Marketing Plan for Under Armour

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I. Executive Summary

This report discusses Under Armour’s current marketing plan, their positioning in the sporting goods market, and recommendations to improve their market share. After analyzing a multitude of sources, this report has found key information about Under Armour as a company. In addition, the external forces effecting Under Armour will be identified, as well as consumers’ buying behavior and the various strategies used in the marketing mix. A SWOT analysis of Under Armour was also performed, identifying the strengths, weaknesses, opportunities, and threats facing the company. Though there are others, Under Armour’s biggest strengths are great brand equity, as well as simply selling a very high quality product. Their biggest weakness is their lack of a global presence, but this also presents them with an opportunity to expand their brand into Europe and Asia. As for threats, Under Armour risks losing sales to competitors who mimic their products. This SWOT analysis will be covered in much more depth later in this report. Using all of the information gathered, five recommendations have been developed that would help Under Armour have even more success in the sports apparel market. The top five recommendations for Under Armour are for them to begin a line of products that can be easily personalized, sponsor more prominent athletes, expand their overseas presence, develop a partnership with a technology company, and open more factory stores. The remainder of this report will delve into all of these topics in much more depth.

II. Introduction

As stated above, this paper will discuss a number of topics related to Under Armour and their marketing. Under Armour is an athletic clothing and footwear company that was founded in 1996 in Baltimore, Maryland by Kevin Plank. Since its emergence on the scene, Under Armour has made great strides in expanding both its own business and its market share. Under Armour is a publicly traded company that is traded on the New York Stock Exchange under the ticker symbol “UA”. Under Armour gained its original success by specializing in compression clothing, but have now ventured into focusing on producing athletic clothing that keeps athletes both warm and dry. Under Armour’s main NAICS code is 31522 Men's and Boys' Cut and Sew Apparel Manufacturing, but they also belong to various other codes in the 315220-315990 range, all of which refer to either men’s or women’s athletic gear, footwear and accessories (Colbert, 2013).

Though Under Armour began by selling compression clothing made from technologically advanced materials, they currently sell all types of clothing, though much of this still utilizes these materials. This report will look into Under Armour as a whole, but with special attention paid to the clothing line. As Figure 1 shows, the majority of Under Armour’s sales come from apparel. Under Armour is best known for their HeatGear and ColdGear product lines, which keep the wearer comfortable in a variety of conditions. They also sell running shoes, basketball shoes, and both soccer and football cleats. Aside from gear that is worn, Under Armour sells equipment such as soccer balls, water bottles, backpacks, and almost any item that can help an athlete by even better.
Under Armour’s overall mission is “to make all athletes better through passion, design and the relentless pursuit of innovation” (Under Armour Mission, Vision & Values, 2013). With that being said, Under Armour also has many other goals, both short term and long term. One such goal is to have total revenues reach $4 billion by the year 2016. With last years revenues just under $2 billion, this goal is very ambitious, but given current growth rates it can be done. Another goal at Under Armour is increase the popularity of their women’s clothing line. In fact, CEO Kevin Plank has been quoting saying, “We want to make a statement that UA Women has really arrived” (Meehan, 2013). Since its founding in 1996, Under Armour has done extremely well, extremely fast. In September 2013, Fortune Magazine named Under Armour the 53rd fastest growing company in the United States (Colbert, 2013). Not only has Under Armour had great success in recent years, but they are still in the growth phase, meaning the company will continue to grow and gain market share. As Figure 2 shows, Under Armour has grown quite steadily in the past 5 years, with both revenue and net income increasing annually (Colbert, 2013).
III. External Environment – Situational Analysis

External Forces

Competitive:

The competitive atmosphere for Under Armour is that of pure competition. Though there are a select few companies that dominate the market, overall the market is that of pure competition market because there are many companies that sell similar products at similar prices. Under Armour’s two biggest competitors are Nike and Adidas, whose gross revenues of $25.3 billion and $19.7 billion respectively, vastly overshadow Under Armour’s $1.8 billion (See Figure 3). However, these companies were founded much earlier than Under Armour and there is hope that one day Under Armour will surpass them and become the industry leader. One positive trend for Under Armour from a competitive standpoint is the fact that their competitors may have reached their maximum potential. This belief stems from the fact that Nike’s 12-Month Revenue Growth was 4.9% and Adidas’ was 11.5%, while Under Armour had an exceptional rate of 24.6% (Colbert, 2013). The fact that Adidas has been inconsistent is a positive competitive trend for Under Armour and is an opportunity to take over an even bigger piece of the market share. In fact, there are very few negative trends in the competition department because external factors continue to benefit Under Armour.

