

The Platform Trade-Off: Nike's Amazon Exit and the Restructuring of Control, Margin, and Customer Ownership From 2019-2024

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Abstract

In 2019, Nike made the most radical move to date, breaking away from Amazon to develop its Consumer Direct Offense strategy further. It was a strategy that focused on greater brand control, high profits, and owning consumer data through proprietary properties, including the Nike App and SNKRS. The early period of this strategic turn out proved quite promising; direct-to-consumer revenues experienced remarkable growth, digital interaction began to accelerate, and investor confidence drove the company's stock to an unprecedented level.

By 2023-2024, the model, however, pointed to underlying structural constraints. Digital revenues grew more slowly, competition intensified, and consumers flocked towards websites that provided more convenience and price visibility. What started as a bold experiment in platform independence revealed weaknesses regarding scalability and long-term resilience.

This paper examines Nike's path out of the platform and back, utilizing financial and strategic reports, while also considering industry intelligence. The results highlight the two-sided nature of platform secession. Although it may provide short-term expansion and autonomy in operations, it carries the risk of long-term weakness in markets where network effects and competition prevail. The re-engagement of Nike with Amazon in 2025 can demonstrate the strategic urgency of mixed efforts that would allow achieving the advantages of both extensive letting platforms and a specific ownership channel.

Keywords: *DTC (Direct-to-Consumer); RBV (Resource-Based View); TCE (Transaction Cost Economics); SNKRS (Nike's sneaker application/platform); COVID-19 (Coronavirus Disease Pandemic 2019); FMET (International Conference on Financial Management and Economic Transition)*

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1. Introduction

The maturity of international e-commerce distributors, such as Amazon, Alibaba, and eBay, has radically changed the retail landscape, offering brands previously unattainable opportunities for expanding distribution while simultaneously placing new strategic pressures on organizations. They provide access to tens of millions of consumers instantly and facilitate efficient logistics operations, all while operating within a trusted transactional ecosystem. However, the benefits are somewhat offset by drawbacks such as the loss of authority over brand presentation, the squeeze in margins due to platform charges, and, perhaps, the loss of immediate consumer data, which is crucial in generating innovation and fostering long-term commitment (Hagiu & Wright, 2015).

It is often referred to as the platform trade-off and forces consumer-brand organisations to switch between two opposing poles: platform dependence, which is associated with offers significant reach and advantages, and platform independence, where the focus is on control, exclusivity, and greater engagement with the consumer. This dilemma has become strategically relevant due to the growing pace of consumer demand and rapid digitisation. Brands that choose to interact with platforms are prone to being commoditized based on price, whereas those that follow the direct-to-consumer (DTC) strategy face the challenge of increasing operations and maintaining a competitive edge in a fragmented market environment.

The case of Nike and its 2019 decision to leave Amazon presents this dilemma. Known as the king of sportswear innovations and the boundaries of marketing, Nike revolutionized the market by canceling its collaboration with Amazon, which had contributed up to 510 percent of the firm's online sales when their relationship was formed (RetailDive, 2020). The move was positioned as the foundation of Nike Consumer Direct Offense, a platform that bolsters personalization, expands proprietary digital experiences like the Nike App and SNKRS, and lowers dependence on intermediaries. In its investor relations messages, Nike stated that it had a mission to form a premier, direct relationship with consumers (Nike Investor Relations, 2020).

There was initial evidence to support this shift in strategies. Direct-to-consumer (DTC) sales of Nike grew to US\$21.9 billion in 2024, with 42.7 percent accounting for overall revenue —compared to 29.5 percent when Amazon was divesting its Kasvuolike component. Figure 1.1 displays a steep increase in digital revenues, reaching a high of 79 percent in 2021, during the pandemic e-commerce boom. Meanwhile, the company's stock price reached an all-time high of US\$158 in 2021, a testament to strong investor trust (Figure 3).

