**NIKE BECOMES A TECHNOLOGY COMPANY**

Named for the Greek goddess of victory, Nike is the biggest sports  
footwear and apparel company in the world. Nike designs, develops, and  
sells a variety of products and services to help in playing basketball and  
soccer, as well as in running, men’s and women’s training, and other action  
sports. Nike also markets sports-inspired products for children and various  
competitive and recreational activities, such as baseball, golf, tennis,  
volleyball, and walking. Nike is known for its leading-edge technologies to  
make its products more appealing and enhance user performance,  
including the advanced technology used to support the sports superstars  
associated with Nike as well as the technology used in the running shoes  
you can buy online. For example, Nike Air technology uses “supergases”  
encased in urethane plastic to provide superior cushioning for running  
shoes that minimizes stress on runners’ joints each time their feet hit the  
ground. The make-up of the gas, the strength of the plastic, and their  
placement within the shoe give great cushioning without losing  
performance. Nike Air was the first major piece of shoe technology to come  
out of Nike and it has influenced every other running shoe since. Of course,  
Nike has been using information technology in the design and manufacture  
of these leading-edge products, and now it is embracing information  
technology in new, more far-reaching ways. Some of Nike’s most recent  
offerings are actually information technology products. Take the Nike+ Fuel  
Band, for example. The Fuel Band is an activity tracker that is worn on the  
wrist and is used with an Apple iPhone or iPad device. The Fuel Band  
enables its wearers to track their physical activity, steps taken daily, and  
amount of calories burned. The information from the wristband is integrated  
into the Nike+ online community and phone application, allowing wearers to  
set their own fitness goals, monitor their progress on the LED display, and  
compare themselves to others part of the community. And with Bluetooth  
4.0 wireless technology, the Fuel Band stays constantly connected, syncing  
  
the data it collects with the user’s Nike+ account and giving feedback and  
motivation when needed. The Nike FuelBand has competitors, including  
trackers from Fitbit and Jawbone. Nike has made some improvements to its  
FuelBand SE to keep up with these competing devices, such as the ability  
to remind users to get up and walk around periodically, to measure specific  
workouts, and to measure activities such as yoga or bicycling. As Fitbit  
trackers have been able to do, the new Fuel Band also measures sleep.  
However, the key differentiator of the Fuel Band is not hardware or a  
feature; it’s the point system created in conjunction with the gadget called  
Nike Fuel. Nike’s proprietary software turns all tracked movement into Nike  
Fuel points, which can show achievements, can be shared with friends, or  
can be used to engage others in competition. According to Nike, Nike Fuel  
is its universal way for measuring movement for all kinds of activities. Nike  
Fuel provides users with a metric that would enable comparisons—no  
matter what height, weight, gender or activity—to past performance,  
another person, or a daily average, which Nike defines as 2,000 Fuel  
points. Nike won’t divulge exactly how the metric is calculated. Nike  
increasingly wants other fitness technology products to integrate with  
Nike+, and is provided funding and assistance to small companies that  
were building applications for this purpose. The more people measure their  
activity with Nike Fuel, the more they are locked in to the Nike+ ecosystem  
of movement-tracking devices—and the harder it will be to switch to other  
wearable computing devices. There’s no way to get credit for the Fuel  
points you’ve accumulated if you decide to switch to a Fitbit wristband.  
Nike’s integration of information and information technology into its  
products keeps people coming back to Nike’s own Website and apps. In  
October 2013, Apple Computer stated that its new iPhone would have  
sensors allowing people to use their phones to keep track of their Nike Fuel  
points. Although Apple may be developing a competing smartwatch, Nike  
feels comfortable working with Apple. Other Nike+ devices include the  
Nike+ SportWatch GPS and the Nike+ Running App, available for both  
Apple and Android mobile devices. The Nike+ SportWatch GPS keeps  
track of your location, pace, distance, laps, calories burned, and (with the  
Polar Wearlink+) heart rate. After recording a run on the Nike+ SportWatch  
GPS, you can upload workout information to nikeplus.com by plugging the  
  
Sport Watch into your computer’s USB port. Once your data have been  
uploaded, nikeplus.com enables you to track your progress, set goals, see  
where you ran and find great routes. i n TeRaC Tive SeS Sion: TeC  
hnoloGynike The Nike+ Running App maps your runs using GPS, tracks  
your progress, and provides the motivation you need to keep going. The  
Nike+ Running app tracks distance, pace, time and calories burned, giving  
you audio feedback as you run. Users can automatically upload to  
nikeplus.com to see their runs, including the route, elevation and Nike Fuel  
points. They can even post the start of their run to Facebook and hear realtime cheers for each “Like” or comment they receive. The latest version of this software includes training programs, coaching tips, and daily workouts. A new “Next Moves” feature on the home screen allows runners to easily flip through suggested challenges: for example, to run their fastest 5 kilometers or go their farthest distance. Users of multiple Nike+ devices can visit the nikeplus.com site to access all their data—including lifetime Nike Fuel points accumulated from all their NIKE+ devices. The Nike+  
ecosystem is part of a larger phenomenon called the “Internet of Things”  
(see Chapter 7), in which individual devices such as sensors, meters, and  
electrical appliances are connected.to the Internet so that their  
performance can be monitored and analyzed. Other consumer product  
companies besides Nike are embracing this technology, with gadgets such  
as Internet-connected water bottles to gather water consumption data or  
Procter &amp; Gamble’s Web-enabled toothbrush, which links to a smartphone and records brushing habits. Nike has no interest in making money by selling the detailed information it gathers about users’ workout routines to help companies and advertisers target their ads. That information may be valuable to other companies, but what Nike really wants to do is build coollooking devices that closely connect to its own software. It’s all about serving one particular kind of customer: the athlete.  
  
1. Evaluate Nike using the competitive forces and value chain models.  
2. What competitive strategies are Nike pursuing? How is information  
technology related to these strategies?  
  
3. In what sense is Nike a “technology company”? Explain your answer.