

## Masters of Scale Episode Transcript – Phil Knight

### “Nike’s Phil Knight: How to sell without selling”

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**EDDY LU:** I grew up in the '80s, and that was when Michael Jordan was in his prime.

All the commercials and the visual imagery of Michael Jordan dunking, shattering backboards, and criss-crossing over people. That was my impression, of course. What shoes was he wearing? He was wearing his Jordans. You know, his Nikes.

**HOFFMAN:** That’s Eddy Lu, cofounder of [GOAT](#), the online marketplace for premium sneakers that every sneakerhead knows. As a child of the '80s and a basketball fan, Eddy has vivid memories of Jordan – and his Nikes. Jordan played his first NBA game for the Chicago Bulls in 1984, and signed his Nike endorsement deal the same year. Right away, he started making news, making plays... and Nike started making [Air Jordans](#).

**LU:** I still remember the price tag. They were \$130 at [Foot Locker](#). I couldn't afford 'em. Like any kid, you want something, but your parents will buy you something that's comparable. So instead of the Jordans, they maybe would get me the [Penny Hardaways](#) or even the [Charles Barkleys](#), or another shoe that was worn by an iconic player, but they just couldn't justify buying the premium Jordans. And I think that really helped fuel my passion and my nostalgia for sneakers, and even Jordans, right to this day.

GOAT stands for Greatest Of All Time. We love sneakers, Michael Jordan was our idol, and he was the GOAT.

**HOFFMAN:** GOAT now sells 100,000 styles of shoes – of all kinds, not just Nike. And that passion that Eddy and his cofounder felt for Nike is still very real. It also didn't just happen. That kind of lifelong brand loyalty is the product of a magical combination of aspiration, authenticity, true value, and brand. It only works if buyer and seller feel totally aligned in what they value and what those values say about them.

That’s why I believe you need to sell without selling. Great branding is about identity... and matchmaking.

**[THEME MUSIC]**

**HOFFMAN:** I’m Reid Hoffman, cofounder of LinkedIn, partner at Greylock, and your host. And I believe you need to sell without selling. Great branding is about identity... and matchmaking.

There's a little word game that one can play called: "They could sell a Blank to a Blank." It goes like this:

**PERSON 1:** He could sell a glass of water to a drowning man.

**PERSON 2:** Well, she could sell sand to the Sahara.

**PERSON 3:** They could sell a ketchup popsicle to a woman in white gloves in the middle of July.

**HOFFMAN:** It's fun, and it paints a familiar picture of what we often envision sales to be. We often conflate sales with charisma. And charismatic sellers like someone who could sell stilts to a giraffe, or fuzz to a peach – those charmers do exist.

The problem with relying on charm as a sales strategy is that it's difficult to scale. It's not impossible, but when there's a mismatch between product and market, the bottom usually drops out.

Great selling is actually not about trying to force-feed customers an ill-fitting product. It's more about matchmaking. First, tell the world who you are, and then do everything you can to find and connect with your ideal customers.

Who are these ideal customers? The ones who respond to your authentic brand. They'll be the ones who stick with you as you scale.

I wanted to talk to Phil Knight about this because no one is more qualified to talk about where authenticity and advertising meet. As the cofounder and longtime former CEO of Nike, he oversaw some of the world's most successful brand partnerships. He helped innovate a new model of athlete sponsorships, endorsements, and product lines. Oh, and he commissioned one of the most iconic logos ever. But at the start of our story, Phil was just trying to make a sale.

**PHIL KNIGHT:** I never thought I was a sales personality. An extrovert is a person that stares at other people's shoes. So I'm not really the typical salesman. But, you know, eventually you gotta sell something.

**HOFFMAN:** Phil was actually trying to make the hardest kind of sale. He and a friend were in Hawaii, on the first leg of a trip around the world.

**KNIGHT:** We got conned into being encyclopedia salesmen. They ran an ad in the [Honolulu Advertiser](#) about wanting some people for PR. We went for the interview, and we dressed up in our suit and tie, and they said, "We want a couple PR guys to place encyclopedias in homes for free." And we got a certain amount of money for every placement we made. Well, when we got done with the training, which lasted about 2

hours, they said, "But you also have to sell the yearbook, which costs \$400." And so I said, "Oh boy. We walked into that."