By 2024, it became evident what limitations the DTC model had. A saturated market, a crisis with Adidas, the newcomer niche brands in the performance brand market, and a shift in consumer taste in the environment of economic instability diluted the period of Nike's development. The revenues were declining for the first time in almost ten years, and the firm's equity changed negatively. In May 2025, Nike changed its mind and, as a result, resumed its relationship with Amazon to support the need for wider distribution and favorable prices, thereby successfully competing in the international market.

This paper presents a strategic case study of Nike and its decision to shut down and then reopen its operations on Amazon, driven by platform economics. It aims to provide a response to the research question: What role did the platform-independence strategy play in Nike's growth trajectory, operational efficiency, and competitiveness, and what can be concluded about its significance in proving the postulates to the world of operating consumer brands? Investigation: The thesis combines financial performance analysis with strategic appraisal, with its basis in the theoretical conceptualizability of the resource-based view (RBV) and transaction-cost economics, as well as the explanations of the basis of competitive advantage.

The structure of this paper is as follows. In Section 2, I have provided a literature analysis of platform strategy and digital commerce topics. Section 3 presents a detailed case study of Nike's strategic transformation, supported by financial data and industry reports. Section 4 presents the findings' implications within the realm of strategic theory, and Section 5 closes with implications for the reader manager and offers suggestions for future research.

2. Literature Review

The platform economics and digital transformation literature provides a critically important information base regarding Nike's strategic position between 2019 and 2025. There are two seminal studies that provide relevant insights into Nike's digital effort and organizational transformation.

2.1 Digital Transformation and Organizational Capability Building

[1] The paper provides an in-depth overview of the transformation made by Nike to a digitally oriented business model. The authors employ a longitudinal approach, tracing the strategic and operational changes of Nike as the company adopted digital technology. The main idea argued is that digital transformation is not just about purchasing technologies, but entails a comprehensive configuration, leadership, and development of capabilities at various levels of the organizational structure. The analysis records how Nike has actively hired tech-savvy veteran leaders, such as a Chief Digital Officer, and made numerous investments in its own ventures, including the Nike App and SNKRS. Such efforts support Nike's Consumer Direct Offense strategy, which aims to enhance personalization, informed decision-making, and consumer interaction.

One of the few strengths of the paper is the subtle way it portrays the development of capabilities as a multifaceted and non-eventual process. Mapping the development of Nike through the stages of digital exploration, capability integration, and system-level alignment, the study advances toward a deeper understanding of the connection between technological competencies and the essence of global branding. Additionally, the paper situates the digitalization of Nike within the broader context of organizational ambidexterity, highlighting the firm's ability to strike a balance between exploiting existing resources and exploring emerging opportunities.

Currently, despite these contributions, the paper has outstanding shortcomings in terms of scope and depth in analyzing external strategic decisions. Although it provides strong evidence on internal governance and capability paths, the study fails to delve into Nike's decision-making in the distribution chain, specifically its exit from Amazon, followed by reentry. Moreover, the financial or competitive performance results of these digital investments have not been clearly tested in the study, hence providing an incomplete picture of the performance implications. These introspections limit the capacity of the paper to discuss platform economics and trade-offs of channel governance.

The topicality of the study, as it relates to current research, can be underscored by its focus on the aspect of capability building as it relates to the realization of digital strategy. The paper provides the foundation for analyzing the interactions between these capabilities and expansion factors in the market by documenting the mechanisms that helped Nike operationalize its DTC ambitions. The present study contributes to this narrative by questioning the premise that Nike was internally digitally prepared enough to offset the structural drawbacks of platform neutrality, especially as the company navigated changing consumer needs and increased competition.

