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Under Armour's Marketing Plan

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¹ Brand or Company Description

Under Armour, Inc. is an American Company that was incorporated in 1996. It has its headquarters in Baltimore. The company generates a ¹ net revenue of 5.2 billion USD worldwide.

Core Products or Services

Under Armour is a well-known company that is known to have a unique taste in clothing; a product that it offers to its customers. The company has four significant trademarks including COLDGEAR, ALLSEASONGEAR, HEATGEAR, UNDER ARMOUR, and the "Under Armour" UA Logo (Rassman, Rashford & Williams, 2013).

¹ A Brief History

Under Armour was founded on 1 July 1996 by Kevin A. Plank. It then had its expansion to places and diversified its product line. The company opened ¹ women's performance gear product line in 2003. Moreover, it introduced "Under Armour Scent Control" in 2012 which is a scent control technology that ensures that the scents of users are undetected. By the end of 2016, ¹ Under Armour had approximately 151 factory house stores and 18 brand house stores. By the end of 2018, the corporation had a total of 15,800 employees. Financial reports from the company indicate that it grew from USD 281 million in the 2005 fiscal year to USD 4977 million in the 2018 fiscal year.

¹ Key Current Competitors

The main competitors for Under Armour are Nike and Adidas. Other competitors include Puma and Reebok. Under Armour has been able to reach its position even with the stiff competition from Nike and the Adidas Group due to its core competencies. The first core competency is good marketing and promotion. The company optimally uses every possible

chance to show off what they offer. The marketing team has so far been successful in coining and producing marketing campaigns that bring about growth and better sales.

¹SWOT Analysis

Strengths

- **Stable Financial Position**

The net revenue of the company has increased significantly over the years with speed from USD 4.8 million in the 2016 financial year to USD 5.19 million in the 2018 fiscal year. Also, the company's cost per share has increased from USD 3 million in the 2016 financial year to USD 7.7 in the 2018 financial year. This implies that Under Armour has received ¹positive expectations from the public.

- **Innovation and Digitization**

The organization has focused on the adoption of digital application, including Endomondo, which is a fitness app maker MyFitnessPal and MapMyFitness, which are nutrition and calorie app. Also, Under Armour innovated polyArmour a blend of both elastane and polyester. Principally, the company is involved in continuous research and development programs to develop innovative technologies which aim at customer satisfaction (Business Strategy Hub, 2019).

- **Product Diversity**

The products manufactured by the company, including sportswear, footwear, and casual apparels cut across the tastes of men, women, and the youthful population. The aspect of product diversity provides the organization with a competitive advantage over its competitors.

Weaknesses

- **Market Restriction**

The company has a significantly smaller target market compared to its competitors. This affects the company since it leads to limited economies of scale and contributes to reduced levels of production. The corporation depends heavily on the ¹ American markets with its North American branch contributing up to 83 per cent of the company's total revenue. The organization's capability of growing its market share is reduced due to its inability to penetrate global markets.

- **Higher Costs of Production**

The company experienced challenges relating to high investment expenditure hence reduced economies of scale. Under Armour spent nearly \$847, 477, 000 and \$153, 312, 000 in 2017 and 2018 respectively. Moreover, in 2017, the company was involved in a restructuring strategy which increased expenditure (Business Strategy Hub, 2019).

- ¹ **Small Retail Chain**

The company has a weak retail strategy where a higher purchasing power seems to be on the retail end. The pressure is caused by the purchases made by the retailer taking into account that the company sales over depends on retailers for products sales.

Opportunities

³ Under Armour should take advantage of the following opportunities;

- **Market Expansion**

Under Armour should consider expanding their market into other countries by looking into export opportunities. The company only focuses on selling its products in North America; just like their competitors, they can increase their revenue by manoeuvring into other markets.

- **Increasing Retail Outlet:**

Under Armour should consider increasing the number of retail outlets, they can do these by increasing their number of outlet factories as well as issuing favorable terms to their distributors in order to attract more distributors.

- **Increasing Product Line:**

The company should also consider expanding its product line, which is likely to increase its target market and avoid the perception that they are male-dominated.

- **Alliance Formation:**

The company can also ally with fabric manufacturers to ensure minimal disruption in the supply chain process as well as reduce the total costs.