**HOFFMAN:** The scam was revealed. But Phil and his friend still tried to unload the "free" merchandise.

**KNIGHT:** Selling encyclopedias door-to-door was a bit of an overstatement, since I didn't sell a single one. But I did try it for a week before I quit.

**HOFFMAN:** It wasn't by choice, but Phil learned a valuable lesson: selling by deception is harder than it looks. It feels bad to trick people into buying a product you don't believe in and they don't want. It gives selling a bad reputation. It places customer and salesperson into a zero-sum match that only one of them can win. And frequently, they both lose.

Luckily, Phil's brief foray into the encyclopedic arts was merely a side quest to his main mission. That had started back when he was a student at the University of Oregon.

**KNIGHT:** I ran on the track team coached by [Bill Bowerman](#), the Hall of Fame coach. And he was always experimenting with shoes. In those days, all the really great runners were wearing either Adidas or Puma shoes. And it was a real eye-opener for me when Otis Davis won the Pacific Coast Conference Championship in a pair of [Bowerman homemade shoes](#).

**HOFFMAN:** If you're having a hard time picturing a pair of homemade track shoes, they're a little Frankenstein-ish, with leather uppers cut by hand and glued to rubber and metal soles. Bill Bowerman was so obsessed with making lightweight racing spikes for his runners, he even studied with a cobbler. Each new prototype was an experiment, often performed on Phil himself.

**KNIGHT:** He tried it out on his, as he called, his "hamburgers," before he put it on his elite athletes. He felt that getting lighter shoes was important.

**HOFFMAN:** Those Bowerman homemade shoes left their imprint on Phil's mind. It stayed there when he went on to business school at Stanford.

**KNIGHT:** I wrote a paper in the entrepreneurship class, "Can Japanese shoes do to German shoes what Japanese cameras did to German cameras?" And the teacher gave me a good grade, and I got kind of excited about it, and away we go.

**HOFFMAN:** Phil wasn't trying to build shoes like his old track coach, he just wanted to sell them. And he had an idea of where the innovation was happening. He headed to Japan – with that one brief, encyclopedia-filled stop in Hawaii along the way.

Phil managed to score a meeting with executives from the [Onitsuka](#) company, who manufactured an exciting new running shoe called the Tiger. It was the kind of lightweight performance shoe Bill Bowerman had been trying to make from scratch. Phil wanted to sell it in the U.S. Now, he needed to sell Onitsuka on himself.

**KNIGHT:** At the end of the day, it was a sales experience, right? I gotta sell them on letting me be a distributor of the Tiger shoes.

**HOFFMAN:** Phil improvised a name for his nonexistent company right there on the spot: Blue Ribbon Sports. The name might have been made up, but his enthusiasm for the Tiger was honest. So was his diligent market research, and his strategy to capture market share from Adidas. His passion and preparedness convinced Onitsuka to make Blue Ribbon Sports their American distributor.

His sales pitch had worked. Now he needed to make good on his promises. He returned to the United States, got himself some samples, and got to work. One of his first calls was to his old track coach.

**KNIGHT:** I don't remember how many samples I got in, but there was probably 20 pairs maybe. I sent a couple of them down to Bowerman, hoping that he would buy some for his team. He called me up, and he said, "I'm gonna be up in Portland for an indoor meet. Let's have lunch."

That's when he proposed that we be partners, and I was thrilled. We shook hands, and he agreed to put in \$500, and that's what I had put in, so there we go.

**HOFFMAN:** Phil had come to the table looking to make a sale. Instead, he got a founding partner, without even having to pitch. Bowerman had immediately recognized what his former runner was offering. It was a chance to create a future they both believed in, full of featherweight sneakers that would help people run fast. The idea sold itself.

**KNIGHT:** His deal was, the world needs a better running shoe. And these were people that made good shoes and were really responsive to ideas on making better shoes.

**HOFFMAN:** But as much improved as the Tiger shoes were, it didn't take long for Phil and Coach Bowerman to start tinkering with the design.

**KNIGHT:** They said, "This is a great high-jump training shoe," and it had some cushioning in it. And I say, "Well, it's sort of silly for the high-jump shoe, but cushioning for a running shoe makes perfect sense." And it didn't make that much sense in Japan, where the average runner weighed about 125 pounds, but in the United States, where the, you know, 160-pound runner are running on the streets, cushioning meant a lot.