2.2 Marketing Strategy, E-commerce Expansion, and Consumer Engagement

[2] In the work analysing the pathing of digital transformations, the authors research the subject of innovative marketing activities at Nike and their impact on brand relevance during the COVID-19 pandemic. Offering case-based evidence and descriptive statistics, the authors emphasize Nike's responsiveness in adapting social media campaigns, partnerships with influencers, and user-generated content to strengthen consumer loyalty during times of supply-chain

disruptions. The paper highlights how Nike has shifted towards hyper-customized digital experiences, which are made possible and achieved through the use of AI-powered recommendation engines and mobile-first engagement modes. The implementation of omnichannel strategies, including the use of so-called click-and-collect services and prolific online and offline integrations, is brought about as a thriving driver of revenue stability during the period of the extended closure of brick-and-mortar stores.

The key contribution of the study is that the measurement of consumer engagement, as well as ROI in marketing, is analyzed in a granular study format and can be considered the evidence base for the claim that Nike has attained marketing leadership. The paper demonstrates the effectiveness of Nike's customer-centric orientation, as evidenced by an increase in the number of downloads, social engagement rate, and repeat purchase behavior. Also, the authors strip the synergy of technological investments and the ability to tell a creative brand story as a mechanism to position Nike as the first label to integrate data analytics with cultural salience.

However, the article is limited to a short-term perspective of analysis. Its time frame bears a lot of resemblance to the pandemic years (2020-2021), restricting the applicability to more steady economic times. Furthermore, the distribution architecture of Nike is assumed to be a constitutive fact that is insensitive to the consequences of withdrawing platforms, or to the viability of the strategic risks associated with increased DTC reliance. In turn, the paper offers a partial view of how marketing innovation interacts with channel governance in shaping firm performance.

These omissions have been addressed in the present study by integrating Nike's marketing success into a wider structural narrative. As much as the article sheds light on how Nike leveraged digital tools to retain and maintain engagement, this paper will investigate whether the operational and financial burdens posed by platform independence were compensated. By doing so, the paper places marketing agility at the center, not as a single variable, but as one that is tied to an overall strategic setup that eventually had to be re-tuned via Amazon reflection.

2.3 Synthesis and Research Gap

The literature that remains highlights two similar thematic strands: the model example of digital transformation at Nike and its enhanced consumer engagement capabilities. Both strands emphasize the forward-looking orientation of the brand and its ability to integrate technology into the main operations and marketing. However, there is a critical point to consider about these contributions: they do not question the platform trade-off as a strategic phenomenon. The Nike case with Amazon and its withdrawal, a strategic move that restructured its position in the competition, has attracted little attention regarding its long-term outcomes in terms of performance and theoretical aspects. Furthermore, the co-evolution of internal capability construction and external channel strategies in turbulent market conditions has not been adequately addressed in the literature.

The given research attempts to fill this gap through a longitudinal, multi-theoretical investigation of Nike's exit and reentry into Amazon. By combining the resources of the Resource-Based View, Transaction Cost Economics, and industry analyses, the study can clarify the performance implications of platform independence, the limitations of internalization, and the reasoning behind strategic flexibility. This way, it contributes to the scholarly understanding of platform economics. It provides hands-on advice to organisations that negotiate the conflict between reach and control on a digitally mediated marketplace.

3. Study: Strategic Transformation (2017-2025) Nike

3.1 Data and Methodology

The analysis will rely on the annual financial statements of Nike Inc. for 2017-2025 and will be supplemented with the reports on the market of the industry and publicly presented strategic communications. Some of the key

performance indicators incorporated are Total Revenue, Nike Direct Revenue, Nike Direct Share %, Digital Growth Rate, Stock Price, and Net Income. Statistical indices, compared to the periods before the 2019 Amazon divestiture and the events that followed, help estimate the reflection of strategic results. Charts that depict observed trends are illustrated.

3.2 Pre Exit Performance (2017-2019)

Nike has enjoyed significant growth even before the partnership with Amazon came to an end. Total revenue declined after growing by US\$34.3 billion in 2017 to US\$19.1 billion in 2019. The Nike Direct revenue has increased by US\$8.8 billion to US\$11.6 billion, which adds to its percentage of contribution to total sales by 25.6% to 29.5%. The company has been registering a mean digital growth rate of 35% that can be linked to the initial investments in personalized tools and mobile applications. This momentum was reflected in the equity market, where share prices increased by around 64 percent during the three-year period to reach a high of US\$94 by 2019. However, there arose strategic issues (such as a growing dependence on a third-party platform) that undermined the control of the brand and restricted access to first-party consumer data, and margin compression due to the nature of the Amazon commission structure.

