

At its lowest point in years, Nike strives to recover from slumping sales

Warm-up question: Have you ever seen a company or sports team that was once very popular lose its appeal? What do you think they could do to get back on track?

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Read: MICHEL MARTIN, HOST:

Nike needs some **spring in its step**. It's lost shoppers and sales, and now, at its lowest point in years, it's bringing a former executive out of retirement to be the new CEO. Nike has to report today to Wall Street just how bad things are, and NPR's Alina Selyukh is here to report to us. Good morning.

ALINA SELYUKH, BYLINE: Good morning.

MARTIN: OK. So just how bad is it at Nike?

SELYUKH: So to be clear, Nike is still by far the largest sneaker company. It sells more sneakers than a bunch of its competitors combined. But it has really **lost its footing** in the last two years, and today's earnings report could be the worst one yet. If this was a basketball team, this would be, like, your last timeout, and Nike's team is getting crushed, and the coach needs to do the best **pep talk** he's ever done, except the coach is who's getting **benched**, if that's a thing - that's not a thing in sports, but it is at Nike. And his replacement is **inheriting** a team in crisis. The company lost about a quarter of value earlier this year. It had its worst day on Wall Street ever. Hundreds of people got laid off. Sales are declining. It's a real sports drama.

MARTIN: How did it all go so wrong?

SELYUKH: Well, it's never one thing. But one complaint from fans and insiders has been that Nike lost its innovation **mojo**. It hasn't had a groundbreaking new shoe in a long while, like a new silhouette or new running tech. I talked to Cristina Fernandez. She's an analyst at Telsey Group, and she said Nike used to be the master of **hype** around limited drops.

CRISTINA FERNANDEZ: But then when you start bringing the same stuff out again, just like, oh, today is this color, but tomorrow this color, you kind of lose the hype, which I think is what happened.

SELYUKH: Nike has a superpower in its archives. It can bring back old shoes with huge success, which it's done with the Dunks, Air Force 1s, Air Jordan 1s. But it had all these retro hits back in the top charts, and then the hit machine kind of **ran out of steam**, and all these shoes just piled up.

MARTIN: So the board is responding, as the boards often do, by shaking up the **C-suite**. Who's out, and then who's in?

SELYUKH: So the CEO has been the face of this crisis. Bloomberg had this biting headline calling him the man who made Nike uncool. His name is John Donahoe. He took over in 2020. He was not a Nike guy or even a sneaker guy. His expertise was cloud computing and eBay and just, like, being a CEO. And he really focused on online sales. He pulled Nike shoes out of stores like Macy's or Foot Locker so that people would buy more directly from Nike's website or app. And this did work really well during the pandemic. But then shoppers went back to stores. They did not follow Nike out the door. They saw other brands on those shelves, like HOKAs and Brooks and On's, and even Adidas got a boost from this. You combine that with the lack of an innovative new sneaker, and you have analysts saying Nike was more focused on where it was selling instead of what it was selling.

MARTIN: So new CEO, a former executive brought back out of retirement - can he fix this?

SELYUKH: So he actually got **passed over** for this very job four years ago. He starts in two weeks. His name is Elliott Hill. He is a Nike veteran. He started there in the '80s as an intern. Nike separately has already started patching up its relationship with stores, putting more sneakers back on physical shelves. And now the biggest test is the next new shoe. Will it get the company **back on its feet**?

MARTIN: That is NPR's Alina Selyukh. Alina, you really **nailed** those **puns**, so...

SELYUKH: I worked on that.

MARTIN: Thank you so much.

Vocabulary and Phrases:

1. **Spring in its step:** A feeling of energy, confidence, and enthusiasm.
2. **Lost its footing:** To lose stability or position, often leading to difficulties.
3. **Pep talk:** A speech meant to encourage and motivate someone.
4. **Benched:** To be removed from a position or role, often temporarily.
5. **Inheriting:** Taking over a position, situation, or responsibility from someone else.
6. **Mojo:** A sense of magic, creativity, or excitement that leads to success.
7. **Hype:** Intense promotion or excitement around a product or event.
8. **Ran out of steam:** To lose energy or momentum.
9. **C-suite:** Refers to top executives in a company, like the CEO or CFO.
10. **Passed over:** To be overlooked for a job or opportunity.
11. **Back on its feet:** To recover or return to a stable or successful position.
12. **Nailed:** To do something perfectly or successfully.
13. **Puns:** A play on words, often for humor, where words with similar sounds have different meanings.

Comprehension Questions:

1. Why is Nike said to have lost its footing in recent years?
2. What changes did the CEO, John Donahoe, make to how Nike sold its products?
3. How did Nike's approach to generating hype for new products change, according to Cristina Fernandez?
4. Why is Elliott Hill being brought back as CEO, and what challenge is he inheriting?
5. What is the biggest test for Nike as it tries to get back on its feet?

Discussion Questions:

1. Do you think a new leader can really make a big difference for a company that is struggling? Why or why not?
2. Why do you think some brands lose their popularity over time, even if they were once very successful?
3. Have you ever bought something because it was new and exciting? Did it live up to your expectations?
4. What do you think is more important for a company—having great products or having a strong presence in stores?
5. Why do you think people sometimes return to old favorites instead of trying new things?