Bowerman was tearing shoes apart, which ultimately led to a shoe called the Cortez, which was the first cushioned midsole running shoe, which really kind of got us going.

**HOFFMAN:** The partnership between Phil Knight, Bill Bowerman, and Onitsuka Tiger clicked because of a shared goal: improve functionality and quality, while keeping their price point below that of Puma and Adidas. To Phil, the value of the product was obvious. If the shoe performed, it would sell, period. And the proof was in the receipts.

**KNIGHT:** We went eight years as a distributor, and we got sales up to \$2 million, which in modern times doesn't seem like much, but their total sales in Japan were \$22 million, so it was not bad.

**HOFFMAN:** It wasn't bad. But soon, other distributors started noticing. And they wanted in. Onitsuka was fielding competitive offers to help sell their shoes to American athletes.

**KNIGHT:** They got besieged by different distributors in the United States, saying, you know, "we could do a lot better job with this," and it was kind of seductive to them. They came to the conclusion that they'd be better off with established distributors rather than this two-bits-in-the-wood outfit in Oregon. So they basically jerked the contract and left us high and dry.

**HOFFMAN:** And did you see it coming? Were you able to prepare?

**KNIGHT:** We had about a nine-month notice. Their export manager came to us, and he said, "We're gonna set up the distributors unless you sell us 51% of your company for book value."

And so I swallowed my tongue and said, "We'll think about it," and then got on the next airplane to Japan to find another factory.

**HOFFMAN:** It was a classic pivotal moment in the entrepreneur's journey. Phil had to decide in that moment whether he could establish an identity for himself and his company without the partnership that had gotten them this far. It was a big risk – but it was also a necessary one. The partnership between Onitsuka and Blue Ribbon Sports had become a bad match. Staying in it wouldn't have felt authentic – and it wouldn't have made either side happy.

Within three months, Phil and Bill had found a new factory. This one would allow them to make their own product, and not just distribute someone else's. It was a major change in strategy. They started with Bill Bowerman's hybrid invention, the [Cortez](#).

But without the name and reputation of Onitsuka Tiger, they couldn't just rely on the quality of the product to drive sales. They would need to build a new brand identity to win customer trust. They needed a fresh start. A chance to start building their branding story from scratch.

It's at this stage that so many new companies falter. To quote the legendary graphic designer Paul Rand: "Design is so simple. That's why it's so complicated." And nothing highlights the need for simplicity like the quest for the perfect logo.

**KNIGHT:** We hired a freelance artist. It was a student at Portland State University. We paid her \$2 an hour to come up with different designs, and she came up with what is now known as the "Swoosh."

**HOFFMAN:** If you're an avowed sneakerhead, a hypebeast, a connoisseur of kicks – all terms my producers have assured me are real – then you may already know this origin story. That's because the Swoosh has iconic status. The elongated check-mark looks like a line in motion. It stirs something in the observer. It's an incredibly efficient design.

**KNIGHT:** She came up with several different iterations. She didn't just draw it one day, I mean, she spent 17-and-a-half hours on it. And we said "Modify this, modify that."

**HOFFMAN:** The way Phil tells it, he didn't have any grand moment of clarity about when the Swoosh was done. He just had to trust his team that they'd gotten it right.

**KNIGHT:** It was kind of, "I don't know if I like it that much, but we gotta have something, and that's the best we got."

**HOFFMAN:** Amazingly, the same thing was true of Nike's name, after the ancient Greek goddess of victory. It was a way to align the brand with winning – either blatantly, or subtly, depending on how well you know your mythology. It also helped that the name Nike obeyed a couple of basic rules of marketing.

**KNIGHT:** In a trademark article that we all had read, it said good brand names are short, they have kind of a hard sound, like "Coke," or "Xerox," or, "Kleenex," that type of a name.

**HOFFMAN:** The name Nike was submitted by the company's first employee, Jeff Johnson. But it was far from the only suggestion in the mix.

**KNIGHT:** We had 45 employees, and they all put a name in the hat. I put in the name "Dimension Six," which I gave some thought to,

**HOFFMAN:** And was the name in the hat, like, you had a set of options, and everyone voted, or did everyone –

**KNIGHT:** No, no. It's only one vote that counted.

**HOFFMAN:** And what made "Nike" resonate with you?

**KNIGHT:** Well the others were so bad. My comment at the time was, "I don't know if I like it that much, but it'll grow on me," and of course it has.

