KILL DULL™ INDEPENDENT MARKETING JUDGMENT

PUBLISHED READING NO. 04

NIKE

WAS NIKE RIGHT TO PUT DIRECT-TO-CONSUMER AHEAD OF ITS RETAIL PARTNERS?

Closer to every customer.
Further from every shelf.

SUBJECT	JUDGED ACROSS	AS OF	STATUS
NIKE	4 PS · 12 STANDARDS · 3 LENSES	13 NOVEMBER 2026	SIGNED · ISSUED

BEFORE YOU READ

What you're reading.

A PUBLISHED READING

A Published Reading is Kill Dull's judgment of a marketing decision a company has already made, out in the world. It is built from the public record alone: what the company has said, what it has done, and what independent sources have measured. Every source is listed.

The decision goes through the full interrogation: its consequences across the four Ps, twelve Standards, three lenses, the strongest case on each side, and what we don't know. AI researches and argues both sides. Every finding and the verdict are human judgments. Then it is published, so the judgment is on the record for anyone to read and challenge.

This Reading was made without a word from Nike.

HOW MUCH DEEPER A PRIVATE READING GOES

A Published Reading only sees what a company chose to show. A Private Reading starts from the inside, before the decision is made.

You make the case: the commitment, why you believe in it, and the evidence that matters, including the research, numbers and plans no outsider sees. We interview the people closest to the decision. If something material is missing, we ask. Every Standard is then tested against your evidence, not against assumptions from the outside.

You receive more than a verdict. You receive the reasoning: what the evidence supports, what it doesn't, what remains uncertain, where the judges agree and where they don't. Signed, confidential, and yours, while there is still time to change course.

HOW THE INTERROGATION WORKS

Every commitment puts different things at stake. We follow the consequences through twelve lines of inquiry, each applied once, across the four Ps. Not every Standard matters equally every time. That's why judgment matters.

THIS READING

THE DECISION	In June 2017 Nike said yes to its Consumer Direct Offense, and in June 2020 to its acceleration: Nike's own sites, apps and stores first, and a few strategic retail partners in place of thousands.
THE BET	Selling direct would bring Nike closer to the consumer, faster, at better margins, with data no retailer could give it.
THE RISK	The shelves Nike stepped back from would be filled by rivals, and Nike would carry alone the cost of finding, serving and discounting to every buyer.
WHERE IT STARTS	In Place. Its consequences reach Product, Price and Promotion.
JUDGED	As a decision made on 15 June 2017, accelerated in June 2020 and in retreat since 2024; as of 13 November 2026.

01 · THE CASE

Own the customer. Thin the shelf. Come back.

TOWARD NIKE DIRECT	YEAR	BACK TOWARD PARTNERS
Consumer Direct Offense: “2X Direct”; 40 key retail partners	2017	
Ends its Amazon pilot	2019	
Consumer Direct Acceleration; long-term goal: 50% digital	2020	
Reported cuts: DSW, Urban Outfitters and others	2021	
NIKE Direct $18.7bn; inventory up 23%	2022	
	2023	On and Hoka gain share at Dick’s; $2 billion cost plan
NIKE Direct peaks at $21.5bn	2024	Donahoe: “over-rotated away from wholesale”; Elliott Hill named CEO
	2025	Back on Amazon; Hill meets partners to “reaffirm” them
	2026	Hill: “a NIKE Direct-first offense”, now city-led; wholesale up 6%

THE DECISION

On 15 June 2017 Nike announced the Consumer Direct Offense: double its direct connections with consumers, focus on 12 key cities and on strategic wholesale partners. In June 2020, under CEO John Donahoe, it became the Consumer Direct Acceleration, with a long-term goal of half the business in digital. Since 2024 Nike has been turning back; the decision is being unmade, not yet replaced.

THE CONTEXT

Nike was built through retailers. In fiscal 2017 they took $23.1 billion of its sales and NIKE Direct $9.1 billion. The pandemic then closed stores and sent shoppers online: in the quarter to May 2020, revenue fell 38% while digital sales rose 75%.

WHERE IT STARTS

The decision is made in Place: which doors, sites and apps carry Nike first. Its consequences are not: the product Nike makes for its own channels, the price it must hold or discount there, and the marketing it needs to bring every buyer to it.

