

Analysis of The Drivers Behind Nike's Sneaker Market Decline and Its Response Strategies

Chenyi Huang *

Stirling College, Chengdu University, Sichuan, China

* Corresponding Author Email: huangchenyi@lsu.edu.gn

Abstract. As the world's largest global brand in the sneaker industry, Nike has suffered a decline in market share in the context of the industry's overall growth in recent years. This study aims to analyse the main reasons for the decline in Nike's sneaker market share and assess the response strategies. The survey demonstrates that rising competition in the industry, evolving tastes of the next generation of customers. And at the same time, Nike is simultaneously implementing a multifaceted response that consists of increasing product innovation, focusing on sustainability, modifying its marketing approach to reconnect with younger customers, and streamlining sales channels to bolster its direct-to-consumer presence. Based on a deep analysis of the relevant data and literature, this study shows that although Nike still has a huge influence in the market, Nike must continue to adapt to the changes in the market and make strategic adjustments and optimisations to maintain its leading position.

Keywords: Nike; Marketing; Customers.

1. Introduction

In the past decade, the global sneaker market has been constantly growing, but Nike's dominance has begun to erode. According to the report of the *Sneakers Market Size and Share*, in 2021, the worldwide sneaker industry was estimated to be worth 79 billion dollars, and from 2022 to 2030, the compound growth rate is projected to reach 5.2% per year, which means that the global sneaker market value in 2030 will reach over 130 billion [1]. However, Nike has become slightly weak in the league. Even though Nike still had 16.4% of the market share in 2024, which is twice as much as Adidas, it declined by 0.7% compared with 2022. Additionally, Nike's market share in its primary markets has been at a standstill or even decreased. Nike's earnings report in 2024 revealed a decline of 1.7% in revenue during the fourth fiscal quarter compared to the same period in 2023, and it is expected to constantly decline in the future [2]. The above discussion leads to the research question: What are the factors that made Nike lose the market share? What's Nike's strategy to deal with it? The significance of researching this issue is that it reflects the current competitive pattern and the changes in consumer preferences, and also informs brands to change their strategies. By researching Nike's challenges and strategies, people are able to learn how the leader of the sneaker industry survives in the changing market.

This article uses approaches of literature review and case study. The literature review focuses on the post-2015 peer-reviewed literature and relevant industry reports, which Aims to capture the latest developments in the sneaker market and ensure the academic rigour of the research. The case study section looks at Nike and its competitors, and compares and contrasts their strategies, market performances, and customer interactions to examine Nike's problems from a wider industry standpoint. This article also provides a comprehensive analysis of the data collected to identify the factors that have led to the decline in market share of Nike. This analysis reveals recurring themes of increased competition, shifting consumer preferences, and supply chain constraints through a combination of academic research and data. The methodology of this study enhances the reliability of the findings.

2. Analysis of the current state of Nike's sneaker market

It is indisputable that Nike continues to dominate the sneaker market. The brand enjoys strong recognition, and its advertising strategies, coupled with celebrity partnerships, effectively attract young consumers and foster their loyalty [3]. Nevertheless, Nike's market share has faced significant pressure and exhibits a downward trend in recent years. According to Visible Alpha, competitors have eroded Nike's existing market share [4]. For instance, revenue from running shoes has increasingly been captured by smaller brands. Research conducted by Andersen further reveals that Brooks holds the largest global market share for running shoes at 22%, with Brooks and Hoka collectively accounting for approximately 50% of global running shoe sales in 2022 [5].

In addition to the emergence of new brands, Nike is also contending with the resurgence of established competitors. Fang emphasized the revival of New Balance within the casual shoe market, attributing its success to a strategy that prioritizes quality and comfort while integrating sports and fashion, alongside an enhanced focus on digital marketing [6]. Following a period of decline, New Balance has reestablished itself in the casual footwear sector. By maintaining a commitment to quality and comfort, merging sport with fashion, and bolstering its digital marketing efforts, New Balance has successfully reclaimed market share and garnered favor among young consumers.

Meanwhile, Nike's sneaker economy has been constantly affected by inventory issues. *The Global Treasurer* (2024) reported that Nike's inventory peaked at 9.7 billion in 2022 [7]. Nike had to sell popular sneaker series at a discount to solve the inventory problem, such as the Air Jordan series. This measure had led to a decline in Nike's profits, and this impact continued until 2025.