Figure 3

Economic:

A major sportswear supplier, Under Armour has been seeing both positive and negative economic trends within the past year. The market for sports apparel is growing, which could be great for Under Armour. According to Forbes, “The global sports apparel market was worth $135 billion in 2012, according to our estimates. We expect the market to grow at a CAGR of 4% during 2012-2019 to reach $178 billion” (Forbes, 2013). A growth in the sports apparel market presents Under Armour with an opportunity to increase revenues, but only if the economy as a whole recovers. Even if the sports apparel market does continue to grow, Under Armour may not be able to capitalize on it because their products are more expensive than some of their competitors. This means that the growth in the sports apparel market will benefit cheaper, generic companies, leaving the pricier Under Armour out of the trend. With the unemployment rate at 7.3%, higher than what Congress and the United States population would like it, consumers may not be willing to spend the extra cash for better quality Under Armour products, compared to less expensive sportswear companies. With consumers scared about
potentially losing their jobs, this is a negative trend for Under Armour considering they are a higher end sportswear company. If the economy can recover while the sports apparel market grows, Under Armour will potentially have huge profits.

Social:
People desire to live healthier lifestyles than they did in the past. Under Armour provides athletic performance gear to many professional, collegiate, high school and club teams around the world. They also sell their performance gear to the casual person to be able to workout in. According to the Daily Mail Online a greater number of men and women have become more active between the years of 2001 and 2009. “The number of women getting sufficient weekly exercise increased from 46.7% to 51.3%, while for men the figure increased by a single point to 57.8%” (Daily Mail, 2012). These numbers show that more people are focusing on getting into better shape and working out, Under Armour should expect a boost in sales especially in woman’s performance clothing.

Under Armour has recently had a campaign going out to women athletes, a competition to redefine the female athlete. With the recent trends of more females starting to workout more so than in previous years, having a competition geared towards the female athlete is sure to help boost sales and company’s reputation. The regular consumer will remember Under Armour when shopping for performance gear and be more likely to buy from them. With woman’s sports becoming bigger and more prominent, having contests like the one they are having is good advertisement for Under Armour.

Regulatory:
Under Armour faces the same regulatory forces that almost all major companies in the United States face. Laws like the Sherman Antitrust Act and the Clayton Act protect consumers from monopolistic practices. The government regulates the market for goods in order to ensure fair competition to the best of its abilities. The majority of the regulations that are relevant to Under Armour have to do with manufacturing. In order to keep prices competitive, Under Armour produces the majority of their products using third party manufacturers, found mostly in Asia, Central and South America, and Mexico. Due to the fact that they use foreign labor, any law that limits this could be potentially harmful for Under Armour. The collapse of a Bangladeshi garment factory in April of this year that killed over a thousand workers will likely bring about new regulations, though no major legislation has stemmed from it as of yet. The same regulations put upon Under Armour are put upon their competitors so there is no real disadvantage.

Technological:
The technological advancements of the past decade have been beneficial for Under Armour. It was technologically advanced materials that gave them their start, but now similar materials could also be a threat due to external forces. Nike’s Dri-Fit clothing line and Adidas’ ClimaCool line mimic materials that Under Armour uses. By making similar clothing to Under Armour, these companies have been able to steal some of Under Armour’s customers, especially those looking for compression gear. It is ironic that the technology that first drew customers to Under Armour is now in their competitor’s hands and drawing customers away. Another piece of technology that influences Under Armour is the rise in the popularity of the Internet. Though not
directly related to clothing, the Internet’s exploding popularity between 1996 and now has meant Under Armour is able to advertise to more people and sell from their website, which is where the majority of their sales come from. While technology has had a negative effect every now and then, overall technological improvements are a positive trend, especially for an innovative company like Under Armour.

SWOT Analysis

Strengths:

Under Armour has many strengths that allow it to be one of the leading athletic apparel companies. These strengths include strong online sales, high brand equity, customer loyalty, an innovative culture within the company, and strong product recognition. Under Armour is a well-respected company and consumers who purchase products from Under Armour are often so pleased that they become repeat customers, sometimes deciding to buy exclusively from Under Armour from then on. The culture within the company is also a big strength. Employees at the headquarters in Baltimore are encouraged to work out at the office everyday; in fact, there is a basketball court in the middle of the headquarters. This culture within the company attracts some of the country’s smartest young people to come work at Under Armour. Another strength of Under Armour is simply that they sell some of the highest quality material clothing in the sporting goods market. Under Armour also benefits from its good image in the public eye. While Nike is often associated with and slandered by claims of using sweatshops, Under Armour has been able to avoid bad press for the most part. One way they have done this is by implanting a strict Code of Ethics. In their Code of Ethics, Under Armour states, “we require that all of our manufacturers adhere to a code of conduct regarding quality of manufacturing and working conditions and other social concerns” (Under Armour, Inc. - Who Makes Our Products, 2013). One of the biggest strengths the Under Armour has is the fact that they are still in the growth phase, with a lot of potential to continue to grow. According to The Wall Street Journal’s Market Watch, Under Armour’s market share over the past year alone has “grew to 13.65% of U.S. market from 11.07%”. The same source also reported that Sterne Agee analyst Sam Poser said, “While Nike is doing a very good job, so is Under Armour. Retailers want to find the strong alternative to go to. Adidas has been inconsistent. Under Armour keeps coming up with the new products and interesting ideas” (Cheng, 2013). The strengths of Under Armour are numerous and when put together it is easy to see why they have been able to grow so rapidly in the past 17 years.