**HOFFMAN:** At its core, great branding is about simplifying. It's about stripping away the irrelevant details until only the essence remains. Imagine a sculptor, chipping away at a block of marble, until the statue beneath is revealed.

That isn't just true of logos and names. It's also true of messaging. Your company's values must be just as identifiable as its font and signature colors. In Nike's case, what they valued most was competitive edge. Think back to Bill Bowerman's Frankenstein shoes, crafted to help his runners win. Now, it was their job to tie that quest for victory to the brand.

**HOFFMAN:** One of the things that I think is fascinating about the Nike story is that it starts with this intense focus on product. But it also then goes, "Well, we can't just have the world's best product. We also have to be very brand-conscious." And it's like, "We didn't start out to be brand people, but now everyone in the world looks to us as the experts about how you establish a brand and how you grow and treat a brand, and you connect that brand emotionally with customers." When did the brand part of the story begin to be something that's like "Okay, this is something we have to focus on too?"

**KNIGHT:** Originally the focus was on the product itself, totally. And then, if we could get some good people to wear it, so it'd get the attention of our consumers, which were really the runners of the world. And you know, getting Steve Prefontaine to wear the Swoosh was a big, big help of establishing a brand.

**COMPUTER VOICE:** Steve Prefontaine: American long-distance runner and competitor in the 1972 Olympics. Coached by Bill Bowerman.

**HOFFMAN:** As Phil just told us, Nike's strategy relied heavily on its association with star athletes. Nike didn't invent the endorsement. But they may well have perfected them, going for world-class competitors that captured the public's imagination: Steve Prefontaine, Carl Lewis, Jackie Joyner-Kersey.

If you want to run fast, wear Nike. If you don't take your training seriously, who cares what you wear?

But there was a flaw in that plan to go all-in on the serious runner: the number of people who aren't. They had defined their target audience so narrowly, they made themselves vulnerable to the competition.

**KNIGHT:** In the '80s, we got our brains beat out by an upstart company called Reebok. And they basically focused on women, and they focused on what the shoes looked like. And we hadn't really focused on the appearance of the shoes. We said, if a shoe performs, and a great athlete wears it, it'll sell. And so all of a sudden design became important to us because we were losing market share for "bad design," if you will.

**HOFFMAN:** By the 1980s, sneakers were well integrated into everyday fashion. Men wore them with suits to look a little rebellious. Women wore them in place of high heels on their way to the office.

And it wasn't just Reebok. Nike's old nemesis, Adidas, were also surging in popularity and clout. After performing their song "[My Adidas](#)" at Madison Square Garden, the rap group Run-DMC scored a million-dollar endorsement deal on the spot.

Nike was bleeding market share, and there was no sign of it stopping. Speaking only to the performance-driven market was not going to deliver a win. So Nike pivoted back to the Swoosh – or more precisely, to everything surrounding it.

**KNIGHT:** We went back and got an emphasis on design. We had a young designer that we kind of put in charge of all those designs, his name was Mark Parker.

**HOFFMAN:** Freshening up the look of their shoes was a good start, and style has been an integral part of Nike's strategy ever since. But it wasn't enough. They also had to pivot their sales strategy. They needed to inform the non-elite athlete that Nike was for them too.

**KNIGHT:** And we said, "Well, maybe we should try some advertising after all."

**HOFFMAN:** If this seems like it should've been a no-brainer, keep in mind what Phil told us at the start of this episode:

**KNIGHT:** I never thought I was a sales personality.

**HOFFMAN:** To Phil, their shoes shouldn't have to pass the fashion test. If Nike was trusted by world champions, what else did you need to know? But even he had to admit that it was time to connect their reputation to their branding, and their branding to a wider audience. What they did next would soon change everything.

**[AD BREAK]**

**HOFFMAN:** We're back! When we last left our guest, Phil Knight, he had just accepted – grudgingly – that it was time for Nike to change their approach to brand strategy. He and his team went to meet with a young, upstart advertising agency. Very upstart.

**KNIGHT:** We walked into an office that had four guys and a card table. Their names were David Kennedy and Dan Wieden.

**HOFFMAN:** If those names sound familiar, it's because Wieden+Kennedy is now one of the largest ad agencies in the world.

**KNIGHT:** The first time I met Dan Wieden, I walked into his office, and I said, "I just want you to know, Dan, I hate advertising." And he says, "Well, that's an interesting way to start."