While previous studies have offered valuable insights into Nike's brand strategy, competitive pressures, and operational challenges, notable research gaps remain. The existing literature predominantly focuses on either marketing tactics or inventory management in isolation. However, there has been insufficient attention given to the interplay between brand strategy, market competition, and operational risks in shaping Nike's current market position. Consequently, this study aims to integrate these dimensions to systematically investigate how external competition and internal management collectively influence Nike's industry leadership. This approach seeks to address the identified gap and provide a more comprehensive understanding of Nike's strengths and vulnerabilities within today's sneaker market.

3. Analysis of the Current State of Nike's Sneaker Market

3.1. Successful Case: On Running

3.1.1. Technological Innovation

On's core technological advantage stems from its patented CloudTec® foam technology, which redefines the impact absorption mechanism through a hollow pod-like midsole structure. This design enables the CloudTec® foam to achieve a lighter weight while maintaining a lower energy dissipation rate. These biomechanical enhancements address three key consumer demands: providing joint-protective cushioning for long-distance running, minimizing fatigue through lightweight construction, and ensuring durability over a wear cycle exceeding 800 kilometers. This technological edge positions On Running products within the high-performance segment of the market while simultaneously fulfilling the dual functions of athletic gear and casual footwear [8].

3.1.2. DTC Market Strategy

Building on technological research and development, Angpao has implemented a vertically integrated Direct-to-Consumer (DTC) model to enhance its market responsiveness.

As state by Lund, On adopts directed-to-customers (DTC) strategy to acquire data for supply chain management through digital direct marketing, making the supply chain flexible, which allows on to adjust to changes in consumer preferences and demand [8]. On also lies in making sure that running

shoes have a strong performance while concentrating on design to give On running shoes the reputation of "light luxury running shoes", which satisfies consumer demand for running shoes that combined remarkable performance with brilliant exterior [9].

3.2. Market Performance of the Nike React Series

Nike's React series is the main series of Nike running shoes. Compared to On Running, the React series hasn't performed well in the market. The Nike React series has been criticized for its relatively low cost-effectiveness. Nike's React series isn't extremely powerful, but its pricing is on the high side for his class. The cost-effective problem has led to a decline in brand equity among runners, who are more likely to buy similarly performing but cheaper running shoes such as Brooks running shoes [10]. In a survey conducted by Thira and Trianasari involving 400 Nike shoe users in Indonesia, the quality of Nike products received a score of 80.4% [11]. However, the high pricing has led to a reduced willingness to purchase among certain consumers. Nike made significant investments in invention, but their innovation cycle of Nike was excessively lengthy, and the current customer demand for innovative items is swift [12]. As a result, the long innovation cycle led to a lag in the launch process of the Nike React series, failing to seize market opportunities in a timely manner [13].

3.3. Comparative Summary

The contrast between On's agile, consumer-centric strategy and the delayed responsiveness of Nike React underscores the growing significance of consumer-focused innovation and market adaptability within the highly competitive sports footwear industry. Brands that can swiftly align technological advancements with shifting consumer expectations are better positioned to capture and maintain market share in the future.

4. Factors Contributing to the Market Downturn

4.1. Increasing Competition in the Market

In recent years, the rise of niche brands has divided the market share of big brands. These brands attract user groups through differentiation strategies, precise market positioning, and unique product features [14]. For example, On Running's use of high tech to build strong performance and great form factor, so that the product focuses on more than just running, has allowed On Running to successfully build a brand identity [8]. The brand's cross-border co-operation robbed Nike's market. Adidas collaborated with Kanye West and created the Yezzy series, which is capitalized on life trends. Yezzy's unique lifestyle design and the hype of Kanye West's hotness have given Adidas a huge following, attracting a large number of young consumers and shifting attention away from Nike [2].

4.2. Shift in Consumer Preference

Modern consumer demand for sneakers has changed from the initial pure pursuit of functionality to a diverse range of needs. Lund's study of 1,472 runners found that comfort was a major consideration in the purchase of running shoes and that runners were very concerned about the comfort of their running shoes [8].

As environmental awareness spreads, the trend of sustainable consumption influences the sneaker market. According to Niskanen, Environmental awareness has led some consumers to look at brands that use sustainable materials [15]. Nike has begun to focus on sustainability as part of its corporate responsibility, responding to consumer demand for products made from sustainable materials with the launch of the Space Hippie line of shoes made from recycled materials.

