**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.