Weaknesses:

Of course, no company is without their weaknesses. In the case of Under Armour, their biggest weaknesses are a lack of a customization line, lack of female focus, limited product range, relatively high prices, and a weak presence outside of the United States. Under Armour does the majority of their sales online, but one thing that is missing from UA’s website is a section for customization. The technology is there so it is a mystery why they have chosen not to allow for personalization yet. Under Armour also has a weakness of lacking a substantial female following. Sales of women’s clothing make up only a quarter of their total sales, but Under Armour is working to improve this number. In fact, CEO Kevin Plank has been quoted as saying, “Women’s has the potential to be larger than men’s,” when referring to sales numbers (Meehan, 2013). Though they are trying to increase future sales to women in a major campaign, currently Under Armour has a weakness in their lack of female focus. Another problem with UA’s current
marketing strategy is a lack of diversification of their products. Under Armour makes their products very well, but their product line is limited. A final weakness of Under Armour is that they are too focused on their domestic presence. Under Armour has a very small market share of foreign athletic apparel and this may be because they want to secure a stronger foothold here in the US before venturing whole-heartedly into foreign expansion. However, they seem to be doing well enough domestically that it is time to take their international expansion more seriously.

Opportunities:
Under Armour is certainly doing well as a company, but they are faced with a multitude of opportunities that, if taken advantage of, could lead to a larger market share. As touched on earlier, Under Armour’s biggest opportunity is to expand into other countries. While they do have some foreign stores, their competitors have far more. Under Armour could really benefit from strengthening their presence in Asia, Europe, and Australia. Another opportunity for Under Armour is the fact that people are striving to lead healthier lifestyles, which is a social trend that has been growing for the past decade. With more people exercising regularly, Under Armour’s target market has grown and will continue to do so as long as this trend exists.

Threats:
On their road to becoming an even more successful company, Under Armour has to face threats from external forces. Under Armour first gained success by developing a lightweight material that wicks sweat away from the body, keeping the wearer both dry and warm. This material was used in product lines such as HeatGear and ColdGear. After seeing the success of Under Armour’s new materials, their competitors began developing similar materials. Nike’s DriFit and Adidas’ ClimaCool are examples of competitors trying to piggy back off of Under Armour’s success and are a threat to Under Armour. Another threat is that Under Armour’s prices are not necessarily cheap, which means that any negative fluctuation in the economy could affect sales. If the United States suffers through another recession, the implications for Under Armour could be disastrous because their products are certainly not a necessity.

IV. Marketing Segmentation

Market segmentation is a marketing strategy that involves dividing a wide target market into smaller groups of consumers, who have similar needs and desires. After putting these consumers in smaller groups, the company must then start implementing strategies to target the consumer’s needs and desires using media channels to allow them to reach the consumers. Under Armour is targeting the population of people who are looking to stay fit and stay in shape. Initially Under Armour was targeting younger athletes, more so at the collegiate level. However, as their company has grown they have expanded their target market to include men, women and children of all ages. Due to the fact that their products happen to be more expensive than some competitors, they target consumers who are more financially stable and have higher incomes. This becomes apparent when looking at the distribution of their stores. More often than not, Under Armour sells their products to wholesalers who are in financial stable, if not well off, areas.
Under Armour feels that they target their consumers best by using a selective distribution strategy, this is used for products that are not in every retail store, but there are some within a geographical area. Under Armour uses stores like Dick’s and Sports Authority to distribute their product because they know that people will only be shopping in these stores to find sporting goods and sports apparel. Under Armour, who only sells sports related products, only needs retail stores like these to reach their targeted markets.

The external industry for Under Armour is looking very promising. Within the last ten years, there has been a growing demand for sporting and fitness goods as people are trying harder to keep fit and stay in shape. This is huge for Under Armour because as more people are looking to stay active, people will be going to sporting goods stores to buy Under Armour gear. Also, the United States’ economy in general has been getting better after the recent recession. While the unemployment rate is still lower than desired, it has been getting a bit better. This especially helps Under Armour, as they have their products being sold at relatively high prices, if the economy continues to improve, more families will become more financially stable, allowing them to afford Under Armour products.