The change of the periods has brought about a change in the concept of fashion, and the rise of the "athleisure" style has transformed consumer demand for sports shoes. Brands are trying to mix fashion and performance as modern customers want footwear that is both athletic and usable in daily life. And the current phenomenon is that Nike has lost its competitive edge in this market area as a

result of their limited product launches and lack of a specialized product line in response to this trend [16].

4.3. Supply Chain Issues

The COVID-19 epidemic has had an impact on the global supply chain, and for a sneaker company like Nike, factory closures and logistical disruptions that led by the epidemic caused supply chain problems, which has been an extremely serious challenges for Nike [17].

In their study, Silva found that supply chain problems have directly negative impact on a company's market performance [18]. Supply chain problems will result in factories not being able to deliver products, and companies that don't have enough goods can't keep up with demand of the market. The shutdown of Nike's Asian factories during the epidemic led to delay in product deliveries, which directly leads to a decrease in consumer trust in the company and leads to a decrease in the company's market share and helps competitors to increase their market share.

Nike's transformation of direct-to-consumer(DTC) model has created challenges for the supply chain. The DTC model has become Nike's primary sales model. Das' article highlights that online revenues already account for approximately 40% of Nike's total revenues and will continue to increase in the future [19]. According to Cao's research, Nike's DTC business needs superior delivery performance to cope with consumers' high demand for delivery accuracy [20]. In his research, Cao found that the data model used by Nike to process DTC operations had a fixed processing capacity and was unable to cope with data changes and deal with a wide range of data. Nike's DTC business still has room for improvement.

5. Nike's Strategy for Responding

5.1. Product Innovation and Sustainable Economic Development

Sun's study of new energy vehicles in China found that product innovation and the development of a sustainable economy affect firms' marketing performance and consumer behaviour [21]. Nike continues to invest in product innovation to accelerate the pace of product innovation, the most recent case in point being the launch of Nike's air zoom vaporfly marathon running shoe series. The combination of Nike-developed ZoomX cushioning foam and a large carbon plate makes the Vaporfly series of running shoes extremely powerful. According to Salamanca's research, wearing Nike air zoom Vaporfly NEXT 2% improves performance and reduce muscle soreness [22]. And Guinness et al's research found that wearing vaporfly running shoes at a marathon improves race performance [23]. The Vaporfly series not only provides consumers with an excellent option, but also solidifies Nike's position as elite of the industry.

Growing global environmental awareness leads Nike to focus and place sustainable product lines. Developing a sustainable economy requires businesses to balance the economy and the environment [15]. The Nike Space Hippie line uses about 25 to 50 percent recycled materials on a pair of shoes, with about 90 percent recycled materials, such as recycled plastic bottles and old T-shirts, utilized on the upper, and the sole made up of recycled zoom cushioning foam and Grind rubber [24]. Nike is balancing the environment and the economy. The Space Hippie collection is not only made from recycled materials, but can also be used in sports, which not only meets consumer demand for sustainable material products, but also helps to improve Nike's corporate image.

5.2. Marketing Adjustment

Nike increases the brand's presence on digital platforms in order to adapt to modern consumer media habits and change its past over-reliance on celebrity marketing. Social media is characterized by its ability to connect directly with users, and for brands, social media is a premium medium for understanding consumers [25]. Nike engages social platform users by creating short videos and building interactive activities on social platforms like Instagram and Tiktok.

Short videos and interactive activities are a non-traditional form of advertising for Nike. In Nike's short videos, Nike partners with popular bloggers or Nike-contracted athletes to shoot creative ads that gain higher airtime and increase consumer social media engagement through the popularity of the blogger or athlete and the popularity of the Nike brand itself [26].

Nike's online interactive activities emphasize the interactive experience with consumers. Nike's 'Play New' campaign for 2021 combines Snapchat's AR lenses with Tiktok's interactive challenges to give people a virtual taste of Nike's new products and encourage participation in a wide range of sports [27].

Nike connects with users through digital media platforms by being more in tune with modern language and style to drive Nike's marketing effectiveness.

5.3. Channel Optimization

Direct-to-consumer (DTC) strategy has become the main sales strategy of Nike nowadays, in order to better implement the DTC strategy, Nike closed some of its offline retail stores and focused on the development of online sales channels, which may affect the revenue in the short term, but it can be changed in time according to the changes in market demand, which is conducive to the sustainable profitability in the future [20].