COMPETING EXPLANATIONS

The pandemic surge and its reversal, a thin innovation pipeline, the rise of On and Hoka, a weaker China and tariffs could each explain much of what followed. No public source separates them. The Reading judges the decision on its logic and on the consequences Nike itself has attributed to it.

02 · THE FOUR Ps

One decision. Four places it lands.

The decision starts in Place. Its consequences reach the product Nike makes, the price it holds and the marketing it needs. The four Ps mark where the consequences fall; the Standards judge them.

P · FIGURE	CONSEQUENCE	EVIDENCE	TENSION · UNKNOWN
PRODUCT **25%** fewer styles: the 2017 plan of "editing to amplify" (Nike, 15 June 2017)	**Direct first favoured fewer, bigger franchises that sell at scale through Nike's own channels. Seven years on, the biggest of them had to be cut back.**	In 2017 Nike set out to reduce its styles by 25 percent. In December 2023 its $2 billion cost plan included limiting the supply of some products; the Air Force 1 was among those reported as oversupplied. In June 2025 the new CEO set out "to rightsize Air Force 1, the AJ1 and the Dunk." By early 2026, Nike Running was "up over 20%" in a quarter.	TENSION Did selling direct sharpen the product, or narrow it to what sold fastest online? UNKNOWN Whether the slowdown in innovation came from the channel shift or from the 2020 reorganisation that came with it.
PRICE **42.9%** NIKE, Inc. gross margin, fiscal 2026, against 46.0% in fiscal 2022 (Nike)	**Direct was meant to keep the retailer's margin for Nike. Owning the channel also meant owning the discount.**	Gross margin was 44.6% in fiscal 2017 and 46.0% in fiscal 2022. It fell to 43.5% in fiscal 2023, with higher markdowns among the causes, and to 42.7% in fiscal 2025, "primarily due to higher discounts, changes in channel mix and higher inventory obsolescence reserves." In March 2026 the CFO said "digital is still too promotional."	TENSION The channel built to protect the full price became the one that cut it. UNKNOWN Nike does not report the margin of NIKE Direct and of wholesale separately. Tariffs cloud fiscal 2026.
PLACE **$21.5bn** NIKE Direct revenue at its peak, fiscal 2024, from $9.1bn in fiscal 2017; $17.7bn in fiscal 2026 (Nike)	**Where the decision starts: Nike's own stores, sites and apps first; fewer, chosen partners after them.**	In October 2017 Nike said it would focus on 40 key retail partners, out of some 30,000 retailers. It left Amazon in 2019 and was reported in 2021 to have cut DSW, Urban Outfitters and others. Wholesale still grew, from $23.1bn in fiscal 2017 to $27.8bn in fiscal 2024. In fiscal 2026 wholesale rose 6% and NIKE Direct fell 6%. Nike returned to Amazon in 2025.	TENSION Nike cut the breadth and the priority of its partners, not their dollars: wholesale stayed the larger channel every year. UNKNOWN How many doors Nike left, and how much of that shelf rivals now hold.
PROMOTION **$4.8bn** demand creation expense, fiscal 2026, against $3.3bn in fiscal 2017 (Nike)	**A direct business needs marketing that converts today. A brand needs marketing people remember for years.**	Demand creation was 9.7% of revenue in fiscal 2017, about 8% in fiscal 2022–2024 and 10.1% in fiscal 2025, when it rose 9% on "higher brand marketing expense and higher sports marketing expense." In June 2025 the CFO spoke of spending "less money on performance media." In February 2025 Nike ran its first Super Bowl ad in 27 years.	TENSION Was the return to big brand moments a correction of the direct years, or simply a new season? UNKNOWN Nike does not disclose how its spend divided between brand and performance media during the direct years.

Figures are NIKE, Inc.'s own, from its annual results (fiscal years end 31 May). Gross margin covers all channels. Shares of revenue are our arithmetic from Nike's figures.

03 · THE INTERROGATION

Twelve Standards. Every side argued.

Each Standard ends in an interim finding, not a verdict; the findings inform one judgment and are never added up.

STANDARD 01 OF 12

Relevance

Does this matter to the people we need to matter to?

INTERIM FINDING

HMM.

HERE

Did direct first matter to the people Nike needs: the athletes and buyers, and the retailers who reach them?

EVIDENCE

NIKE Direct grew from $9.1 billion in fiscal 2017 to $21.5 billion in fiscal 2024. In the quarter to May 2020, digital sales rose 75%. NIKE Brand Digital then fell 20% in fiscal 2025 and 12% in fiscal 2026. In April 2024 Donahoe said: “There’s not digital shoppers versus physical retail shoppers.”