According to Under Armour’s internal data their sales have gone up by 18% from 2011 to 2012 (Colbert, 2013). This shows that consumers are demanding more of the Under Armour product and due to the fact Under Armour is a young company, it is expected the sales will continue to grow in the coming years. As Under Armour strives to expand their product overseas to Europe and Asia it has to be expected that the demand for their product will rise substantially. Overall it must be assumed that Under Armour is going to have a positive growth rate in the coming years, as consumers will be demanding more and more Under Armour sporting goods.

V. Consumer Buying Behavior

Under Armour dabbles in quite a few fields of merchandise; in fact, Under Armour sells everything from jogging shoes to hunting boots to hats to shirts. However, the majority of Under Armour’s profits stem from their athletic clothing. Under Armour first relates to its customers when a consumer first recognizes that they have a need or want. This need or want may be for new running shorts or a workout shirt, but regardless the need or want must be recognized. Once a consumer realizes that they desire to buy new athletic clothing, they search for information. Consumers are likely to search for information on the Internet, in magazines, or by talking to friends. Consumers may also see advertisements for stores that sell Under Armour products. The Internet has become an extremely valuable marketing tool for Under Armour in the past decade. The next step in the buying process is alternative evaluation, where consumers assess the value of Under Armour’s products against those of their competitors, such as Nike and Adidas among others. All three of these companies have fairly similarly priced items, but Under Armour seeks to differentiate itself with its fabrics, which are known for keeping the user dry and warm. The fourth step in the buying process is the purchase decision, in which the consumer literally buys the item. This is often done in a store or online using either cash or a credit/debit card, which will be subsequently discussed. The final step is the consumer’s post purchase behavior, in other words how happy they were with the product. Under Armour hopes that its customers will be so pleased with their purchase that they will become brand loyal and not have to go through the
information or alternative evaluation steps in the future. In fact, Under Armour takes such pride in their customer service that this motto is posted on their site: “Our mission is clear: Make All Athletes Better. If you are not 100% satisfied with your gear, return it for a full refund. Anytime. Any Reason. Guaranteed” (Under Armour Customer Service, 2012). If a customer is unhappy, Under Armour allows the consumer to return the product, but hopes they will not disregard Under Armour for future purchases.

When deciding from which company to buy athletic clothing, consumers are faced with many options. A consumer could buy a generic shirt to workout in and while this is cheaper, some are willing to spend extra money for a better quality product. Under Armour’s clothing is moderately to highly priced (roughly $20 for a nice shirt) and while this may seem expensive, the quality of the material is very high. The most common ways of actively searching for information when buying moderately cheap clothing are to search the Internet, using sites such as Google, or asking friends for their opinions. They also may simply go to retailers that carry several brands for consideration during the shopping experience. Other ways that Under Armour hopes to influence consumers even if they are not actively looking for information include commercials or billboards.

In the process of buying an Under Armour product, the consumer will be using both objective and subjective criteria to make the right decision. Under Armour, being a big sporting apparel provider, must consider these consumers objectives when buying sporting apparel. Under Armour has to match other competitors in many aspects to satisfy their customer’s needs. Consumers will be looking to make sure they are provided with characteristics such as reasonable price, the correct fitting size and comfortable material. With athletes and consumers always looking to find that extra edge against their competitors, it is important that Under Armour can supply their customers with high quality apparel that will help their consumers compete at a high level, as well as making the apparel comfortable. As for schools and organizations looking to buy their teams apparel, they will look at the same aspects and criteria. They need to supply their players with performance enhancing and comfortable gear, while still trying to save money. Under Armour gives schools and organizations deals and discounts through sponsorships and contracts, for instance Loyola is sponsored by Under Armour, meaning all of our student athletes are provided with Under Armour apparel. While consumers are trying to pick the right apparel they also have their subjective needs and wants. They are looking for style in their apparel and want the newest gear on the market. Under Armour has to develop cutting edge designs and clothing that is appealing to consumers. Sports teams are always looking for the best styles and designs for their teams and players to wear. College football teams now have upwards of 4 different jerseys, showing the demand for new styles, so it is important the Under Armour is coming out with new design for these jerseys regularly. For instance, the University of Maryland, where Under Armour founder Kevin Plank attended college, always has flashy new jerseys that are state of the art in terms of style and functionality. For the individual consumer, they will pay for these Under Armour items using either cash or credit card. On the other hand, organizations and universities sign long term contracts with Under Armour for their teams to wear their apparel.