Nike app is a core part of Nike's online marketing. By collecting user data, the Nike app can provide users with a personalized shopping experience and customized products [19]. This approach brings more loyal users to Nike and also helps Nike to observe market trends. However, Nike has been accused of over-stealing user data as a result, but Nike insists on maintaining data transparency to gain users' trust; after all, users' willingness to interact and share information with the brand determines the success of Nike's DTC strategy [28].

6. Conclusion

In summary, Nike's sneaker market downturn is affected by several factors: a more competitive landscape, shifts in consumer demand, and problems in supply chain and channel strategy. These factors together compressed Nike's market share. In order to turn a profit, Nike has taken various measures such as restructuring its sales measures into DTC measures and utilizing digital media platforms to connect with consumers.

Looking ahead, environmental protection remains the theme of the future, and there is a great deal of consumer interest in sneakers made from sustainable materials. At the same time, personalized products, such as customized sneakers, are key to differentiating Nike from other brands, with consumers wanting products and services that match their preferences.

Nike is an industry leader with its own R&D (research and development) capabilities that enable it to lead the industry in innovation and sustainability. Nike needs to insist on the research and development of new materials and processes, and at the same time observe the market trend and change the products and business model in time according to the market trend. This way Nike's sneaker market can not only turn from a downward trend to an upward trend, but also stay ahead of the competition in the future.

In conclusion, Nike has many challenges on its path to market revivals, but it is still anticipated that it will restore its growth momentum and solidify its place as the top sports brand in the world with the help of strategic changes and creative thinking. The secret is Nike's capacity to precisely identify market trends, swiftly modify its strategic course, and provide customers genuinely worthwhile goods and experiences.

