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For Nike, Kaepernick worth the risk

Taking on controversial issues as part of a marketing campaign is a bold move that possibly only the biggest and most established sports brands can pull off successfully.

Nike, which has carefully cultivated a brand based on its iconic slogan, “Just Do It,” has more recently also created a reputation for supporting provocative social justice causes in an advertising campaign featuring the polarizing former San Francisco 49ers quarterback Colin Kaepernick.

By taking a side in what has become an ongoing national debate about the nature of patriotism, the athletic apparel giant is drawing both positive and negative attention to its products, while defining its corporate values. It's not a move that just any brand could make.

Nike, which first signed Kaepernick in 2011, is the National Football League's official apparel sponsor and it supplies jerseys and game-day apparel for all 32 teams. Nike put the league in an interesting position when it launched a new, national advertising campaign featuring Kaepernick with the tag line: “Believe in something. Even if it means sacrificing everything.”

Black-and-white photos of Kaepernick with the tag line have graced billboards from Times Square in New York to Union Square in San Francisco.

Kaepernick began taking a knee during the playing of the “Star-Spangled Banner” before NFL games in 2016 to protest racism, police brutality and social injustice with a few other players and at least one cheerleader following suit. The move sparked a storm of both criticism and support for Kaepernick's actions as well as debate over how the NFL should handle such protests.

SPORTS MARKETING PLAYBOOK



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The backlash has been real. Kaepernick, who opted out of his contract with the 49ers in 2016 to become a free agent when it appeared he would be cut from the team, remains unsigned. He filed a grievance against the NFL, arguing the league has colluded to keep him unemployed, claims which an arbitrator refused to dismiss.

Certain football fans have taken to social media to express their disapproval with Nike with a call to boycott Nike products. Those disapproving fans have also posted photos and videos of themselves setting fire to Nike sneakers — with the hashtag #JustBurnIt — and cutting the company's logo off clothing. A handful of colleges and universities have also severed ties with Nike over the campaign; the company's stock initially took a tumble.

Nike then doubled down on Kaepernick, announcing in September that he would be part of its 30th anniversary celebration of the “Just Do It” campaign.

No stranger to controversy, the sports apparel company is clearly playing the long game in reaching out to certain demographics of consumers by taking on issues of social justice.

Last year, for example, Nike ran an ad campaign celebrating Arab women participating in sports, while wearing the company's new athletic hijab.

Nike's Kaepernick campaign sends a clear message of support to the company's strongest customer base — young men living in cities, according to CNN and other outlets. While criticism and boycotts have gained headlines, the negative responses have not caused lasting damage to the company's bottom line.

In fact, Nike's stock hit an all-time high in September, not long after certain fans torched their Nike sneakers on social media. Further, the company's market value has increased by nearly \$6 billion this year, according to CBS News.

On the social media front, Kaepernick's announcement of his Nike partnership drew more than 1 million responses on Twitter, Facebook and Instagram, reported ListenFirst, a social media analytics firm. It noted that some responses were negative but that the majority were positive.

With Nike leading the way, brands may show increasing willingness to take on social issues and even court controversy

— as long as it's their decision. But with so much money at stake, as well as their reputation, companies tend to take the more traditional route of protect themselves from controversy rather than courting it.

Morals clauses continue to be a staple in endorsement contracts to protect sponsors from athlete misconduct that could tarnish the brand.

The clauses give brands the right to terminate the relationship if the athlete does or says something that could hurt the brand's image. Sponsors have cut ties some of the biggest names in sports for violating their endorsement contracts' morals clauses, including Lance Armstrong, Kobe Bryant, Michael Vick, and Tiger Woods.

While individual athletes can promote their own values by partnering with like-minded companies, until very recently, they have had little way to ensure the companies do their part by remaining true to those values. But at least one savvy athlete — Olympic swimmer Simone Manuel — has negotiated a groundbreaking sponsorship agreement with a swimwear apparel company TYR Sport Inc. that reflects her personal values and her commitment to diversity with an “inclusion rider.”

The rider ensures that TYR will extend opportunities to underrepresented groups and that diversity will be reflected in the creative efforts Manuel pursues with the brand. According to the company's announcement, Manuel's deal is the first time an inclusion rider has been built into an athlete sponsorship agreement.

In the swimming world, Manuel is a superstar. She earned two gold medals at the 2016 Summer Olympic Games in Rio de Janeiro and was the

first African-American woman to win an individual Olympic gold medal in swimming.

Manuel was also the 2018 Honda Cup winner, awarded to the top collegiate women's athlete in the United States. She clearly has the clout to incorporate her support for social issues into sponsorship deals

with the right company.

Depending on the visibility and success of TYR and Manuel's diversity initiatives, other athletes and brands may be encouraged to follow with similar partnerships.

Whether on a large or small scale, partnerships between brands and athletes to

promote potentially controversial social issues can benefit all parties involved. As Nike's advertising campaign with Kaepernick indicates, negative responses are inevitable and it's easy to see how the benefits of this type of campaign could fluctuate depending on the public mood.

With less risk involved, Manuel's more controlled sponsorship experiment could spur others to pursue similar agreements. These partnerships could help push the boundaries athletes and brands have in the social sphere while reaping the financial rewards for all involved.