

## MARKETPLACE

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### Nike Reinvents T-Shirt

Continued from the prior page styles accounted for 95% of revenue. In apparel, 40% of styles drove 95% of total sales in 2006. While Air Jordan and Air Force 1 are among the best-selling sneaker franchises ever, other Nike products never gained a following and dragged down the company's results with their costs for design, development, transportation and storage.

"They're realizing they don't need 10 to 15 kinds of Jordan shoes," says J.P. Morgan analyst Robert Samuels. "They're really focusing on those things that are selling."

Nike isn't the only one following the less-is-more strategy. Columbia Sportswear Co. recently said it's streamlining the number of the styles for its wind breakers and other outdoor apparel, says Mr. Samuels.

Nike is also reorganizing to focus on its highest-revenue-generating categories: basketball, running, soccer, sport lifestyle, men's training and women's products. All six categories are under the Nike brand. Those areas are expected to account for about 75% of Nike's revenue this year.

The emphasis on six areas puts a longtime Nike sport like tennis on the corporate backburner. It's also a departure from Nike's longtime practice of scattering its design and marketing muscle across nearly the entire sporting-goods world. Tiger Woods, however, won't have to worry: He's part of Nike Golf, which, like the Jordan brand (which centers on hoops legend Michael Jordan), is a separate division of the company.

Nike has gone through shifts in the past. For instance, many senior Nike executives disagreed with the decision to give its Jordan brand its own hub of dedicated design and marketing staff in 1997, according to people familiar with the move. But the maneuver paid off, with the Jordan brand (which sells basketball and nonbasketball sportswear) grabbing some of the biggest revenue gains at the company, posting \$750 million in 2006 sales, a double-digit jump from the year earlier. A similar move has also worked



Tennis star **Maria Sharapova** wears a new Nike T-shirt.

for Nike Skate—which designs and markets skateboarding shoes—albeit with far smaller gains.

Many Nike executives feel that focusing on fewer, high-return areas is a way for the company to connect more deeply with people who are devoted to a specific athletic field, such as basketball fanatics, soccer kids or yoga lovers. The Jordan brand and Nike Skate represent a precursor to this kind of thought.

For Sports Essentials, Nike's apparel group wanted to make the best possible T-shirt, market it aggressively so consumers would recognize it and be confident that it would always be available. "What we're looking to do is evolve into a predictable business that's driven by key styles," says Roger Wyett, a longtime Nike executive who took the apparel helm in April 2006.

To do that, Mr. Wyett's group obsessed about design details. The group decided to use a fabric that combines cotton with a moisture-wicking material. Designers used flatter seams to reduce chafing while moving side seams back to reduce bulk on the sides of the shirt. Double-needle top stitching increased the durability of the neckline, which, in other designs, often gets stretched out.

The group also tested numerous T-shirt prototypes. Mr. Wyett says he saw 74 variations on the neckline alone. The tops come in 10 core colors, about double the typical palette.

For Mr. Wyett, it was a challenge to redesign what many consider an "unglamorous" product. "The hardest assignment to do is something as simple as a T-shirt," he says.

### Nike Gets Back to Basics, Reinventing the T-Shirt

By **STEPHANIE KANG**

**F**OR YEARS, a vast army of apparel designers at Nike Inc. has tinkered with the seemingly simple task of making a T-shirt.

The result was a cache of more than 30 different designs, often with only tiny differences—shirt sleeves that hung an inch or two longer or bottom hems that were curved rather than straight. Some designs were skintight. Others hung loose like sacks.

For the past year, however, a design team at Nike has been seeking to end the T-shirt proliferation. The result is a garment that the company says will be a template for its T-shirts, no matter what color or fabric. In the new design, each shirt will have sleeves that hit the bicep in the same place, a neckline that resists stretching over time, and a fit that is consistent even after multiple washings.

"At some point, you had to ask, did we really need all these?" says Trevor Edwards, vice president of global brand and category management for Nike.

It's a question that's been asked a lot lately at the Beaverton, Ore., company. The new shirt is part of a companywide effort to simplify its product lines and focus on its most popular styles. For years, the company has flooded stores with

thousands of variations on its famous "Swoosh" products, resulting in a vast array of products that were expensive to manufacture and keep track of and that often confused shoppers.

The new T-shirts, along with sleeveless versions, shorts and women's capri pants are the first pieces of a collection called "Sports Essentials" that will likely later include other basics like fleece hoodies and sports bras. The suggested retail price for the Sports Essentials crewneck T-shirt is \$25; the shorts are \$35. After the collection officially launches today, Nike will begin evaluating whether to phase out old versions.

The Sports Essentials project is part of a fiscal plan for the company to reach \$23 billion in revenue by 2011—a boost of 54% from this year—by focusing on fewer, high-return opportunities.

It also represents an attitude shift at the world's biggest sport-shoe and apparel company, where designers could count on being able to rejigger designs year after year. "In the past," says Mr. Edwards, "we focused more on the technology than the need of consumers."

In fact, most of Nike's sales come from just a few areas. Last year, 35% of Nike's footwear

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Nike's new T-shirt