THE CASE FOR

Buyers came. The direct business more than doubled in seven years, and the pandemic made the app and the site matter more than ever.

THE CASE AGAINST

Buyers shop in many places at once. When the discounts came off, digital shrank, and most retailers learned they were not among the 40 Nike would focus on.

WHAT WE DON’T KNOW

How much of the direct demand was bought with discounts.

STANDARD 02 OF 12

Distinctiveness

Does this make the company easier to recognize or easier to replace?

INTERIM FINDING

DULL.

HERE

Did direct first make Nike easier to recognize, or easier to replace on the shelf?

EVIDENCE

At Dick's Sporting Goods in 2023, On's share of footwear rose from 0.8% to 6.1% and Hoka's from 4.2% to 8.7% (Reuters). Nike's share of global sports footwear fell for a third straight year in 2025, by 3 points to 22.9% (Euromonitor, via Reuters). Hoka, Asics, New Balance and On held 35% of the global market in 2023, against 20% in 2013–2020 (RBC). In March 2026 Nike's CFO said: "we are taking back shelf space."

THE CASE FOR

In its own stores and app Nike is shown as Nike chooses, beside no rival.

THE CASE AGAINST

Nike now says it is taking back shelf space it lost. In our judgment its step back made room, and the challengers grew through the very partners Nike had ranked second.

WHAT WE DON'T KNOW

How much of the rivals' gain came from shelf space Nike released, and how much from their product.

STANDARD 03 OF 12

Value

Does this build perceived value or spend it?

INTERIM FINDING

DULL.

HERE

Did selling direct build the value of a Nike at full price, or spend it?

EVIDENCE

Gross margin: 44.6% in fiscal 2017, 46.0% in fiscal 2022, 43.5% in fiscal 2023 (higher markdowns among the causes), 42.7% in fiscal 2025 (“primarily due to higher discounts”, in NIKE Direct and with partners). Inventory was up 23% at May 2022. In June 2025 Hill set out to “return NIKE Digital to a premium destination”; in March 2026 the CFO said “digital is still too promotional.”

THE CASE FOR

To fiscal 2022 it did what it promised: margin rose to 46.0% while NIKE Direct grew 14% in a year.

THE CASE AGAINST

When inventory piled up, Nike’s own channel became a discount channel, and Nike carried markdowns that partners used to carry.

WHAT WE DON’T KNOW

The margin of NIKE Direct against wholesale; Nike does not report it.

STANDARD 04 OF 12

Credibility

Will people believe this from us?

INTERIM FINDING

HMM.

HERE

Will partners believe Nike when it says they come first again?

EVIDENCE

In 2017 the Nike Brand president said “undifferentiated, mediocre retail won’t survive.” In June 2025 Hill said: “I’m personally meeting with our partners to reaffirm that we’re prioritizing and investing in their businesses.” Wholesale rose 6% in fiscal 2026. Foot Locker bought about 65% of its 2023 merchandise from Nike.

THE CASE FOR

Partners are ordering again, and many cannot do without Nike. The CFO called the relationships “strong” in March 2026.

THE CASE AGAINST

A supplier that ranked its partners second once can do it again. Partners now also carry On and Hoka, and need Nike less than they did.

WHAT WE DON’T KNOW

The terms and the shelf space partners now give Nike.

STANDARD 05 OF 12

Delivery

Can we deliver what this decision asks people to believe?

INTERIM FINDING

HMM.

HERE

Could Nike deliver a direct business at the scale it promised?

EVIDENCE

In June 2020 Nike set a long-term goal of 50% digital. NIKE Direct peaked at $21.5 billion in fiscal 2024, about 42% of revenue (our arithmetic), and was $17.7 billion, about 38%, in fiscal 2026. In June 2025 the CFO expected digital traffic “down double digits” in fiscal 2026.

THE CASE FOR

At its peak NIKE Direct sold $21.5 billion a year, almost as much as all of Nike’s wholesale in fiscal 2017.

THE CASE AGAINST

It did not reach the goal, and it could not sell enough at full price through its own channels to justify ranking its partners second.

WHAT WE DON’T KNOW

Whether NIKE Direct is profitable after technology, store and delivery costs; Nike does not report it.

STANDARD 06 OF 12

Coherence

Does this make the company add up better?

