

Protecting the House of Under Armour

Patrick Kraft and Jason W. Lee

Building the House

"We're not taking this lying down...It's a war," warns Ken Barker, director of apparel at Adidas America (Salter, 2005, p. 70). Baker's statement is in reference to the rapid success in the apparel market by a young and up-and-coming Under Armour brand. The Under Armour brand dominates the performance apparel category so much (with around 75% market share) that the name has become synonymous with the product (Salter, 2005). The consistent growth of total revenue from \$115.4 million in 2003 to \$607.7 million in 2007 indicates the rapid success that Under Armour has experienced (Think Equity Partners, 2007).

The Under Armour Company was created by Kevin Plank, a former collegiate football player who felt he and his teammates' needs were not being met when it came to performance wear. Plank has taken a unique T-shirt company and turned it into a market share leader, and in the process he brought a fledgling and obscure market category into the forefront of the consumers' minds.

Founder Kevin Plank's passion for success could be seen from his football days where he came in as a walk-on fullback for the University of Maryland, and through hard work and determination, he left as a full scholarship athlete and captain of special teams. This same will and determination, coupled with Plank's work ethic, has served as the backbone of Under

Armour during its rise to becoming one of the most successful apparel companies of all time. The mission of Under Armour is to make technically advanced products that are engineered with superior fabric construction, to provide proven innovation available to the masses—aimed at making athletes perform better (UnderArmour.com, 2008).

The modest beginnings of this young market leader were formed out of Plank's grandmother's townhouse in Washington D.C. It was here where Plank, along with his good friend and former Maryland lacrosse player Kip Fulks, who eventually become the company's Vice President of Production, started the company with \$20,000 of their own money, \$40,000 from credit and \$250,000 from a small business loan ("Under Armour performance apparel," 2004). By the end of the company's first year, 500 Under Armour HeatGear (sweat-resistant) shirts had been sold in various styles, amounting to about \$17,000 in sales.

The Uncomfortable Cotton

During Plank's playing days at the University of Maryland, he felt that his team's workout gear could be improved. Plank realized that the cotton garments that were being used by the UM athletic department in all sports were not properly wicking sweat off the athlete's body, causing the material to become heavy with perspiration. Plank was frustrated with having to continually change his cotton T-shirt during games and practice, and wondered why no one had created a much needed alternative (Thomaselli, 2001). Plank believed that the associated feeling of heaviness the athlete was feeling was having a significant negative psychological effect on athletes. Plank felt that if athletes could feel lighter and more comfortable it would ultimately lead to better performance.

Plank's initial plan was to produce a product that would help improve performance by regulating athletes' body temperature, allowing them to keep cool, dry, and light. The initial concept was simple: create a T-shirt that would be affordable, featherweight, moisture-wicking, helpful to every individual athlete's body type and training environment, and would fit skin tight so it would lie flat under straps and pads (Shannon, 2003).

Letting the Product Develop the Brand

At its genesis, Under Armour was posed with the challenges that may face any new company in a crowded marketplace; how can it successfully develop its brand, create a buzz, and grow awareness in a power-brand dominated market. The power brands of Nike, Adidas, Russell, and Champion all were active in the market-

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place at the time of Under Armour's entry into the active wear category. In 2000, as Under Armour was just trying to enter the market, Nike owned 21% of the athletic apparel market, including 32.5% of the shirt/miscellaneous tops market. Nike also ranked first in market share revenue among men (23.7%) and women (19.0%). Adidas was second in the market with a market share of 13%. Adidas was the leader in athletic apparel for boys (18.6%) and girls (17.1%) at that time ("Athletic apparel market...strong showing," 2000).

Another challenge for Under Armour was the fact that they had a minimal marketing budget. Lacking financial resources, it became essential for Under Armour to generate unique means for allowing its product to hit the marketplace, and ultimately grow in visibility. To do this, Under Armour employed various marketing initiatives aimed at developing its corporate brand image and reaching its target audiences. With the lack of financial resources of its competitors, Under Armour needed to create inexpensive marketing strategies that not only aligned with the organization's overall brand strategy but also would help it rise above the clutter in the market.

UA decided to employ marketing initiatives including

- athlete endorsement and product seeding;
- word of mouth marketing;
- popular culture; and
- product placement.

Athlete Endorsement

Believing in his product, Plank felt that the Under Armour merchandise could be utilized as marketing agents themselves. To do this he needed to get his new style of performance T-shirts in the hands of the athletes that the product was meant for. These athletes could leverage their public exposure by promoting the product directly to the consumer (McCracken, 1989). The powerful motivation to purchase a product via attractive spokespeople convinces marketers to leverage the use of celebrity in product endorsement (Roger, Woonbong, Gabriel, & Sonali, 2008).