The level of involvement in a purchase for a product that Under Armour produces varies because Under Armour sells to both the individual customer and to schools, professional teams,
and professional athletes. This can take the level of involvement from high-level involvement to mid-level involvement. In mid-level involvement, when selling to the individual, there are not too many brands being examined. Consumers considering buying a product from Under Armour are likely to examine only a few other brands, most likely Nike, Adidas, or Reebok. At the mid-level of involvement there are only a few product attributes evaluated and only a few information sources being used, both of which are true when a consumer considers buying from Under Armour. The products sold at Under Armour are not often more than thirty dollars, so it is more expensive than routine problem solving, but not expensive enough to be considered extended problem solving. It is also not a high-risk purchase because customers can return the product if they are not satisfied with it.

In contrast, when selling to a university sports team, the school will examine various brands to determine which would be best for their athletes and several sellers. Many product attributes will be evaluated because teams will want to make sure the attributes fit their athletes’ needs. Many external information sources will be used in research of the quality and use of the products, meaning considerable time will be spent searching in order to ensure that Under Armour is the right vendor. Greater involvement makes sense because for a school to purchase Under Armour equipment, much more money is spent because hundreds of pieces of gear are bought, as opposed to a single consumer buying just one piece. In addition, this kind of purchase is usually an extended commitment often involving contractual agreements that lock a school into this provider for years to come.

Consumers will weigh many costs and benefits in their decision of whether or not to buy an Under Armour product. Consumers will weigh whether or not the quality is good enough for their use, they will want to know what the companies prestige is like and what types of people recommend the company. They will weigh the experience of the product to the experience of other competing brands, and they will also want to know if the product satisfies other customers who have experience with Under Armour. The customer will be giving up a little time looking for the product they are searching for and the money they pay for the product, but this is true of any purchase decision. Under Armour’s products are easy to purchase and are affordable, putting them in the perfect position to compete with other brands. The buying behavior of Under Armour’s consumers is an opportunity for the company because as the company gets bigger and bigger more people will recommend it to their peers, which is one of the sources consumers consult before purchasing a product. Another opportunity for Under Armour is its online presence. More and more frequently Under Armour has adds on other websites, such as Facebook and YouTube, which helps spread the name and influence potential consumers to buy from Under Armour.

VI. Marketing Mix

Product Strategy:
Under Armour takes pride in the fact that their performance gear utilizes the newest and best technology. One of the things that distinguishes Under Armour from various other athletic clothing brands is the material from which their clothes are made. Under Armour has HeatGear, ColdGear, and StormGear, all of which are copyrighted and have slight differences. HeatGear
keeps athletes dry while working out by wicking the sweat off of their bodies. On the other hand, ColdGear keeps athletes warm while working out in a colder climate by trapping heat close to the body. And lastly, the StormGear line, which includes both clothing and footwear, utilizes a waterproof material that does not allow water to penetrate it. Under Armour’s competitors, amongst them Nike and Adidas, have tried to expand their product line to include similar products after seeing the success of Under Armour, but their versions are not yet at the same level as Under Armour’s. The primary characteristics of Under Armour’s clothing are that it is comfortable and keeps the user dry/warm. The auxiliary dimensions are that the customer knows they are buying a fashionable product and for a reasonable price. As seen later in this paper, Under Armour is not the most fashionable brand in their field, but rather they are somewhere in the middle of the pack. However, the image of Under Armour as being fashionable is increasing as they release new products in new styles and colors.

Under Armour has high brand equity because it is well known and marketed very well. Under Armour makes children’s clothing and sponsors famous athletes that children idolize. They do this in hopes of fostering a relationship with these children that will be lifelong. Under Armour has great brand loyalty, meaning customers who purchase Under Armour are willing to pay slightly higher or go out of their way to get Under Armour’s products. Under Armour’s brand equity is also high because it has an extremely recognizable symbol, the intertwined ‘U’ and ‘A’ (See Cover Page). The final way in which Under Armour has managed to develop great relationships with their customers is their reputation. Whereas Nike has been accused of using sweatshops in Southeast Asia to manufacture their goods at an extremely cheap price, Under Armour is not connected with these same accusations. That means a lot because in this day and age it is more important than ever for a company to be environmentally and socially responsible. Consumers admire Under Armour for not only their top of the line products, but for their reputation as a responsible company.