**HOFFMAN:** It was. But what Dan Wieden said next made Phil evolve his opinion.

**KNIGHT:** One of the things they did, and of course they were young and hungry too, is that we have to know the client. We have to know the product. We have to know who and what they are. We have to represent what they really are. And what he began to understand really quite quickly, wasn't that I hated advertising. It was that I hated traditional advertising.

**HOFFMAN:** What did he mean by traditional advertising? Maybe something a little like this...

**TRADITIONAL ADVERTISER:** Look here, Solarium super-galvanized rubber shoe soles provide 73 percent more satisfaction and comfort than shoes without. Other soles are too stiff, fall apart in inclement weather, adjust WOEFUL. Make your steps sole-ful, with Solarium super-galvanized rubber shoe soles, while supplies last. *Do – Re – Mi – Fa – Sol-arium.*

**HOFFMAN:** Phil wanted something different for Nike. Something that felt less like selling encyclopedias, and more like an honest introduction to what Nike is all about. Something stirring, kinetic – something more like the Swoosh.

**HOFFMAN:** Was the design and the advertising the beginning of saying, "It isn't just the absolute best product for the athletes and for the people who want to run, but it also has to be a way of connecting with them, so people understand that this product is the product that's for them?"

**KNIGHT:** For sure. That was the advertising message.

**HOFFMAN:** Wieden+Kennedy wanted to kick off a brand revolution for Nike. So of course, that's what they called it.

**KNIGHT:** We had John McEnroe swearing by it, and we had Bo Jackson being able to play three or four different sports, Michael Jordan jumping over the moon, and it all came

together. And really, looking back, it's, maybe just in that first real campaign, it was one of the best campaigns we've ever had.

**HOFFMAN:** Springboarding off the sheer star power of these athletes would become a staple of Nike's strategy. Their shoes were made with the best in mind – and the proof was on the screen.

The ad also used the Beatles song "Revolution."

**KNIGHT:** And that got a lot of controversy and a lot of publicity, which we loved.

**HOFFMAN:** Why controversy? Well, for one, many people weren't comfortable with the idea of the Beatles "selling out." (Even though by then, the rights to their catalog had already been sold. The record label EMI-Capitol owned the licensing rights, while the publishing rights belonged to none other than Michael Jackson. It was a very strange time.)

The three surviving Beatles sued Nike for the song's use. But the controversy reinforced Nike's image as an iconoclastic, irreverent company that wasn't afraid to show their edge.

**KNIGHT:** We just wanted to, one, wake people up, and then be honest on who we were, and it became edgy. We didn't say "Okay, make it edgy," it just sort of reflected what we were trying to do.

**HOFFMAN:** You can find that original 1987 commercial online, and however you feel about the Beatles, the ad is still electric. Not just because of the song, or McEnroe, or Michael, but because of the old couple speed-walking in the park. The little kid caught midair as he sails across the basketball court. The exhausted marathoner collapsing under their foil blanket after the race. The ad draws a direct connection between ultra-elite athletes and the people who could be... you. You and the greats exist side by side in the same sweaty, happy tribe.

This is what spot-on branding can do. It doesn't just showcase the best aspects of the product. It lets you believe that you deserve them.

A slew of high-profile, head-turning ads, endorsements, and sponsorships would follow.

**SPIKE LEE:** Yo, this is Mars Blackmon, and this is my main man, Michael Jordan.

**SPIKE LEE:** Yo, Mars Blackmon here with my main man, Michael Jordan.

**DAVID ROBINSON:** It's Charles Barkley. Tell the boys and girls how you get fined, Charles?

**CHARLES BARKLEY:** Most of all for fighting.

**ANDRE AGASSI:** That oughta wake up the country club.

**KIRK GIBSON:** Bo knows baseball.

**JIM EVERETT:** Bo knows football.

**MICHAEL JORDAN:** Bo knows basketball too.

**BO DIDDLEY:** Bo, you don't know Diddlely.

**KRS ONE:** The Revolution will be led by Jason Kidd, Jimmy Jackson, Eddie Jones, Joe Smith, and Kevin Garnett. The revolution is about basketball.

**SPIKE LEE:** My main man, Michael Jordan. Yo Mike, what makes you the best player in the universe? Is it the vicious dunks?