INTERIM FINDING

DULL.

HERE

Did the four Ps add up better with direct first?

EVIDENCE

The 2017 plan joined fewer styles, faster product and direct connections. By 2025 Nike was cutting back its biggest classics, discounting in its own channel and spending less on performance media. In March 2026 Hill said: “For years, we were running a NIKE Direct-first offense.” Nike is moving to a city-led approach.

THE CASE FOR

On paper the plan was one idea: fewer, better products, sold faster, in fewer and better places, to customers Nike knows.

THE CASE AGAINST

In practice Place pulled the other Ps: franchises scaled for digital, prices bent to clear them, marketing tuned to convert.

WHAT WE DON’T KNOW

How much was planned and how much was drift.

STANDARD 07 OF 12

Ownership

What about this can genuinely become ours?

INTERIM FINDING

AAH.

HERE

What did direct first give Nike that is genuinely its own?

EVIDENCE

NIKE Direct was still $17.7 billion in fiscal 2026. The 2020 plan used data from membership programs and Nike's own digital storefronts. The returning CEO is repairing the partner side while keeping the direct one.

THE CASE FOR

The customer relationship, the data and the owned channel are assets no retailer can take back. Nike keeps them as it returns to its partners.

THE CASE AGAINST

Owning the channel meant owning its cost, its inventory and its discounts. The shelf, which Nike never owned, went to others.

WHAT WE DON'T KNOW

What Nike's member data is worth; it has never been disclosed.

STANDARD 08 OF 12

Identity

Does this make the company more itself or less itself?

INTERIM FINDING

DULL.

HERE

Did direct first make Nike more itself, or less?

EVIDENCE

The 2020 plan moved Nike from sport categories to men's, women's and kids'. In 2024 Nike brought back Elliott Hill, a 32-year veteran, as CEO. He is organising Nike into a "sport offense" and says "sport is what creates a halo" over the rest.

THE CASE FOR

Speaking straight to the athlete is close to Nike's character. A direct relationship can be read as an extension of it.

THE CASE AGAINST

Nike's own answer has been to go back: to sport, to partners, to a CEO from its past. In our judgment, that is a company concluding it had become less itself.

WHAT WE DON'T KNOW

Whether buyers ever noticed the change.

STANDARD 09 OF 12

Precedent

What will this yes make easier to say yes to next?

INTERIM FINDING

DULL.

HERE

What did direct first make easier to say yes to next?

EVIDENCE

From the 2017 plan to 40 key partners the same year; out of Amazon in 2019; the acceleration in 2020; cuts reported in 2021. Then a $2 billion cost plan in 2023, a new CEO in 2024 and the “Pace” restructuring in 2026.

THE CASE FOR

It made the next technology investment easier. The 2020 plan unified Nike’s investment in “an end-to-end technology foundation”.

THE CASE AGAINST

Each step made the next cut easier and the return harder: from 30,000 retailers to a focus on 40, then out of Amazon, then out of DSW and Urban Outfitters.

WHAT WE DON’T KNOW

What it would have taken to stop sooner.

STANDARD 10 OF 12

Compounding

What happens if we keep doing this?

INTERIM FINDING

DULL.

HERE

What did keeping on with direct first compound?

EVIDENCE

Revenue: $34.4 billion in fiscal 2017, $51.4 billion in fiscal 2024, $46.4 billion in fiscal 2026. EBIT margin: 14.4% in fiscal 2017 (our arithmetic), 14.7% in fiscal 2022, 8.3% in fiscal 2026. NIKE Brand Digital fell 20% in fiscal 2025 and 12% in fiscal 2026 as Nike repositioned it at full price.

THE CASE FOR

From fiscal 2017 to 2022 growth compounded: NIKE Direct doubled, and revenue and EBIT each rose by more than a third.

THE CASE AGAINST

Later the costs compounded: stock built for Nike's own channel was marked down there, and digital shrank once the discounts were withdrawn.

WHAT WE DON'T KNOW

Where Nike would be without the decision; no counterfactual exists.

STANDARD 11 OF 12

Alignment

What else has to move for this to work?

INTERIM FINDING

HMM.

HERE

What else had to move for direct first to work?

EVIDENCE

Technology, organisation and leadership all moved in 2020. A $2 billion cost plan followed in December 2023. In October 2026 Nike set out “Pace”: about $2.5 billion of savings through fiscal 2031, with about $1 billion of charges.

