Nike Is Just Still Doing It: Use of Social Media and Application Technology Platforms to Increase Direct to Consumer Sales

Doyeon Won, Texas A&M University - Corpus Christi
Weisheng Chiu, Open University of Hong Kong
Jung-sup Bae, Hanyang University-ERICA
Simon Pack, St. John’s University

Marketing - Brand community (Online Community)  Saturday, June 1, 2019
Poster 9:20 AM
Abstract 2019-326  Room: Napoleon AB corridor

With the advances to digital and social media technology, the importance of direct-to-consumer (DTC) sales for sportswear and athletic footwear has dramatically increased. This is even more evident as these companies use social media platforms to reach customers. While companies like Nike rely heavily on wholesalers and retailers to sell their products, there has been an increased focus on utilizing technology to improve DTC sales (Soni, 2014). Nike recently implemented DTC initiatives using social media to create demand and maintain market dominance (Guard, 2013; Heitner, 2016; Soni, 2014). Specifically, Nike developed the Nike+ app in 2016; however, according to Welch (2016) the new app was not well received due to functionality issues. Given the amplification of social media platforms as a community building tool, a well-made mobile app can play a key role in promoting physical health and other positive outcomes. From Nike's perspective, a well-executed app can achieve a multitude of objectives, including increased DTC sales. Also, a well-made health and fitness app can play a key role in encouraging app users’ physical activities and health habits. The current study employed a modified form of the technology acceptance model (TAM; Davis et al., 1989) to examine factors influencing the use of a sports brand app. It was hypothesized that the perceived level of information and system qualities of a mobile app would influence the perceived level of the three TAM variables. Subsequently, it was hypothesized that the perceived level of the TAM variables would influence app users’ intention to use and the attitude towards the brand. In addition, the current study investigated the gender and age differences with the proposed research model. Data were collected from 261 Nike+ app users using convenience sampling method. A total of 133 respondents (51%) were female 129 were male (49%). About 64.8% were between the ages of 20 and 39 years and 35.2% were aged over 40 years. All respondents had previous experience with the Nike+ app. Harman’s single factor test was conducted to examine the possibility of common method variance (MacKenzie & Podsakoff, 2012). Data were primarily analyzed using partial least squares structural equation modeling (PLS-SEM) and multi-group analysis (PLS-MGA). The data provide evidence to support the usefulness of the modified TAM for predicting behavioral intention and actual use in the context of a sports brand app. Results suggested that perceived enjoyment is a more powerful predictor than perceived ease of use and perceived usefulness. In this regard, the prospect exists of further engagement with customers and increased DTC sales through an enjoyable mobile app experience. A recent marketing report confirms the fact that the perceived ease of use is the primary reason that Millennial mobile app users’ decision to use an app because they prioritize the convenience and flexibility (eMarketer, 2015; McGee, 2017). In addition, the current study found some gender-based and age-related differences in the adoption and use of a sports brand app (Ha et al., 2015). More detailed results and discussion will be presented at the conference.