**MICHAEL JORDAN:** No, Mars.

**SPIKE LEE:** Is it the shoes?

**MICHAEL JORDAN:** No, Mars.

**SPIKE LEE:** You sure it's not the shoes?

**MICHAEL JORDAN:** I'm sure, Mars.

**SPIKE LEE:** What about the shoes?

**MICHAEL JORDAN:** No, Mars.

**SPIKE LEE:** Money, it's gotta be the shoes.

**HOFFMAN:** Also, a little healthy controversy doesn't hurt either.

**HOFFMAN:** Well isn't it the case, like, the Air Jordan was banned by the NBA?

**KNIGHT:** Mm-hmm [affirmative]. That was great.

**HOFFMAN:** You heard that right – Phil just said that being banned by the National Basketball Association, on the court where their biggest celebrity athlete played, was a good thing.

**KNIGHT:** I mean, we couldn't have paid David Stern for better publicity, that he actually banned the original Air Jordans from anybody else in the NBA, even Michael. Michael wasn't supposed to wear them, and of course that got huge publicity and every kid wanted it.

**HOFFMAN:** Eddy Lu of GOAT was one of those kids. He remembers this incident too.

**LU:** Michael Jordan's banned commercial, where he was getting fined every single day for wearing his [Jordan 1 Breds](#). That commercial is just so iconic, where he's just bouncing that basketball, and the announcer is saying that these are the shoes that the NBA has banned Michael Jordan from wearing, et cetera. And all that stuff just creates more hype.

**HOFFMAN:** By the way, those fines against Jordan came to \$5,000 per day. And Nike paid them all.

**KNIGHT:** We wanted him to ban it again, but he made them legal the next year.

**HOFFMAN:** This commitment to controversy continued when Wieden+Kennedy and Nike worked together to unveil their new slogan in 1988: Just Do It.

The slogan was used in a 30-second spot about an inspiring 80-year-old runner.

**80-YEAR-OLD RUNNER:** I run 17 miles every morning. People ask me how I keep my teeth from chattering in the winter time. I leave them in my locker.

**HOFFMAN:** Just Do It has since been used for... just about everything Nike-related to this day. It's a slogan that bats away excuses and says, the only thing standing in your way is you.

**KNIGHT:** You know, one of my favorite ads is, Joann Ernst was a great triathlete, and she was in the early Revolution ads, she talked about how hard it was to do the 2-mile swim, the 26-mile marathon, and 100-mile bike ride. And she said: "This is what you gotta do, you gotta train," she goes through it, and there's a Just Do It sign, and then she looks into the camera, and says, "And it wouldn't hurt if you quit eating like a pig either." And so it was completely different than anybody else ever said, and it was just sort of us.

**HOFFMAN:** Phil remembers this ad fondly. But Nike also got a lot of hate mail over it, especially from women, part of the very demographic they were trying to reach. Was this a case of Nike identifying their values? Or were they choosing controversy over a chance to connect with part of their natural audience?

They decided to find out. In the early '90s, Nike worked with a young, female ad writer at Wieden+Kennedy by the name of Janet Champ. She crafted a new print campaign for Nike Women's Fitness that read more like a series of poems.

**WOMAN'S VOICE:** "All your life you are told the things you cannot do. All your life they will tell you you're not good enough or strong enough or talented enough. They'll say you're the wrong height or the wrong type to play this or be this or achieve this."

**HOFFMAN:** Sometimes the ads featured female athletes, but often there were no sports pictured at all. Instead, there would be a picture of Marilyn Monroe, or an antique photo of a mother and daughter, or, just, the word, "No."

**WOMAN'S VOICE:** "They will tell you no, a thousand times no, until all the other no's become meaningless. All your life they will tell you no, quite firmly and quite quickly. They will tell you no. And you will tell them yes."

**HOFFMAN:** After decades of explicitly masculine advertising, this was a seismic change in approach. But contrary to what it might seem, it wasn't a change in identity. These new ads weren't soft and flowery – they were tough and direct. It sent a signal to women, written in a woman's authentic voice: Our shoes are for athletes. And you are athletes too.

Nike started getting letters from women again – this time, in praise of the ads. The campaign was a resounding success. And it paved the way to endorsement deals with superstar female athletes from Sheryl Swoopes to Michelle Wie to the GOAT of tennis, Serena Williams.