3.3 Further (2020-2024) Post-Exit Surge

In 2019, the sale of the most radical move in Nike brought on the most extensive digitalization. Key findings are the following:

Revenue Growth: Nike experienced a compound annual growth rate (CAGR) of 8.2 percent in total revenue in 2024 compared to 2020 values of US\$37.4 37.4billion.

DTC Dominance: Nike Direct revenue grew to US\$21.9 billion, which is 42.7% of the total revenues by 2024 (Figure 2).

Digital Growth stagnation: Despite the sharp growth at the start of the digital initiative, the growth has since decelerated when compared to 2021 and recorded 79 percent growth compared to 2020, which was a higher improvement relative to 2021 to 2019.

Stock Price Surge: The equity price of Nike has soared to US\$158 in 2021, which is a 67 percent increment from that of 2019 (Figure 3).

Figure 1 shows the made current and Nike Direct revenue, and Figure 2 shows the increasing share of Nike Direct sales in the total revenue mix. But as of 2023, the rate of growth in digital has once again decelerated slightly, leveling at 19% and in 2024, the digital growth decelerated further by 3 per cent - the first negative digital growth since 2014. At the same time, in 2024, the company registered a decline in the valuation of its stock by 29 per cent with the effects of discounting, cost-saving measures implemented to remain up to date, macroeconomic turbulence, and rising stock prices in the warehouses, which all had a negative effect on profitability.

3.4 Amazon Reentry in 2025

In May 2025, Nike declared it was re-entering the Amazon market after six years of absence, stating that it had to regain market exposure, overcome competition from Adidas and newcomers, and streamline the processes of inventory flow via the omnichannel. That ruling also highlighted a recognition that unclouded models of direct-to-consumer had intrinsic drawbacks with regard to aspects of scale, business, and consumer sensitivity.

Figure 1: Nike Revenue figures in trend (2017-2025)

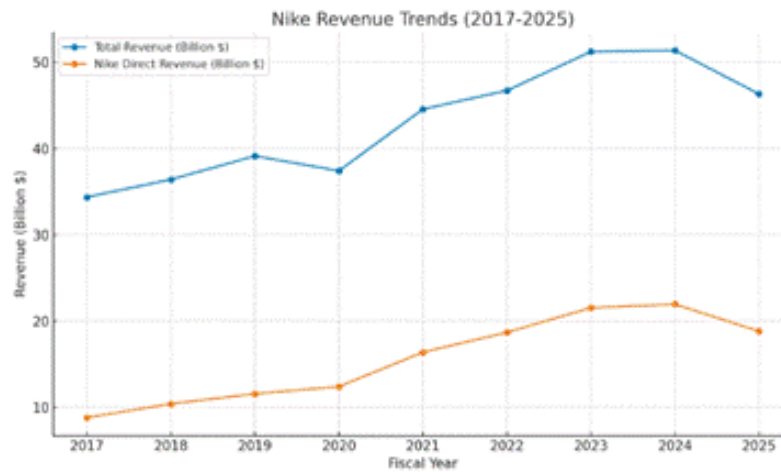


Figure 2: Nike Direct Share of Total Revenue (%)