THE CASE FOR

Nike moved its organisation, technology and leadership behind the bet, as a serious bet requires.

THE CASE AGAINST

Product innovation and inventory planning had to move too, and did not keep pace. A former Nike executive argued the reorganisation lost category expertise.

WHAT WE DON’T KNOW

What happened inside Nike; the record holds only the results.

STANDARD 12 OF 12

Stewardship

What must we protect while we change?

INTERIM FINDING

HMM.

HERE

What did Nike have to protect while it changed: its partners, its price, its pipeline?

EVIDENCE

Wholesale stayed larger than NIKE Direct in every year: $23.1 billion in fiscal 2017, $27.8 billion in fiscal 2024, $27.5 billion in fiscal 2026. Foot Locker, a major partner, bought about 65% of its 2023 merchandise from Nike.

THE CASE FOR

Nike never abandoned wholesale. The larger channel's dollars grew over the period, despite dips in fiscal 2022 and 2025.

THE CASE AGAINST

It protected the dollars, not the relationships or the price. Most retailers were left outside the 40 key partners, and full price was spent in Nike's own channel.

WHAT WE DON'T KNOW

Whether the damage to partner trust is lasting.

04 · THE THREE LENSES

Human Nature. Conditions. Time.

The twelve Standards judge the decision. Three lenses then test whether that judgment will hold: with people, in the world around them, and over time.

People, and the world around them

Evidence can tell us what people did.

It can't guarantee what people will do next.

The world moves too.

LENS

Human Nature

What will people actually notice, want, believe, remember, resist or choose?

INTERIM FINDING

HMM.

HERE

Where do people actually buy, and what do they choose there?

EVIDENCE

Donahoe, April 2024: "Consumers want to get what they want across multiple channels." On sold 58% of its 2025 sales through wholesale and Deckers, Hoka's owner, 59% in fiscal 2026; at NIKE Direct's 2024 peak, the Nike brand sold 56% through wholesale (our arithmetic).

REMOVING FRICTION	**Sometimes removing friction creates value.** Direct removed friction for the fan: launches in the app, delivery to the door, members' access. It also added friction for everyone else: fewer places to try on and pick up a Nike on the way.
THE FRICTION IS THE VALUE	**Sometimes the friction is the value.** The specialist store, the fitting, the advice: friction that sells running shoes. The challengers kept it with partners; in our judgment, Nike gave some of it away.

THE CASE FOR

People liked the app, the launches and members' access; the direct business more than doubled.

THE CASE AGAINST

People choose from what is in front of them. The challengers stayed on the shelf; where Nike thinned, people found them.

WHAT WE DON'T KNOW

Whether buyers lost to the challengers come back.

LENS

Conditions

The world moves too. Culture, economics, technology, politics, the planet.

INTERIM FINDING

HMM.

HERE

What in the world around Nike made direct first look stronger, or weaker?

EVIDENCE

In the quarter to May 2020 revenue fell 38% and digital rose 75%. Greater China revenue fell 11% in fiscal 2026. Tariffs cut gross margin in early 2026; an expected tariff recovery added about 900 basis points in the fourth quarter.

CULTURE	**What could change what this decision means?** Running culture moved toward new performance brands while Nike leaned on lifestyle classics. Direct first did not cause the shift, but it left Nike with less shelf from which to answer it.
ECONOMICS	**What changes when people feel richer or poorer?** When buyers feel poorer they shop around, and Nike's own channel must discount to keep them. In December 2023 Nike cited cautious consumer spending.
TECHNOLOGY	**What could technology change about this decision?** The app and data were the reason for the decision. In 2025 Nike went back to Amazon: the largest digital shelf is one Nike does not own.
POLITICS	**What could politics or policy change?** Tariffs fall on every channel; in our judgment a direct seller carries more of the stock, and so more of the cost, itself. Nike's margin in fiscal 2026 swung with tariffs.
PLANET	**What could the physical world change about this decision?** Direct means more parcels to more doors and more returns. The record holds no measure of what the shift did to Nike's footprint.

THE CASE FOR

The pandemic rewarded direct at exactly the moment Nike accelerated it.

THE CASE AGAINST

The pandemic surge did not last. Building for it as permanent was, as one critic argued, extrapolation.

WHAT WE DON'T KNOW

How much of the decline is conditions and how much the decision.

Over time

Some consequences take longer to show themselves.