Threats

- **Stiff Competition**

Under Armour faces a threat from other players in the market, particularly those who are performing better compared to Under Armour such as Nike. Nike and Addidas are continuously improving with their broad target market, which is a threat to Under Armour. In case of economic recession, the company can also be profoundly affected particularly now that its prices are quite high. For a fact, they lack patent rights.

- **Availability of substitute in the market**

Availability of substitute in the market is also a major threat to Under Armour. Also, in the case of government tax rate increases as well interest rate increase can pose a major challenge for the company due to the additional financial burden. Lastly, customers may decide to change their shopping lifestyle and shopping patterns which will be a threat to the company's performance.

- **The company does not manufacture its products**

Under Armour does not produce its products and depend solely on its suppliers, making it vulnerable to disruptions in the supply chain where they lack control. Under Armour also has a limited line of the product only restricted to male sportswear which forces the youths and women to consider other companies. Finally, the Under Armour incurs high cost compared to its competitors because the company cannot reduce its cost causing it to realize low-profit margins.

Core Competencies

Under Armour, superior competence is their many product lines as well as maintaining their product quality high. They make sportswear for all levels from professional to youths and sell their accessories to youths, women and children for all sizes. They have the capability of producing anything that can be used in athletic activities which give them an advantage over their competitors.

Based on ¹ the strengths, weaknesses, opportunities and threats Under Armour separates itself from its competitors by having great strengths in its internal environment which help it to compete efficiently with their competitors. Under Armour uses the working strategy of using innovative technology in their materials, for instance, they can create a shirt that helps in controlling the temperature of an athlete body by soaking up the sweat during intense activities. They use a marketing strategy making the athletes volunteer in wearing their products and focus on offering better products in the market.

Marketing Plan Focus

The company has its main focus on sports apparels that are seen to be seasonal and attributed to different sports events. This has caused differences in sales seasons with some

seasons being profitable and other less profitable. The clothing industry is seen to always grow with new designs and likes by a large number of people who tend to give great focus to what they wear. If the company can diversify its product line to expand it through the production of all types of cloth wears. With the current brand image and product image created by the company can be used to launch a new clothing line that can be appreciated by the vast number of the industry's customers (Rassman, Rashford & Williams, 2013). Sports gear and machinery can also be added to the list of products to create an extensive list of products offered to its employees.

Segmentation Approach

Adoption of various strategies in order to remain competitive in the market is essential regardless of their economies of scale (Glancy 2016). However, different companies use various competitive segmentation approaches depending on the nature and competition of the industry that they operate. Those companies that enjoy economies of scale utilize price skimming, product differentiation, diversification as well as expansion to operate in a foreign market to gain a competitive advantage over their competitors in the market. All these strategies are aimed at improving the market share of the company, which improves its profitability and productivity. For example, diversification enables the company to produce a wide range of products hence increasing the available markets by meeting the expectations of the company (Lustig et al., 2015). Besides, other strategies which include price skimming and penetration, allowing the companies to lure and maintain customers hence increasing their market share.

Target Definition

Under Armour targets men, women and the youthful population. Among its different strategies, the company has adopted a product mix that involves more products that appeal to its customers. Under Armour is also trying to expand its operations by increasing its retail stores and

selling points across the world. This is done through franchises in different parts of the world and increased branded store within the American, European and Canadian region. This move is aimed at ensuring more representation of the company in different areas in order to improve its customer experience and relationship. Direct contact with the customer has been a critical issue in the emerging markets with more suppliers trying to create a lasting bond or relationship with its customers. The use of different retailers ³ to market and sell Under Armour's product may undermine the product in various ways as opposed to the company marketing and selling its product (Rassman, Rashford & Williams, 2013). This can be undertaken through the creation of an independent sales department.

Positioning Statement

Under Armour has a product positioning strategy that is a marketing tactic they use to define their products positively in the customers' eyes. It is an attempt by the company to create a positive image or a unique identity for its product and brand relative to its competitors in the market. The product positioning determines the place that the product and the brand occupy in the customers' mind. It is also used to distinguish the product from competitors' products. The product positioning strategy is about placing a product in the market in a manner that it occupies the minds of potential customers (Roger & Robert, 2010). Therefore, they develop product and brand recognition, which influence them to buy more of that product than those of the competitors.