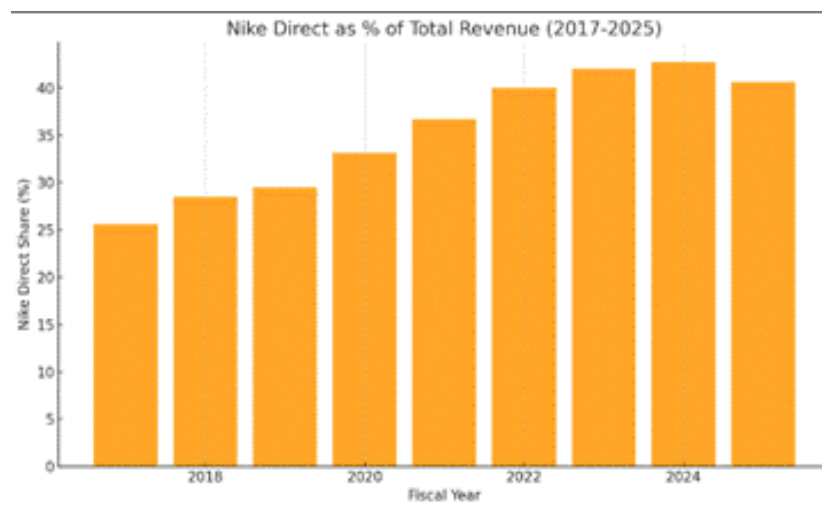


Figure 3: Stock Price Trends (2017–2025)



This corresponds to 86 percent of the study population (Refer to the visual charts presented above.)

4. Discussion

The oscillatory approach of Nike in terms of platform autonomy and reentry to external platforms proves to have a multifaceted interaction of internal resources, market dynamics, and economic trade-offs. The empirical pattern of growth at the beginning, followed by the absence of growth, and finally, the reorientation towards growth-based approaches can be considered with the help of various theoretical considerations, such as the Resource-Based View (RBV), the Transaction Cost Economics (TCE), and the 5 Forces of Porter.

4.1 Resource-Based View (RBV)

In the RBV framework, the initial success Nike enjoyed after its exit from Amazon can be attributed to the fact that this firm has had unique, scarce assets - brand equity, digital platform, and consumer trust. These capabilities helped to support personalised experiences by the Nike App and SNKRS to beneficially support competitive differentiation. These resources at first provided a sustained competitive advantage when analysed in terms of the VRIO metrics: value, rarity, inimitability, and organisation.

However, the RBV also throws up restrictions on liquid markets. Proprietary channels were desirable and hard to find, but were relatively difficult to scale. With the digital penetration being nearly at a saturation point in 2024 and price sensitivity increasing, the exclusivity and control direct-to-consumer platforms offered were vied against market coverage and volume. This inflection is a simple illustration of the inherent limitation of the advantages of the resources held inactive - they decrease as the consumer behaviour and competition do without external reinforcement through dynamic capabilities. Nike needs to re-engage with Amazon in 2025, thus, as an adaptive strategic realignment, in order to revive its resource base.

4.2 Transaction Cost Economics

The commercial economics of transaction Cost Economics can give further insight with regard to the pivot shift in Nike. With the initial reduction in dependency by DTC, the firm, in effect, gained greater control and optimised margins to a greater extent. Yet the trade-offs that featured with this autonomy were the increasing coupled cost of coordination investments in logistics, warehousing, customer service, and technology-intensive infrastructure.

In its turn, the platform model used by Amazon spreads these costs throughout the vast system, thus acquiring economies of scale that cannot be easily acquired by single brands. As the intensity of competition increased, as well as the volatility of the demand, the fragmentation costs required to sustain a fully internalised channel exceeded the advantages gained as a result of exclusivity. This can be noted to support the thesis of the author Williamson that the mechanisms of governing should reduce the total transaction costs, instead of just treatment costs. The new partnership with Amazon, then, is an ideal way to look at Nike as having made a practical adjustment to these inefficiencies.

