JUN 09
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Nike tiptoes away from its D2C push

Article

The news: **Nike** has rekindled wholesale relationships with **DSW** and **Macy's**, two retailers that it had stopped selling to in 2021 as part of the company's push to grow its direct-to-consumer (D2C) business. It also appears to be expanding its business with **Foot Locker**.

- That marks a shift for Nike, which spent several years cutting back on its number of wholesale partners as it focused on growing its D2C business.
- The shift was aimed at delivering higher margins and developing stronger relationships with consumers.

A strong brand: Nike is the most valuable apparel brand globally, according to Kantar and Ispo, and is a favorite of teens in both the apparel and footwear categories.

- The brand's strength enabled Nike to rapidly grow its D2C sales. In its most recent quarter, Nike generated $5.3 billion in direct sales, which include its website, app, and stores, representing a 17% year-over-year increase (and 22% on a currency-neutral basis).
- We expect Nike's D2C channel to remain strong. **Our forecast expects Nike's US D2C sales to grow 17.3% this year**.
- Nike's D2C push enabled it to develop deep ties with a sizable segment of consumers; its **Nike Membership program had 150 million members** as of March.

A healthy balance: There's a sizable share of brand loyalists who are willing to seek out Nike products on the retailer's website or stores.

- But wholesale relationships with large retailers such as DSW, Macy's, and Foot Locker will enable it to reach an even broader swath of consumers, some of whom are accustomed to and/or prefer a multibrand shopping experience.
- Nike's shift away from retail partnerships provided an opening for upstart brands such as **On Running**, **Vuori**, and **Hoka**, in addition to more established companies such as **lululemon athletica**, **adidas**, **Puma**, and **Reebok.**
- Expanding its wholesale partnerships could also help Nike move some of the $8.9 billion worth of excess inventory that it is sitting on.

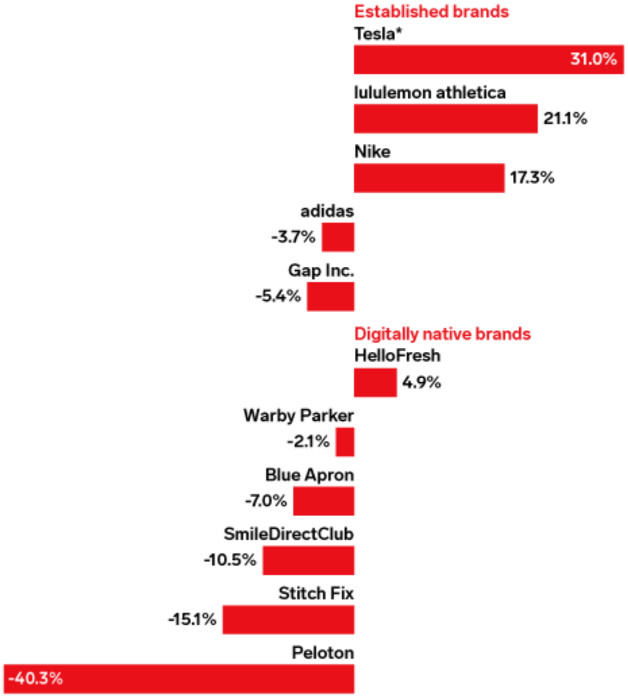
The big takeaway: Nike is adjusting to the reality that it leaned too heavily into D2C.

- While it makes sense for Nike to wring as many lucrative D2C sales as it can, it also makes sense to avoid ceding ground to its competitors by adding more wholesale partners.
- That's all the more important given that many consumers are pulling back on discretionary purchases, such as pricey sneakers.

Go further: *Read our D2C Brands 2023 report.*

US D2C Ecommerce Sales Growth for Established Brands vs. Digitally Native Brands, 2023

% change



*Note: includes products sold directly to consumers online by the referenced retailer via its owned and operated site or app, bypassing standard distribution methods through a retailer, wholesaler, or third-party platform such as a marketplace; *excludes energy generation and storage sales*
Source: eMarketer, March 2023

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