Marketing Mix Discussion

The marketing strategy of Under Armour has been dependent upon their ⁵ product image, which is favorable and allowed it to become a multinational company.

Product

¹ Under Armour offers a wide range of athletic footwear, apparel, and equipment designed for the desired sport and everyday usage. In an attempt to provide a more individualized product Nike has created trademarks including COLDGEAR, ALLSEASONGEAR, HEATGEAR, UNDER ARMOUR. This service allows customers to customize their shoes, which helps the products they create to be exclusive and unique. The current product strategy is allowing the company to make product lines to be diversified and fit for all people. This, combined with their product technology and quality, has made it possible for Under Armour to provide products that are comfortable and practical.

Pricing

Under Armour has designed its pricing structure in a way to be competitive with major competitors like Nike, Adidas and Converse. The strategy treats its consumers as a premium segment by pricing their products based on the perceived value of the customer. Under Armour research found out that "consumers are willing to pay a premium price because it reflects the quality of the product" (Bhutto et al., 2016). In addition to this, some of Under Armour's products is attached to the name of famous athletes and celebrities like Michael Jordan. The pricing of these products tends to be higher due to the name attached the product creates additional value for the consumer. Aside from its more sought-after items, Under Armour's shoes (that are produced at high costs) are still relatively affordable, with shoes ranging anywhere from 60 to \$150. The company aims to continue with its original goal (from its beginnings) of making affordable footwear without comprising quality.

Promotion

¹ Under Armour, marketing plans utilize the promotional pricing strategy, which is linked to discounting. The approach serves in offering quantity purchase as well as regular periodic

discounts that aim at promoting customer attraction. Also, Under Armour has used various forms of mass media (such as TV, social media, magazines) to promote the brand. They have also had many successful celebrity endorsements with athletes representing various sports including. The brand is also present and promotes significant sporting events and even essential projects such as reducing pollution with the World Wildlife Fund.

Distribution

Under Armour sells its products through multiple channels, such as its physical retail store and official online shops. The products are produced in sweatshop factories in third world countries and then send these products to the United States and other countries to be sold. Once in the United States, the company sells directly from its stores and sells to big retailers. The brand also occasionally sends its newest products to famous athletes and other influencers of the brand. ² High-cost premium item is given to particular distributors while leaving products with low priced to be traded at a discounted price at various retail stores.

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Potential Success Metrics

Various metrics can be assessed and evaluated to test the success and effectiveness of the marketing plan once it is implemented. The critical evaluation measures strategy for Under Armour would be an increase in the number of customers due to the move by the company to implement promotional discounts. Furthermore, dollar sales could also be evaluated upon the actualization of the promotion and make a comparison with the previous six months.

International Considerations

Under Armour has a small market share for the footwear products, which shows that the company has an opportunity of investing more in the sector in the global market. The company must allocate more capital resources in the production of tennis, basketball, rugby, golf and

tennis footwear since most of the company product target athletes as potential customers. The company can also use direct-to-consumer distribution to penetrate the market and boost its sales. The company relies on the retail stores, other sportswear outlets and online stores as the distributors and sellers of its products (Hlavacs and Christhlf 2015). These strategies have proven effective for oversea markets. The company may explore direct selling methods to local customers in America. The company is focused on male athlete sportswear. It has an excellent opportunity to increase demographic outreach by producing and distributing sportswear for the children and women in order to increase market share.

Conclusion

Under Armour needs to reflect on its current business situation in regards to its growth strategy. The competition in the industry, especially rivalry to new market entrants like Under Armour should act as a wake-up call to the company, to ensure that its innovation measure is improved and enhanced to ensure the company retains its market edge. Brand and product image is the industry is seen to adversely dependent on how best the company can provide its products to the customers. Through combining an aggressive marketing strategy and innovativeness, the company can be able to beat off competition from the leading companies like Nike and also get a platform to market its product internationally. Sports apparels have been seen to be extremely amusing to clients in situations that sports guru and winners are seen in them. This approach has been a norm in the industry, with many companies using celebrity endorsement advertisement in order to wins more clients. However, this approach has been detrimental to most companies, and it is not advisable for smaller and new entrants to the industry like Under Armour to undertake this approach.

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