**LU:** They started with athletes, and they have all the best athletes in the world. It's funny because a lot of athletes, they could get paid a lot more to work with other brands, but they stick with Nike because of the level of excellence and performance and the brand value that Nike has.

**HOFFMAN:** Once more, Eddy Lu of GOAT.

**LU:** With Nike, they've stuck to their core values and becoming truthful to what they stand for, and having that point of view is very important.

**HOFFMAN:** Remember, great branding is about matchmaking. Risky or not, there's actually a benefit to letting your brand story define not only who your audience is, but who it isn't.

Like when Nike took a risk by making Colin Kaepernick the anchor celebrity of Just Do It's 30th anniversary campaign in 2018. Kaepernick had been the quarterback for the San Francisco 49ers, until he started kneeling during the national anthem to protest police violence and racial inequality in America. When he signed onto Nike's campaign, he was, and still is, unsigned by any NFL team.

And Nike's ad spoke to that. "Believe in something," Kaepernick said, "even if it means sacrificing everything."

The ad first aired during the NFL season opener, a not-so-subtle dig at Kaep's former employer. By making him the face of Just Do It, Nike wasn't just stirring controversy. They were taking a clear stand in a moment of extreme political division. They were picking a side.

**LU:** It sounds easy, but it's hard for a lot of companies, right? But I think Nike has done a great job saying, "What are our core values? Let's stick to them, and let's have a point of view." That's how people really create more affinity for the brand.

They work with a lot of athletes and people in the community that are affected by things that happen in this world, so I think it was great to see Nike share their point of view on important topics that affect their audience. And I think this next generation of consumers are really in tune with social justice, and Nike did a great job of supporting them in that way.

**HOFFMAN:** Nike decided it was important to double down on their values, including the one that told them never to play it safe. They trusted that the love it would generate in athletes and fans would far outweigh the anger it would raise in others.

And if you're wondering if this risk paid off, Nike saw a 31 percent increase in online sales in the ad's immediate wake.

**KNIGHT:** It was basically a system where we said, "We don't care how many people dislike us as long as enough people like us."

**HOFFMAN:** The Nike of today looks a lot different than the Nike of 1988, or 1971. Including the fact that Phil is no longer CEO and is now Chairman Emeritus. But despite all the changes, the core of the company seems intact. Nike is still associated with high-level performance shoes above all. (In fact, one of their most recent products, the Nike Vapor, was almost banned from the Olympics for giving its runners too much of an edge.)

**LU:** A lot of that innovation has gone a long way in making us appreciate that Nike pushes the envelope. Even to now, the Vaporflys and allowing people to run the marathon under two hours, it's amazing as through Nike's innovation that has allowed them to get there.

**HOFFMAN:** I asked Phil Knight about the lessons he's learned in trying to keep the identity of the company crisp, and aligned with its audience, while continuing to grow.

**HOFFMAN:** What are some of the areas where you found that the mistakes taught you about the brand? So like, I know that one of the things was, "Well, you know, we're ... before, we're very focused on sports. Then maybe we're an apparel company. Maybe we'll have casual shoes."

**KNIGHT:** You named two of the real good failures! Absolutely. We had a brand of casual shoes called IE, and it wasn't very successful. And then we bought a company called Cole Haan, which really was successful. We sold it, not because it wasn't successful, but because we thought our resources were better served in the other areas.

**HOFFMAN:** Those experiments may have fizzled, but Nike's activewear lines have thrived – especially as they have continued to expand their definition of who an athlete is and what she might look like. Recently, they launched Nike (M), their first maternity collection, saying: "Mothers are the ultimate endurance athletes."

Phil Knight may not have envisioned this product-market-fit back in 1964. But in 1964, our vision of who an elite athlete is was probably too narrow. Even as Nike has evolved its understanding of its core customer, the match between customer and its brand identity has remained true.

So, any other surprises Phil didn't predict?

**KNIGHT:** We didn't really foresee back 20 years ago that the sport shoe business could get so big. And we're starting to see a few people wearing sport shoes, black sport shoes with tuxedos, which we hope is a trend that catches on.

**HOFFMAN:** Actually, I sometimes do that because they're so much better for your feet, and they're so much more comfortable.

**KNIGHT:** For sure, I hope there are more people like you.

**HOFFMAN:** Yes.

**HOFFMAN:** I'm Reid Hoffman. Thanks for listening.