*Figure 4*
Figure 4 is a perceptual map comparing Under Armour and its’ competitors in the sporting goods market. Two important factors consumers take into consideration while buying sports apparel are how expensive the product is and how it looks on the consumer. This map displays how consumers see Under Armour in comparison to its competitors on a price scale as well as a fashion scale. This shows that Under Armour is one of the more expensive products compared to their competitors, with Nike being the only brand more expensive. Another big reason why Under Armour differentiates from competitors in the pricing aspect is because of their technological innovation. Under Armour is constantly exploring different ways to give their athletes an advantage over their competitors. Due to the time and effort Under Armour puts in to give their consumers top quality products, they have some of the most expensive apparel. Meanwhile, Under Armour is on the lower half of the map when it comes to fashion, sitting just above Reebok and Russell who are two of the least popular and expensive among sporting brands. Based off of this map, Under Armour may want to work on making their products more fashionable so they can appeal to people looking for a product that is stylish, as well as functional.

Under Armour targets athletes and those who wish to become athletes with the sole purpose to make them better. A part of their mission statement states, “Every product we build must be better than what's currently available on the market... And every product must make athletes better” (Under Armour Mission, Vision & Values, 2013). This product is perfect for the target market because there is currently and always will be a necessity for athletic performance gear. Under Armour is affordable to the target market. Their market expects a higher value out of Under Armour and that is what allows them to continue to sell. In fact, one report said, “Under Armour products have a reputation that is unchallenged and will remain that way unless there is a dramatic change in the market. People have come to expect great value out of Under Armour and their reputation is one reason why they do so well” (Guarino, 2013). Their target market expects a great value out of the products they are purchasing and thus are willing to buy these products, even if it is not the cheapest alternative.

Under Armour is currently in the growth stage of the product cycle. For the thirteenth straight quarter the company has grown their revenue at 20% per quarter. As of June 2013, Under Armour management is targeting $4 billion in sales by 2016, sales are estimated to hit between 2.23 and 2.25 billion for the year of 2013. Therefore management is predicting more years of at least a 20% growth increase (Guarino, 2013). Youth, footwear, and international sales are expected to grow double their number in the next few years. Under Armour has the potential to be in the growth stage for a long time because they plan on signing more top tier athletes and retired athletes to market their brand. They are also currently looking to branch their products out to other countries, as well as they are looking to improve footwear and focusing more gear and equipment towards youth and women.

Pricing Strategy:

The pricing strategy that is used for Under Armour products is value-based. Under Armour's reputation for having top of the line products is one of the reasons why they are currently experiencing success in the various markets they are in. When it comes to compression gear, Under Armour is one of the industry leaders and that is why they can charge a slightly higher price than some of their competitors. People expect to have great value out of their Under
Armour products and it has gotten to the point where people now associate Under Armour with great value.

The pricing strategy of value-based is appropriate for the target market because the target market is mostly athletic people and these people are focused more on how valuable a product is to them and their sport rather than searching for better prices or how a product looks. An athlete’s number one priority is the product’s function over the style of the product. So having their products value-based plays to exactly what Under Armour is trying to accomplish.

Under Armour’s main competition in the apparel market is Nike’s DriFit and Adidas’ ClimaCool. Under Armour’s HeatGear products are priced from $29.99 - $39.99 compared to Nike’s DriFit priced at around $35.99 - $49.99 and Adidas’ ClimaCool is priced at around $19.99 - $39.99. Under Armour’s prices are not necessarily cheap, but they are competitive with other sports apparel brands. Under Armour shoes are cheaper than their competition, but this is most likely because they have only recently entered into the footwear market and are still trying to figure out some of the kinks.

Promotional Strategy:

Under Armour is able to sell their products due in large part to their successful promotion of these products. Under Armour utilizes all five of the elements of the promotional mix in order to sell the most merchandise as possible. While not a major focus of Under Armour’s promotion mix, Under Armour does utilize sales employees in their retail stores, which is a form of personal selling. Under Armour advertises in a variety of ways, including through television, billboards, magazines, the Internet, and sponsorships. Just outside of Baltimore there is a large billboard advertising for Under Armour, which was strategically placed there in order to capitalize on the vast number of commuters taking I-95 into the city daily. Under Armour also has a large advertising presence on television, most recently with their ‘I WILL’ campaign. This campaign was designed to impact a large number of viewers by incorporating athletes from various backgrounds, in hopes that more viewers will be able to relate. Athletes from various races, genders, and ages are all shown in the commercial outworking their competition and each of these commercials end with the slogan ‘I WILL’ being flashed across the screen. Under Armour also advertises on the Internet, whether that be in YouTube commercials or ads on the side of the computer screen. These ads do not show up on all users’ computers, but rather only those whose Internet history suggests that they are someone who is interested in living a healthy lifestyle (Zmuda, 2013). Under Armour uses public relations to promote its brand and spread a good image of the company. Recently, Under Armour teamed up with Baltimore native Will Barton and improved some of the area’s less well-off neighborhoods. The campaign, which used the slogan ‘Basketball Matters. Community Matters More,’ improved various local basketball courts in an attempt to give the kids in these neighborhoods something productive to do and to keep them out of trouble. Projects like this give Under Armour great brand recognition as a responsible and thoughtful company. Under Armour also is very open about their future plans and makes numerous press releases, which keeps investors informed and is another form of public relations.

