inspired by the original Nike headquarters and provides users with a range of unique experiences to enjoy. Players can try on virtual products with their avatars including Nike’s latest Air Force 1 drops, buy NFTs, and even take part in mini games for a chance to earn rewards and prizes. Perhaps the most compelling part of Nikeland is its digital showroom, where users can buy any type of garment and even create their own Nike-branded accessories from scratch. Already, the company has hosted a number of major events on the platform. Even LeBron James visited the space during NBA All-Star week to help inspire and engage users.

Nike now views Nikeland as a strategic initiative that allows Nike to connect with its community, which is why Nike plans to add major competitive events to Nikeland linked to global sporting events such as the Olympics

or the World Cup. Nike is also experimenting with hybrid experiences which connect the real world to its virtual environment. To date, Nikeland has received over 31.5 million visits from more than 200 countries confirming Nike has been massively successful in its Metaverse entry strategy.

Nike Moves into Web3 and NFTs

Nike was also very quick to capitalize on the trend of web3 and NFTs or Non-Fungible Tokens. NFTs are tokens that live on a blockchain and can be used to create digital assets that are unique and one-of-a-kind. In December 2021, Nike purchased RTFKT Studios, a maker of ‘next generation’ NFT collectibles. It is not hard to understand why Nike was attracted to RTFKT studios: they sold 600 pairs of NFT sneakers in just six minutes, for a total of \$3.1 million.

Nike’s first collection of NFT sneakers, created in conjunction with RTFKT Studios, is called CryptoKicks. These digital shoes are available as NFTs that you can easily trade or sell. The CryptoKicks use the brand’s classic Dunk silhouette and are fully customizable with eight RTFKT skins, which allow customers to modify the shoes with unique styles and themes.

According to a teaser released recently by RTFKT, the physical shoe’s technology will soon feature auto-lacing, haptic feedback, and walk recognition. These elements imply that Nike is working on methods to integrate the sneaker with video games and Nike’s applications. To put Nike’s wildly successful move into Web3 and NFTs into perspective, in 2022 Nike’s was #1 in terms of NFT revenues at \$185 million. This was 7 times larger than #2, Dolce & Gabbana’s NFT revenues of \$25 million. For me, Nike’s move into Web3 and NFTs is another indication that Nike clearly understands its Millennial and Gen Z buyers, many of whom value unique, one of a kind or customized items over identical, mass-produced goods.

Nike Metaverse collection extends beyond sneakers. As an example, Nike and RTFKT have teamed up to produce a one-of-a-kind Footballverse jersey that is accessible both digitally and physically. The actual jersey has a unique feature: a Near Field Communication or ‘NFC’ chip. You can attach this chip to your NFT to connect your digital and physical assets. The NFC chip in the jersey adds an intriguing new layer to NFTs, linking digital assets to material goods. This new offering heralds a new and exciting age in digital and physical products. The Footballverse jersey line exemplifies how NFTs can connect the virtual and real worlds, empowering customers with a new level of control over their possessions.

Nike Creates Experiential Stores

In addition to these immersive offerings, Nike is also trying new ways to drive brand loyalty. For example, in its New York flagship store, Nike encourages visitors to engage with and experience the brand through sports and technology. Store visitors can shoot hoops on the in-store baseball court, complete with cameras and video screens to capture and provide playback highlights in real-time. Or visitors can work up a sweat on a treadmill that simulates running in the great outdoors. Visitors can also customize shoes in the store to look however they like before buying them and get advice from trainers and coaches who are always on hand. Nike is hoping that these experimental stores will create memorable shopping and leisure experiences that will build drive stronger bonds between the Nike brand and their customers whether in the virtual or real world.

Where is the Nike Metaverse Headed?

- **Activity-based NFTs**

Nike might create activity based NFTs that vary and improve as people walk around. Users, for example, might begin with a simple avatar and then build out and tone their virtual selves by utilizing the Nike suite of applications. The user's avatar might grow more defined by putting in repetitions at the gym or breaking a personal record on the run. Nike-sponsored events might also include personalized products for avatars and virtual awards for finishing Nike events like races.

- **Enhanced Nike Loyalty Programs**

Nike has constantly been improving its digital app ecosystem to reward and motivate athletes to keep active. They have been providing rewards to individuals that reach certain distances or attendance criteria, such as discounts or unique products. A reward-based strategy helps Nike generate greater engagement with their users.

- **Deeper Collaboration with Influencers**

Nike has a long history of successful partnerships with athletes. They were among the first businesses to invite players like Michael Jordan to early design meetings to help shape the style and features of their famous shoes. Nike's more recent partnership with celebrities like Jeff Staple on the Pigeon Dunk sneaker was a significant cultural milestone. With these successful influencer collaborations in mind, Nike might expand their Metaverse relationships by selling special virtual items made by prominent athletes and influencers. Nike may sell these virtual items to followers of the influencers by giving the current shoe designs a new look and a personal tale.

Nike Keeps 'Raising the Bar'

I remember having lunch a few years back with Phil Night and a handful of his direct reports at one of the Beaverton campus' restaurants. Lunch discussion focused on the importance of applying leading edge technologies to drive sales, enhance marketing, and improve customer service. Phil talked about the need to consistently leverage leading-edge technology to 'raise the bar' at Nike. The goal was to stay one step ahead of the competition while deepening Nike's customer experience and engagement. I have never forgotten this luncheon discussion, which is why it does not surprise me to see Nike crushing the competition in the Metaverse.

Nike has been more successful than most other big brands in its the transition to the Metaverse because it committed to the trend early, leveraged its brand identity to tap into the multibillion-dollar market, and partnered with critical technology experts in the Metaverse to deliver top-quality virtual experiences. While Nike does not disclose revenues from its Metaverse initiatives, Nike Digital, the division that includes the company's web3 ventures, currently bring in 26% of Nike's total revenues. Not bad for a company whose co-founder, Phil Knight, initially sold Nike shoes out of the trunk of his car in the parking lot during high school track meets!

My Metaverse business partner, Tim Bajarin, and I are keen to assist manufacturing/retail companies at each step of the way to ensure their successful entry into the Metaverse. To read about additional manufacturing/retail and related Metaverse case studies, I strongly encourage you to visit ISM's award-winning [Metaverse Resource Center – www.ismguide.com/metaverse-resource-center](http://www.ismguide.com/metaverse-resource-center) – where in addition to gaining access to more than 275 Metaverse case studies, more than 275 Metaverse articles, and more than 100 Metaverse videos, you can download ISM's new '[8 Steps to Do Business Successfully in the Metaverse](#)' White Paper, download ISM's New '[VR Training Guide for the Enterprise](#),' learn about and sign-up for ISM's complimentary 2-hour [Metaverse Executive Bootcamp](#), and more.

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