

Nike touts edgy ads but shares fall on mixed earnings

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Nike reported quarterly revenue gains in September 2018 in all four of its regions, with the strongest increase in China, where year-over-year revenues gained 24 percent to \$1.4 billion

Nike's CEO said Tuesday a controversial ad campaign featuring Colin Kaepernick was connecting with consumers worldwide but shares fell

after the sports giant reported slowing growth in China.

Nike Chief Executive Mark Parker, commenting on an earnings call for the first time since the Kaepernick ad was released September 3, said he was "very proud" of the spots and that the company had seen an uptick in online traffic and social media mentions since it was released.

"We know its resonated actually quite strongly with consumers, obviously here in North America but also around the world," he said. "It's really transcended North America to touch people around the world."

The comments came as Nike reported a 15 percent jump in earnings for fiscal first quarter 2019 to \$1.1 billion.

Revenues climbed 10 percent to \$9.9 billion for the period ending August 31.

Nike scored revenue gains in all four of its regions, with the strongest increase in China, where year-over-year revenues gained 24 percent to \$1.4 billion.

However, that jump was a bit below the 35 percent leap in year-over-year revenues reported in the prior quarter.

'Record engagement'

Nike's results were also pinched somewhat by higher costs, as it ramps up spending on sports marketing and its direct selling business. That spending caused the profit margins to come in below some analyst forecasts.

Chief Financial Officer Andy Campion said full-year [revenue](#) growth

was now projected at the low end of the prior range due to the strong dollar.

Parker defended the spending as needed to realize the ambitions for more direct selling to consumers and "becoming more personal at scale."

To that end, Parker said the "Just Do It" [campaign](#) with Kaepernick had succeeded in introducing the slogan to the "new generation of consumers."

The name of Kaepernick, a [civil rights](#) activist who has been criticized by President Donald Trump, was not explicitly mentioned during the call.

The campaign also features other Nike stars, such as tennis player Serena Williams and American football players Odell Beckham Jr. and Shaquem Griffin, all of whom were mentioned by Parker.

Some critics took to social media to destroy their Nike garb over Kaepernick, who has essentially blacklisted by the National Football League over his civil rights activism.

But many marketing experts consider the campaign a success and some data has shown an uptick in online sales since the spots were shown. The ad has been seen as a winner with non-white and younger [consumers](#).

"Like many campaigns, it's driving a real uptake in traffic and engagement," Parker said on a conference call. "We've seen record engagement with the brand."

Nike shares had risen 3.2 percent following the ad's release but fell Tuesday in after-hours trading and were off 4.1 percent to \$81.50.

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