Years. Sometimes decades.

LENS

Time

What strengthens, erodes and compounds? How far can it change? What does it make possible next?

INTERIM FINDING

HMM.

HERE

What does time do to direct first?

EVIDENCE

NIKE Direct: $9.1 billion in fiscal 2017, $21.5 billion in fiscal 2024, $17.7 billion in fiscal 2026. Wholesale rose 6% in fiscal 2026, then fell 1% in the quarter to August 2026, when NIKE Direct fell 8%. Investor Day is set for 16–17 November 2026, after this Reading's evidence cutoff.

STRENGTHENS	**What strengthens?** Nike's direct capability: its own stores, sites, app and data, still a $17.7 billion business.
ERODES	**What erodes?** The partners' trust, and Nike's claim to the shelf.
COMPOUNDS	**What compounds?** The challengers' place with the partners: every season they hold the space, buyers learn to choose them.
HOW FAR	**How far can the company change without becoming less itself?** Far in how it sells, it seems, not in where it sells. Nike was built in sport and with retailers; it is now going back to both.
WHAT NEXT	**What does this decision make possible next?** A Nike that sells both ways: direct for the members, partners for the shelf. Whether that is the outcome is what the next Investor Day and the next years will show.

THE CASE FOR

The direct capability stays. With partners restored beside it, Nike may end with both.

THE CASE AGAINST

Partner trust and shelf space take years to win back, and rivals hold them meanwhile.

WHAT WE DON'T KNOW

What Nike sets out at Investor Day.

Dull rarely happens all at once.
Neither does density.

05 · THE JUDGMENT

What carried the most weight.

1 **Nike reversed it itself.** Coherence and Identity. Established: in April 2024 Donahoe said Nike had "over-rotated away from wholesale a little more than we intended"; in March 2026 Hill described "a NIKE Direct-first offense" and is rebalancing. It weighed most because the company, which sees every internal number, has reversed the ranking; that is not proof of what caused the wider decline.

2 **The shelf went to others.** Distinctiveness. Established: On and Hoka gained share at Dick's in 2023, the challengers' global share rose, and Nike says it is "taking back shelf space". Inference: some of that space was released by Nike's priority, not won by product alone.

3 **The price was spent in Nike's own channel.** Value. Established: gross margin fell to 42.7% in fiscal 2025, primarily on "higher discounts", with "increased markdowns across NIKE Direct"; the CFO calls digital "still too promotional". Inference: owning the channel meant owning the discount.

4 **A real asset was built.** Ownership. Established: NIKE Direct is still a $17.7 billion business. It weighed against a harsher reading: it is why the verdict falls on the ranking, not on selling direct.

5 **Other causes are real.** Conditions. Established: the pandemic surge and reversal, China's decline and tariffs. In our judgment they explain part of the outcome, not the reversal: Nike's own leaders named the channels.

THE STRONGEST CASE AGAINST

Was the channel the mistake, or the product?

The best case against: Nike's trouble came from product, the pandemic and China, not from where it sold. Classics were oversupplied, running lost ground to On and Hoka, and the pandemic surge reversed. Direct more than doubled, margin reached 46.0% by fiscal 2022, and wholesale grew in dollars, the larger channel every year: Nike ranked its partners second, never abandoned them. The product argument is strong, and partly right; Hill's fixes start with product. But the ranking did not work as intended: Nike's leaders named and reversed it, its 2025 markdowns ran "across NIKE Direct" as well as with partners, and it is "taking back shelf space". No public source separates channel from product, pandemic, China and tariffs; the verdict rests on the ranking, not on Nike's whole decline.

WHAT AAH, HMM AND DULL MEAN

AAH.	The commitment deserves to be made.
HMM.	Something consequential remains unresolved.
DULL.	The commitment does not deserve to be made in its present form.

WHAT WE KNOW, WHAT WE INFER, WHAT IS OPEN

ESTABLISHED

Nike announced the Consumer Direct Offense on 15 June 2017 and focused on 40 key retail partners that October.

NIKE Direct grew from $9.1bn (fiscal 2017) to $21.5bn (fiscal 2024), then fell to $17.7bn (fiscal 2026).

Gross margin fell from 46.0% (fiscal 2022) to 42.7% (fiscal 2025), in 2025 primarily on higher discounts.

Donahoe said Nike "over-rotated away from wholesale"; Hill described a "Direct-first offense" he is moving away from.