Plank decided he needed to reach prospective consumers, so he filled his Ford Explorer with UA product and traveled to every Atlantic Coast Conference school to pitch his new product. Plank's first major contract was with Georgia Tech University (Under Armour...history, 2003), that was shortly followed by a contract with the Pac-10's Arizona State University.

In today's marketplace, athlete endorsers are used to accomplish several objectives, including

- capture the attention of consumers;
- strengthen recall of the brand name;
- reinforce the image of the product;

- give the message credibility;
 - increase product attractiveness;
 - increase liking and recall of the ad; and
 - increase the likelihood of purchase
- (Burnett, Menon, & Smart, 1993; Martin, 1996; Thwaites, 1995).

Some industry advisors question the future success of athlete endorsement due to the questionable actions of some athletes, and the financial investment required to be successful (Bernstein, 1998; Broughton, Lee, & Nethery, 1999; Lane, 1996; Mahony & Howard, 2001). To be effective when utilizing athlete endorsers, it is important that the athlete connects with the product and the consumer in a way that aligns itself with the organization's strategic plan (Douglas & Isherwood, 1979; McCracken, 1986, 1989; Peetz, Parks, & Spencer, 2001; Solomon, 1983). The utilization of athlete endorsers is a successful method of marketing because of the desire of young athletes to play sports and act as the professionals act (Stone, Joseph, & Joe, 2003). Shank (1999) has noted that athlete endorsement is successful because of two main factors, credibility and attractiveness.

Initially, Plank was able to recruit some friends who were playing football in college as well as in the NFL to use his product free of cost (Salter, 2005). These athletes became, in essence, walking billboards and increased the word of mouth marketing in the marketplace.

Word of Mouth

Word of mouth marketing is defined as the number of people the consumer engages in conversation about the brand (O'Brien, 1971). Word of mouth marketing is one of most impactful methods of marketing, influencing awareness, expectations, perceptions, attitudes, behavioral intentions, and actual purchase (Ha, 2004; Reichheld & Scheffer, 2000; Roman & Cuestas, 2008; Ward & Lee, 2000). Past research revealed that word of mouth marketing has more potential impact upon customers' valuation and the final purchase of products/services than other channels (Arndt, 1967; Brown & Reingen, 1987; Engel, Kegerreis, & Blackwell, 1969; Feldman & Spencer, 1965; Katz & Lazarsfeld, 1955; Reingen & Kernan, 1986; Richins, 1983).

Arndt (1967) explains that word of mouth marketing has become an emerging force in the marketplace. As the word of mouth for the growing product line of Under Armour started to stretch past the locker room, the message was soon received by friends of friends and then their friends and so on. Under Armour's brand visibility started to spread as more and more collegiate athletic trainers and athletes started actively seeking out the product. Soon demand mushroomed (Mullins, 2007). This word of mouth buzz was perfect-

Table 1.

Movie examples in which Under Armour has a prominent role:

- *Bad News Bears* (2005 updated version)
 - *Gridiron Gang*
 - *Fantastic Four*
 - *Friday Night Lights*
 - *Dodgeball*
 - *Game Plan*
 - *I Now Pronounce you Chuck & Larry*
 - *Million Dollar Baby*
 - *Mr. 3000*
- (Brand cameo, 2007, 2009)

Table 2.

Television program examples in which Under Armour has a prominent role:

- *Amazing Race*
 - *The Apprentice*
 - *Clubhouse*
 - *Friday Night Lights*
 - *MTV's The Inferno*
 - *Playmakers*
 - *Real World Road Rules Challenge*
 - *Two-A-Days*
 - *Today Show (Matt Lauer segment in Antarctica)*
 - *The Wire*
- (Brand cameo, 2007, 2009)

ly aligned with the marketing strategy put in place by Plank and his staff. In a recent interview, Steve Battista, Under Armour's Vice President of Branding, stated, "Two things we can guarantee with every (new product) launch is that we will deliver great innovation with the product and that the brand will deliver entirely new energy and buzz into whatever category it enters" (Mullman, 2009, p. 16).

Infusion of Pop Culture and Buzz Marketing

Kerner and Pressman (2007) stated, "Buzzworthy products almost always cut through the clutter" (p. 81). "Cool cuts through, it's the ultimate point of difference" (Kerner & Pressman, 2007, p. xi). When brands are able to evoke the energy and emotion of what is cool at the moment, they are more likely to stand out in today's cluttered marketplace. The look and appeal of Under Armour was ideal as it was the marriage of the intense, hard core athletic gear that could help with performance coupled with a hip, fresh look that would

be able to appeal to consumers. To differentiate its product line from its competitors Under Armour leveraged its sophisticated design software, new manufacturing techniques, the latest in material engineering, and robust information technology systems to produce virtually everything it makes (Mehta, 2009). Plank has said, "We're willing to look at wild, out-there ideas if they can make our products perform better" (p. 29).