References

- [1] Grand View Research, Sneakers market size, share & trends analysis report by product (athletic, non-athletic), by end-user (men, women, children), by distribution channel (online, offline), by region, and segment forecasts, 2024–2030, <https://www.grandviewresearch.com/industry-analysis/sneakers-market-report> (2025).
- [2] L. Scherzer, Nike has lost some mojo. But not its market share, *Front Off. Sports*, <https://frontofficesports.com/nike-brand-struggles-but-dominant-market-share-still> (2024).
- [3] N.P.E. Diantari, J.R. Jokhu, The impact of Instagram as a social media tool on consumer purchase decision on Nike, *J. Ilm. Manaj. Bisnis* 7(1) 116–127, <https://www.semanticscholar.org/paper/THE-IMPACT-OF-INSTAGRAM-AS-A-SOCIAL-MEDIA-TOOL-ON-Diantari-Jokhu> (2021).
- [4] A. Talpade, Nike footwear revenues slip as it struggles to keep its edge amid rising competition, *Vis. Alpha*, <https://visiblealpha.com/data-snapshot/nike-faces-revenues-decline-as-it-struggles-to-keep-its-edge-amid-rising-competition> (2025).
- [5] J.J. Andersen, Running shoes statistics, *RunRepeat*, <https://runrepeat.com/running-shoes-statistics> (2023).
- [6] Y. Fang, Analysis of New Balance's brand positioning and competitive advantages, *Adv. Econ. Manag. Polit. Sci.* 141(1) 1–6, <https://doi.org/10.54254/2754-1169/2024.GA18916> (2024).
- [7] The Global Treasurer, Why Nike is struggling while Adidas is soaring in 2024, <https://www.theglobaltreasurer.com/2024/07/24/why-nike-is-struggling-while-adidas-is-soaring-in-2024> (2024).
- [8] K.E. Lund, T.J. Little, Running shoe experience, *J. Text. Sci. Fash. Technol.* 8(2), <https://doi.org/10.33552/JTSFT.2021.08.000683> (2021).
- [9] J. Laukkanen, Green marketing in running shoe industry, Bachelor's Thesis, School of Business and Management, Lappeenranta Univ. of Tech., <https://urn.fi/URN:NBN:fi:lut-202107071532> (2017).
- [10] N. Adiputra, R.H. Magnadi, Analisis pengaruh desain produk, perceived value, dan promosi terhadap citra merek sepatu Nike (Studi pada konsumen sepatu Nike di Kota Semarang), *Diponegoro J. Manag.* 7(4) 1–11, <http://ejournal-s1.undip.ac.id/index.php/dbr> (2018).
- [11] R. Thira, N. Trianasari, The effect of price, promotion, and quality of products on the purchase decision of Nike shoes products in Bandung, *e-Proc. Manag.* 7(1) 359–364, <https://openlibrarypublications.telkomuniversity.ac.id/index.php/management/article/view/11652/11517> (2020).
- [12] A. Bhutto, H. Brohi, J. Prithiani, R. Khubchandani, S. Kumar, Z. Abbas, Strategic marketing plan of Nike, *SSRN*, <https://ssrn.com/abstract=2760631> (2016).
- [13] Y. Widjaja, The concept of excellence in Nike advertisement “Unlimited You”, *K@ta Kita* 5(3) 149–157, <https://doi.org/10.9744/k@takita.5.3.149-157> (2017).
- [14] A.K. Sahai, A. Goel, Changing phase of industry from generalization to specification: A study on recent innovation in the field of sports shoe segment, *J. Commer. Trade* 13(2) 1–6, <https://doi.org/10.26703/JCT.v13i2-1> (2018).
- [15] H. Niskanen, Sustainability in the sporting goods industry: How Nike, Adidas and Puma have developed company sustainability, Bachelor's Thesis, Metropolia Univ. of Appl. Sci., <https://urn.fi/URN:NBN:fi:amk-2019050606232> (2019).
- [16] A.N. Hoffman, N. Gold, C. Curtin, Nike, Inc.: Late arrival to the “athleisure-wear” trend, *Sage Bus. Cases*, <https://doi.org/10.4135/9781529760170> (2019).
- [17] X. Liu, L. Ma, Y. Zhou, Supply chain management of Nike, in: 2021 Int. Conf. E-Commerce E-Manag. (ICECEM), IEEE, pp. 437–441, <https://doi.org/10.1109/ICECEM54757.2021.00091> (2021).
- [18] C.D. Silva, P.S.A. Sousa, M.R.A. Moreira, G.M. Amaro, Do supply chain management practices influence firm performance? A meta-analytical approach, *Int. J. Inf. Syst. Supply Chain Manag.* 13(3) 1–22, <https://doi.org/10.4018/IJISSCM.2020070101> (2020).
- [19] S. Das, The lessons from Nike's incredible success with apps and customer data, *LinkedIn*, <https://www.linkedin.com/pulse/lessons-from-nikes-incredible-success-apps-customer-data-subhra-das> (2022).
- [20] L. Cao, Predictive modeling of fulfillment supply chain for delivery performance improvement, Master's Thesis, MIT, <https://hdl.handle.net/1721.1/111270> (2017).
- [21] Y. Sun, X. Weng, Y. Li, Product innovation and sustainable marketing: Focusing on customer involvement, *Front. Psychol.*, <https://doi.org/10.3389/fpsyg.2022.945603> (2022).
- [22] M.C. Salamanca, V.R. Carranza, S. Rodríguez-Barbero, J.M. González-Ravé, J. Santos-Concejero, F. González-Mohino, Effects of the Nike ZoomX Vaporfly Next% 2 shoe on long-interval training performance, kinematics, neuromuscular parameters, running power and fatigue, *Eur. J. Sport Sci.*, <https://doi.org/10.1080/17461391.2023.2171907> (2023).
- [23] J. Guinness, D. Bhattacharya, J. Chen, M. Chen, A. Loh, An observational study of the effect of Nike Vaporfly shoes on marathon performance, *arXiv preprint arXiv:2002.06105*, <https://doi.org/10.48550/arXiv.2002.06105> (2020).

- [24] A. Boyko, Sole power: Energy use in the Nike Space Hippie series, *Design Life-Cycle*, <https://www.designlife-cycle.com/nike-space-hippie> (2021).
- [25] C. Balan, Nike on Instagram: Themes of branded content and their engagement power, in: *CBU Int. Conf. Innov. Sci. Educ.*, pp. 13–18, Prague, Czech Republic, <https://doi.org/10.12955/cbup.v5.894> (2017).
- [26] C. Drummond, T. O'Toole, H. McGrath, Digital engagement strategies and tactics in social media marketing, *Eur. J. Mark.* 54(6) 1247–1280, <https://doi.org/10.1108/EJM-02-2019-0183> (2020).
- [27] Interpret, Nike leveraging Snapchat, TikTok for its “Play New” campaign, <https://interpret.la/nike-leveraging-snapchat-tiktok-for-its-play-new-campaign> (2021).
- [28] J. Edwards, Nike, Inc. illegally records private information when customers use Nike website, a new class action alleges, *Top Class Actions*, <https://topclassactions.com/lawsuit-settlements/privacy/nike-inc-illegally-records-private-information-when-customers-use-nike-website-a-new-class-action-alleges> (2021).