Wholesale rose 6% in fiscal 2026 as NIKE Direct fell 6%.

REASONABLE INFERENCE

The challengers grew partly on shelf space Nike released.

Ranking direct first led Nike to carry discounts partners once carried.

The direct capability will outlast the reversal.

UNRESOLVED

How the decline divides between channel, product, the pandemic, China and tariffs.

The profit of NIKE Direct against wholesale.

How many doors Nike left, and how much shelf it has won back.

Whether partner trust is restored.

What Nike sets out at Investor Day, 16–17 November 2026.

FIFTEEN INTERIM FINDINGS

01	Relevance	HMM.	02	Distinctiveness	DULL.
03	Value	DULL.	04	Credibility	HMM.
05	Delivery	HMM.	06	Coherence	DULL.
07	Ownership	AAH.	08	Identity	DULL.
09	Precedent	DULL.	10	Compounding	DULL.
11	Alignment	HMM.	12	Stewardship	HMM.
	Human Nature	HMM.		Conditions	HMM.
	Time	HMM.			

Interim findings, not verdicts. Nothing is scored or added up: the verdict is one human judgment across the whole decision.

WHAT WOULD CHANGE OUR MIND

- Evidence that NIKE Direct earns more profit per dollar than wholesale after all its costs, across the cycle.
- Evidence that On's and Hoka's gains came from product alone, not from shelf space Nike released.
- A return to growth led by NIKE Direct at full price, with wholesale flat.
- Door and account counts showing partners were never materially cut back between 2017 and 2024.
- Evidence that the 2020 reorganisation, not the channel priority, caused the product slowdown.

06 · ONE VERDICT

The four Ps deserve one verdict.

Building a direct business was right; ranking it ahead of the partners was not.

Direct, not direct first. In our judgment the question is not whether Nike should sell to people itself. It should, and still does: $17.7 billion a year. The question is whether its own channels should come first and its partners second. On the record, the answer Nike itself has reached is no.

What it does for customers. For the fan, direct gave launches, access and delivery. For everyone else it meant fewer places to find Nike, and in those places more of the challengers. When Nike's own channel filled with stock, customers were trained to wait for the discount.

What it does to the company. It built a large direct business and the data that comes with it. It also cost margin, shelf and the trust of partners. The repair began under Donahoe and has been led since October 2024 by a new chief executive. Revenue, margin and profit in fiscal 2026 were all below their peaks, for reasons that reach beyond the channel.

What weighed most. Nike's own reversal, the shelf space taken by challengers, and the price spent in Nike's own channel. Against them weighed the asset Nike built, which is why, in our judgment, the commitment fails in its present form, not in every form.

What remains unresolved. How much of the decline belongs to the channel and how much to product, the pandemic, China and tariffs; no public source separates them. The profit of NIKE Direct is not reported. Relevance, Credibility, Delivery, Alignment, Stewardship, Human Nature, Conditions and Time remain HMM. Distinctiveness, Value, Coherence, Identity, Precedent and Compounding are DULL. Investor Day falls after the evidence cutoff.

AAH. HMM. DULL. 2026

DULL

KD INDEPENDENT MARKETING JUDGMENT

SIGNATURE

Peter Buck

FOUNDER & CEO, KILL DULL

DATE OF JUDGMENT 13 November 2026

Sources

Built from the public record: every source was published by, and opened on, 13 November 2026. AI researched and argued both sides; every finding and the verdict are Kill Dull's.

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https://www.sttinfo.fi/tiedote/62002996/nike-inc-announces-new-consumer-direct-offense-a-faster-pipeline-to-serve-consumers-personally-at-scale

2 NIKE, Inc. Reports Fiscal 2017 Fourth Quarter and Full Year Results, Nike (SEC), 29 June 2017
https://www.sec.gov/Archives/edgar/data/0000320187/000032018717000056/exhibit991erq42017.htm

3 Nike turns its back on 'undifferentiated, mediocre' retailers, RetailWire, 26 October 2017
https://retailwire.com/discussion/nike-turns-its-back-on-undifferentiated-mediocre-retailers/

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WAS NIKE RIGHT TO PUT DIRECT-TO-CONSUMER AHEAD OF ITS RETAIL PARTNERS?

In 2017 Nike put its own stores, sites and apps ahead of its retail partners, and since 2024 it has been turning back. This Reading argues every side of that decision from the public record before the verdict.

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