Under Armour utilizes sales promotion to increase their sales by offering discounts, sales, and coupons. When ordering a shipment of clothing that costs more than $150, the shipping is
free on that order. Another example of Under Armour’s sales promotion is their use of promo
codes on the website, which means that buyers who know a specific code can get a discount on
online purchases. Under Armour’s sales promotion is intertwined with their direct marketing.
They mail coupons to people whom they think would be interested in purchasing Under Armour
apparel. They also email promotional material and discounts to potential buyers. The process of
identifying potential buyers is hard, but when done correctly it makes the marketing very specific
and not much material is wasted. Under Armour is one of the leading companies when it comes
to effective direct marketing. In fact, Under Armour won the Interactive Advertising Official
Honoree award for e-mail marketing in 2007 and since then their efforts have only improved

Under Armour’s main advertising slogan is “Protect This House”. In fact, on almost all
advertisements and commercials one will find this phrase (See Figure 5). The majority of their
commercials and advertisements have a lot of emphasis on pushing yourself and striving to
become better. For example, they have many football equipment commercials right before the
fall season to endorse their products before football season. In these commercials players are
shown working hard and showing dedication to the sport. This advertises and shows that players
who wear Under Armour strive for and achieve greatness while working harder to get better.
This appeals to the consumer who is looking to get better in their sport while sporting the best
quality apparel while they are doing it. Under Armour advertises their apparel and products in
many different ways. Their most visible way of advertising is definitely through commercials
and ads on the Internet. They have many commercials endorsing their product in general, as well
as to specific sports. In their commercials, you will find many of their famous sponsored athletes
such as Cam Newton, Tom Brady and Bryce Harper. Under Armour often teams up with
sporting goods stores, such as Dick’s, and launches cobranded advertisements. In these
 commercials, both Under Armour and Dick’s are being advertised for and the cost is split
between the two companies.

Figure 5

Under Armour’s promotional strategy is different from that of its competitors because
“rather than using an outside agency to handle its advertising and other types of marketing
communications, the company prefers to keep it all in-house” (Zmuda, 2013). Under Armour has
its own group of people who handle all of the creative aspects of the company and what goes out
into the media and to their athlete sponsors. The company has its own creative director, advertising director, interactive art director, designers and marketing minds. Competing companies, such as Nike, have its marketing handled by outside companies which gives it little involvement in its own creative and communicative capabilities, as well as being an added cost. Most of the strategies Under Armour uses in promoting, such as having stars wearing their products or having catchy TV and Internet commercials, are also used by their competitors.

Channel Distribution Strategy:

Under Armour is a shopping product, which means that consumers put some thought into the buying process and that they compare alternative brands. With that being said, Under Armour needs to be able to get their products to their customers in an efficient manner. Under Armour utilizes hybrid distribution channels, meaning both direct and indirect channels are used to distribute their products. Under Armour sells its merchandise directly from its website (underarmour.com), as well as from Under Armour stores. While this method of direct distribution from stores is somewhat effective, it makes up less than 20% of Under Armour’s sales. The majority of their sales stem from their indirect distribution channels, in which Under Armour sells their products to wholesalers, such as Dick’s, Sport’s Authority, and other sporting goods stores. Under Armour uses a selective distribution strategy because Under Armour chooses which stores will sell their merchandise. Under Armour products are not found in all clothing stores, but rather only in sporting goods stores. The majority of the outlets that sell Under Armour products are large, national companies that are well known. Under Armour is able to maximize their sales by utilizing both direct and indirect distribution strategies. Customers like the fact that they can find Under Armour products at a local sporting goods store, but Under Armour’s website is also helpful because it allows potential buyers to browse through a greater variety of products than could be found in any one store.

VII. Conclusion and Recommendations

Under Armour has grown extremely quickly in the past 17 years and is now a major player in the sports apparel market. They are good at what they do: marketing and selling quality products that help athletes to be better. With that being said, there are a number of improvements that Under Armour should make in order to take their company to the next level. These recommendations are based on the idea of continuing the success of a strength, combating a weakness, taking advantage of an opportunity, or limiting a threat. In some cases, a recommendation may help to do a number of these things all at once. The top five recommendations for Under Armour are as follows:

1. Begin a line of products that can be easily customized
2. Sponsor more prominent athletes
3. Expand presence overseas
4. Develop a partnership with a technology company
5. Open more factory stores