Removed only a few years from when Kevin Plank first loaded up his Ford Explorer in route to the Atlantic Coast Conference schools, Under Armour capitalized on athlete endorsement as a method of free advertising. Plank stated in an interview with *Ad Age*, "We knew players would get injured [and remove their jersey], or do postgame interviews in their [Under Armour] T-shirt, or maybe a pregame workout. We knew it would be seen" (Thomaselli, 2001, p. 10).

Under Armour was worn by athletes in interviews and was visible in other athlete-featured articles involving working out, conditioning, or even their home life.

Under Armour gear was also worn by celebrities working out, walking around town, and in magazines. With the impact that media has on society, popular culture can create fashion trends and icons of individuals in a very short period of time (Kenyon, Woods, & Parsons, 2008). Today the impact of the consumers' culture can form the basis of their social reality (Lau, Chiu, & Lee, 2001). The use of TV personalities and media exposure helps extend the cultural value of the brand to those not rooted within a singular personal community (Kenyon et al., 2008).

In growing as a pop culture icon, it is important for Under Armour to understand that every individual's vision and interpretation of what is popular can differ and change over time (Warner, 1990). Pop culture can be a double-edged sword. The brand does not want to turn the consumer off by having an influx of pop culture references, which can impact the organic credibility that has been developed (Friedman, 1985).

Product Placement

With a marketing budget that was a fraction of that of its main competitors, Under Armour looked to leverage any opportunities it could to grow its brand awareness to its target market (Thomaselli, 2001). With the increase in non-traditional media, such as video games and Tivo, traditional 30-second TV inventory was not as effective as it has been in the past ("IMG revolutionizes...Tivo," 2007). Product (or brand) placement has grown significantly over the past decade; marketers now frequently use placements as the basis for multi-million dollar advertising and promotional campaigns (Karrh, Mcee, & Pardun, 2003). In today's overcrowded marketplace, creative advertising campaigns include

multiple marketing methods, proving more effective than traditional advertising methods (Balasubramanian, 1994). People are not sitting through commercials like they used to. Advertisers have had to be creative in the way they communicate with their consumers and how they position their brand. Now more than ever, involvement around the action of the game, in-field signage, or computer enhanced signage has become very valuable. The advertiser must make sure that their brand image can be seen while the game is in play. According to Robert Birge, CMO of IMG Worldwide, "We're taking event properties into the digital space. Not just broadband—we are a big producer of mobile content" ("IMG revolutionizes...Tivo," 2007).

Under Armour has infused their products and their brand image in various visual media forms, including over a dozen popular television shows and numerous motion pictures (see Tables 1 and 2). The utilization of the marketing technique of product placement in television, movies, and video games has allowed Under Armour to promote the benefits of its product line to a larger audience (Mark, 2000). In 1998, Warner Brothers studio was working on two football movies (*Any Given Sunday* and *The Replacements*) and was searching for an outfitter that would provide a level of authenticity for their actors (Under Armour...history, 2003). Shortly thereafter, ESPN struck a deal with Under Armour to use product in their pseudo-reality show, *Playmakers*, which featured the lives of players, coaches, and families of a fictional professional football team (Dash, 2003). Production companies, television networks, and movie studios started seeking out the Under Armour brand even more.

Under Armour has recently ventured into the gaming world as well. Advertising and marketing executives are starting to acknowledge the benefits to their brand development when including their brands in video games (Nelson, 2002). In 2005 Under Armour partnered with Ubisoft Entertainment and EA Sports to outfit characters in their video games (Logan, 2005). This provides another outlet for brand development.

Further Brand Activation

Strategy alone does not allow a brand to develop and grow; it takes the proper execution of the strategy (Berry, 1999). The early strategy enacted by Kevin Plank allowed the Under Armour brand to be developed through marketing efforts such as athlete endorsement and product seeding, word of mouth marketing, popular culture, and product placement. Under Armour's success has materialized in continued market share growth, expanded industry stature and revenue, the utilization of more traditional marketing

methods such as television advertisement during sporting events like the Super Bowl or on networks like the NFL Network, team sponsorship deals (e.g., in-field signage, promotional elements), licensing deals with Major League Baseball and the National Hockey League, as well as title sponsorships for events (e.g., Under Armour High School All-America and Under Armour Senior Bowl football games) or organizational national championships (e.g. Under Armour College Bass National Championship [for the Bass Angler's Sportsman Society (B.A.S.S.)]) (Thomaselli, 2001).

Values are the ideals, principles, and philosophy at the center of the Under Armour organization (Berry, 1999). Such core components are at Under Armour's heart and soul; where founder Kevin Plank has not deviated from his original concept of developing a product that would help make all athletes, amateur to professional, feel good about themselves when being active. This speaks to Plank's values, as well as the values that have been passed down and instilled in his company to his employees, sponsored athletes, and most importantly—the consumers.

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