4.3 Porter's Five Forces: Structural Pressures and Strategic Response

The decisions of Nike can also be placed into context using the framework according to Porter:

- Buyer Power Buyers: Due to the economic crisis, customers were interested in having the cost and the convenience of their purchases, and that is why the popularity of aggregator services, including Amazon, only increased.
- Competitive Rivalry Rivals (like Adidas and new niche brands) firmly entered the price-sensitive segment, reacting to platform exposure.
- Threat of Substitutes Nike faced low switching costs that both pushed customers driven to seek alternatives when the prices did not seem flexible in the DTC channels to Nike.
- Supplier Power and Barriers: Nike continued to enjoy a great supplier relationship, but the growing cost of inputs during inflation demanded a lot of margins, causing the platform to become unprofitable due to the high volume of sales.
- Threat of New Entrants**: There were low barriers to entry, and digitally native brands disaggregated markets and put pressure on Nike to rethink its exclusive approach.

All these jointly undermined the original benefits of platform independence, a theme on the structural irreducibility of hybrid distribution in incumbent markets.

4.4 Alternative Strategic Directions

There is one critical question: would Nike have practiced a dual strategy early enough to reduce revenue volatility? By maintaining a selective presence with commodity SKUs and directing higher-value goods through its own platforms, scale may have been achieved without compromising exclusivity. Such dual-channel models were shown to be viable, including a number of luxury brands (e.g., Apple and LVMH), where reaching and preserving brand integrity must be balanced.

Nevertheless, the decision by Nike to wholesale drop could be attributed to signal implications. A complete withdrawal projected confidence, which strengthened its story of Consumer Direct Offense and triggered investor enthusiasm. Reflectively, concealed dangers were inherent in this signal-strategic stiffness under a very dynamic environment.

4.5 Strategic Flexibility and Broader Implications

This is truly the epitome of strategic flexibility: the ability of Nike to pivot in response to turbulence. This flexibility is also similar to the flexible approach of Teece in the dynamic capabilities theory that focuses on sensing, seizing, and reconfiguring according to uncertainty. The established means of distribution, through the reevaluation of platform

access, enabled Nike to reorganize its governance structure and signaled hybrid distribution models as the prevailing one in contemporary retail.

The ramifications are not only for Nike. In the case of global consumer brands, pure DTC strategies, which seem to be appealing in terms of balance of data and demand for margins, fall prey to demand shock, or the case of competitor intrusion, and increasing fixed costs. On the other hand, platform dependence subjects firms to commoditization and the loss of differentiation. It is probable that the future will be dominated by companies that have perfected the practice of maximizing omnichannel control and reach through the active selection of platforms that have been integrated together.

This argument takes on another shape in the case of a small or medium-sized enterprise (SME). SMEs do not necessarily have the brand name and financial resources that Nike has, meaning they cannot maintain independence of the platform, even at scale. As a result, the trade-off cuts heavily into the participation of the platform, yet innovation in consumer engagement continues to be critical in differentiation.

4.6 Key Takeaways

- The Resource-Based View does more than just explain the early competitive advantages Nike enjoyed. Chevron The theory also highlights the decline of non-dynamic resource advantage in the face of non-dynamic adjustment.
- Transaction Cost economies elucidate the hidden cost of full internalization and justify the rationale of efficiency of platform re-entry.
- Using the Five Forces framework prepared by Porter, the structural pressure that ensured the neutralization of benefits gained due to the direct-to-consumer exclusivity became apparent.
- Resilience in digital commerce is founded on strategic flexibility rather than one based on categorical commitment.

5. Conclusion

The Nike 2019-2025 strategic direction is an interesting prism with which to view the issues of platform economics, digital transformation, and competitive strategy. The spin-out of Amazon was an example of an assertive project of gaining independence in the platform with the premise that it would have had the best efficacy of brand management, capturing margin, and consumer closeness via direct-to-consumer (DTC) channels. This experiment has generated significant short-term advantages: Nike Direct revenue increased, digital penetration rose, and the firm has positioned itself as a standard of how digital-first retail can be. These results supported the existing discourse in strategic management that companies that use proprietary ecosystems are able to increase consumer engagement at scale and secure themselves against commoditisation.