It is recommended that Under Armour start a line of clothing that the consumer can easily customize. By allowing the consumer to become the designer of their own shirt or shoes, Under Armour can attract more buyers. Often a potential consumer will search through a store or look
online, only to find that the exact color they wanted is not sold. By having a customization line, far more color schemes can be offered. Under Armour’s competitors have already implemented this customization strategy, such as Nike’s NikeID and Adidas’ Customize It campaigns. It is foolish to implement a strategy simply because your competitors do it, but in this case Under Armour could make huge profits by implanting a customization line. Their products are already differentiated as being high quality, but if they could be customized into various colors this would help boost brand equity even more. Under Armour already has a great website and it would not be hard to add a customization section to it. Marketing a customization line would not be hard to do because it offers the consumer a chance to have a product tailored to their exact specifications, which is highly sought after.

Under Armour sponsors a few well-known athletes, but it is recommended that they spend more money on securing deals with top tier athletes. By having extremely popular athletes wearing their products, Under Armour could increase their sales because people often like to dress in the same way as their favorite athletes. Young children are especially susceptible to this type of marketing because they often look at professional athletes as their role models. Some of the suggested target athletes for Under Armour to try to acquire are Jadeveon Clowney and Dez Wells, whom will be going pro next year in the NFL and NBA, respectively. Also, both of these student athletes currently attend colleges already sponsored by Under Armour so they are familiar with the products.

It is also recommended that Under Armour expand its business overseas. Currently, only 6% of Under Armour’s sales stem from products sold outside of the United States, and almost all of that 6% is due to Chinese sales (Cheng, 2013). There is a large market in Europe that is currently being dominated by their competitors. Were Under Armour to expand into Europe, the potential sales could be huge. One such way of doing this is to re-brand themselves as a soccer company in Europe. Currently, Under Armour is thought of as being a football company, due to its base in the United States. However, if Under Armour had a European branch that was more soccer oriented then European consumers would buy their products. Under Armour does sponsor one European club team, the Tottenham Spurs, but their fan base is much smaller than a club such as Manchester United. Under Armour also does currently make soccer cleats, but they are known for being notoriously awful. Under Armour should invest more efforts into making quality soccer balls and cleats, which would help them break into the European market. Another suggestion as to how to expand into Europe would be to sponsor a national soccer team. With the 2014 World Cup right around the corner, now is an ideal time for Under Armour to sponsor a European team. Obviously it would be hard to sponsor a country that is known for having an excellent team in their first attempt, but Under Armour could sponsor a team such as Bosnia. If this was successful, then in the 2018 World Cup perhaps a more prominent soccer power, such as Italy or Germany, could get a sponsorship.

Another recommendation is for Under Armour to form a partnership with a technology company. Partnerships like these could really help Under Armour capture a larger market share. We recommend that Under Armour team up with Google. Google is one of the world’s leading technology companies and if Under Armour were to team up with them than consumers would associate Under Armour with being technologically advanced, even more so than they already do. If Under Armour were to partner with Google, apps could be developed on Google sponsored
devices, such as Android phones and smart tablets, which could track a user’s workouts. The technology already exists so the potential could be realized fairly shortly following a partnership with a technology company. Under Armour would also benefit from the sheer scale of Google’s operations. Google is one of the most visited websites in the world and if consumers associated one with the other than every time someone went to Google they would think of Under Armour. This type of cross promotion would be beneficial for both companies and is a very effective form of marketing.

A fifth and final recommendation for Under Armour is to open more factory stores. As discussed earlier, Under Armour utilizes both their own stores and wholesalers to sell their products. It is recommended that Under Armour open more of their own stores because as of now less than 20% of their sales stem from their “factory stores,” as they call them. Though their products can be found at thousands of other retailers, Under Armour has only 109 stores in the United States (Colbert, 2013). As a company looking to expand their market share and one day be the industry leader, 109 stores is simply not enough. Under Armour only has stores in 34 states, which again is simply spreading themselves too thin. The advantages of having more stores are that Under Armour can increase its distribution channels, without having to compete for shelf space with their competitors. At giant wholesalers, such as Dick’s, Under Armour products are displayed right next to Nike, Adidas, and Reebok products. It is hard enough to attract a buyer into this section of such a large store, to then have to compete with similar products makes it that much more difficult. By having their own store, Under Armour is free to design the layout how they see fit and they do not have to compete with other brands. The best places to build these stores are emerging towns were there may not be many other options for the consumer.

Overall, Under Armour is a successful company with a good marketing plan. With that being said, there are plenty of things Under Armour could improve on. In order to catch their older, more established competitors, UA will need to make some changes. The recommendations of starting a customization line, sponsoring more notable athletes, foreign expansion, and partnering up with a technology company, and opening more factory stores will allow them to do exactly that.

VIII. Bibliography


