Nike cancels retail orders due to supply chain problems

By Olivier Guyot - 26 November 2021

There is no reason why Nike too should not be affected by the disruption in the global supply chain for sneakers. The senior management at Nike’s major competitors, German groups Adidas and Puma - like Nike both dealing with closures at their Vietnamese suppliers’ factories in recent months, and with difficulties in shipping goods from Asia to the rest of the world - announced they were expecting stock-outs for some products during the year-end festivities. The same disruption is expected to hit the production of Spring/Summer 2022 collections.

In September, Nike voiced concerns about its ability to sell its seasonal collections for the year-end festivities, given that half of Nike sneakers are sourced in Vietnam. In the last few weeks, the sector has hinted at the difficulties multibrand retailers might experience in being able to stock Nike’s most popular products in the near future. Brendan Dunne, who manages Full Size Run, a US podcast series on sneaker culture, publicly shared an email Nike sent to one of its retailers, announcing the cancellation of the retailer’s order.

“COVID-19 continues to impact the global supply chain and create transportation disturbances,” stated the email, adding that “as a result of this dynamic and unprecedented situation, we regret to inform you that Nike Futures orders for spring 22 and summer 22, and the balance of winter 21 orders, will be cancelled.”

Nike also indicated that re-stocking would not be possible “until further notice,” and concluded by saying that “we understand that this decision is hard to accept. Our goal is to start shipping orders again as soon as possible.”

A few years ago, Nike announced that it intended to prioritise its direct sales channel and a limited number of close retail partners, but the fact that the group’s retailers are having their orders cancelled is concerning. Nike is a key player on the sneaker market. In the last fiscal year, closed at the end of May, footwear generated a revenue of $28 billion for Nike.