Nevertheless, the ensuing slowdown of the growth rate and subsequent reappearance of Nike in Amazon apply pressure to the latter because it suggests that a universal framework of best practice is the DTC model. More likely, the case demonstrates the nature of trade-offs at the heart of governance choices: the advantages of control and exclusivity have to be measured against the realities of economies of scale, cost structures, and transformed consumer beliefs. The case of Nike shows that platform exit strategies, though symbolically powerful, have structural risks- such as an increase in coordination costs, vulnerabilities to demand shocks, and loss of presence in fiercely competitive markets.

Theoretically, the case illustrates how the internal and external market environments interact with the company's resource structures. The Resource phenomenon: The Resource-Based View describes Nike's early DTC success as an outcome of VRIO resources, including brand equity, proprietary applications, and consumer trust. However, the loss

of these benefits during the conditions of acute competition and buyer power justifies the importance of dynamic capabilities- the ability to adapt channel strategies to the turbulence of the environment. The strategic turnaround of Nike can also be explained within the framework of Transaction Cost Economics: the reposition of Amazon decreased the cost of governance and reclaimed the right to demand aggregation with the help of a platform. The Five Forces analysis, as developed by Porter, further puts this decision within the framework of an industry where switching costs are minimal, there are high levels of rivalry, and buyers' bargaining power is on the rise.

The bigger picture here is that strategic malleability, as opposed to the doctrinaire faith in one model school, is the essence of digital market-place resiliency. A hybrid business model that combines controlled channels and preferences, forming collaborations with selected platforms, would seem to be the best solution for finding a balance between control and scaling. In the case of both major companies and small-to-medium ones, the case of Nike can be regarded as a model that should be avoided, rather than the withdrawal of the platform, and the ability to organize adaptive channel building with the use of the data.

Finally, Nike provides an important lesson to strategy scholars and strategists: in a platform-driven economy, competitive advantage is short-lived, and it is agility within organizations, more than its ability to incur change, that makes the difference.

6. Limitations in current research and Expectations for future research

Although this paper provides a precise examination of the strategic choices made by Nike, it is limited by several constraints that can guide potential future research. First, the analysis is based on a single-firm case study, thus limiting the ability to generalise the results to differences between industries or organisational situations. Even though Nike represents a global market leader in the consumer goods segment, its brand equity and resource endowment can be amplified in different ways. Specifically, the platform dependence-independence effects it has may differ when applied to smaller parties, adventure-market companies, or businesses with lower brand differentiation purposes.

Second, the methodological use of secondary financial information and authorship reports limits the ability to identify subtle managerial intent and decision-making in action, as secondary data are limited to the past. Such access to executive interviews or internal memos might help inform the appreciation of the organisational rationales behind exit and re-entry decisions on platforms. Similarly, consumer behaviour information, including churn rates, lifetime value, and qualitative analysis about brand perception, was out of the scope of this research, but would be able to provide a more holistic picture of the strategic outcome.

Third, the temporal frame (2017-2025) represents a specific epoch not only by the macroeconomic volatile situation but also by the COVID-19 crisis. The pandemic spawned post-historical spikes in online business and provisionally shifted consumer behaviour in ways that might not translate into future trends. Indicatively, in 2020-2021, the increase in Nike's digital revenue was in part subsidized by lockdown-induced e-commerce usage, which may inflate the perceived payoff of a DTC-heavy strategy too. In addition, the supply-chain shocks and worldwide uncertainty must have played a role in distributing Nike in forms that make it hard to separate the impacts of the platform exit on the bigger exogenous shocks. Therefore, the contextual variable of COVID-19 has turned out to be both a strength in terms of analysis and a limitation in terms of external validity.

Comparative designs might be used in the future to examine how various firms make platform trade-offs in various industries, regions, and economic conditions. Moreover, predictive knowledge to practitioners would be obtained by considering quantitative modelling of channel governance strategies, which include cost structures combined with demand elasticity and competitive responses. Lastly, it would be beneficial to apply the theoretical framework to the frameworks of behavioural economics and consumer psychology and expand the understanding of the impact that the

choice to be more engaged with the platform has on the rates of loyalty, trust, and perceived value.

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