Under Armours Brand Analysis

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**Background**

Under Armour is a U.S.-based company that manufactures athletic apparel and footwear products. The Company is headquartered in Baltimore, Maryland, and operates in the global Athletic Apparel industry. The Company adopted innovation to overcome the intense competition in the Athletic Apparel industry. Today, Under Armour is ranked among the top ten sportswear brands in the global Athletic Apparel industry. The Company has gained global recognition based on its ability to manufacture quality products that maximize athletes’ comfort and welfare during the periods of intense activity (Cheng, 2013). Innovation and customer-focus have allowed the Under Armour brand to appreciate at an annual rate of approximately 25 percent (Sternthal & Malaviya, 2018). The high growth rate has offered the company competitiveness and profitability in the market.

**Core Products and Services**

The Company offers male and female athletes a wide range of products, including footwear, apparel, tracks, device, and others. Apparel products offered by Under Armour Company includes shorts, shirts, t-shirts, printed Capri, jackets, sports bra, and printed legging. The apparel is produced for general people and athletes. The footwear products provided by the Company include Sip Boots, Twist Running Shoes, Fortis Running Shoes, and Gemini Running Shoes (James & Whitney, 2018). The footwear products are mainly intended for boxers, football players, and basketball players. The footwear products are available in different designs and colors. Under Armour Company also manufactures tracks for sportspeople. Other products manufactured by the Company include a sack pack, handbag, and backpack.

**History of Under Armour**

Kevin Plank established the Under Armour Company in 1996 based on his experience as a football player. Plank observed that players experienced discomfort once their cotton t-shirts soaked in sweat hence leading to their discomfort (Peterson , 2014). Therefore, Plank intended to manufacture t-shirts that would maximize athletes’ comforts even in the hottest weather. Integration of innovation has allowed the Company to produce an apparel compression kit that wicks sweat away from the skin hence solving the soaking problem. At this point, Plank operated within a basement in his grandmother’s house located in Washington, D.C. The increased sales of Under Armour products allowed Plank to relocate his Company to Baltimore, Maryland.

Notably, Plank established his Company under the name KP Sports. Plank eventually adopted the Under Amour name in 2005 once his Company entered the public arena. He believed that his Company would accomplish its long-term goals of expansion, profitability, and competitiveness based on the high strength of the product brand. At this time, Plank devised a strategy of boosting sales in North America and other nations across the globe (Horovitz, 2012). The Company has also increased the diversity of its products, launched online sales, and licensed its brands. In 2018, the Company employed around 15,000 individuals hence enabling it to serve customers in the international market (Parker, 2019). The Company has gained international recognition for its ColdGear and HeatGear product lines.

**Key Current Competitors**

The international Athletic Apparel business is characterized by intense competition from establishing and incoming companies. The Company experiences intense competition in all its product lines hence threatening its survival. Today, key competitors for Under Amour Company include Adidas and Nike (Shoshy , 2019). Adidas and Nike are older and generate higher annual revenues than Under Amour. For instance, Nike and Adidas generated revenues of $39.1 billion and $23.6 billion, respectively, in 2019 (Colbert, 2013). Under Armour Company, on the other hand, managed to generate a revenue of 5.27 billion in the same year. While Adidas and Nike had market capitalizations of $44.5 billion and $135.6 billion on 30th April 2020, respectively, that of Under Amour Company was $4.21 billion at the same time (Guarino, 2013). However, Under Amour Company is growing at a higher rate than the two companies. While Under Armour Company’s revenue is growing at a rate of 24.6 percent per annum, those of Adidas and Nike are growing at an annual rate of 11.5% and 4.9%, respectively (Guarino, 2013). Under Armour Company has relied on innovation in overcoming competitive pressure from Adidas and Nike.

**SWOT analysis**

**Strengths**

* Rapid growth: The Company has grown at a higher rate than its key competitors since 2005. The Company’s profit margins have increased at an annual rate of over 20 percent.
* Brand recognition: Under Amour Company’s sweat-wicking apparel has enabled the Company to establish itself as a unique and strong brand. Currently, the Company’s brand is ranked among the top ten athletics apparel brand globally.
* Trendy advertising: The Company utilizes both social media and conventional advertising platforms in popularizing its brand. The “cool” factor has supported the Company’s advertising campaigns (Sternthal&Malaviya, 2018). Athlete endorsements have also been a unique and effective strategy of brand popularization.

**Weaknesses**

* Hue investment expenditure: The Company has invested a huge amount of money in advertising and expansion agenda hence reducing its profit margins. For instance, cannibalization may harm the Company if not controlled (Market Line, 2014). The Company also spent approximately $847 million and $153 million in 2018 and 2019, respectively, in the restructuring plan (Parker, 2019). The Company also spent a huge amount on restructuring in 2017.
* Limited Reach: The Company’s operating presence in the international market is lower than that of established competitors like Adidas and Nike.

**Opportunities**

* International expansion: Overseas expansion occurs as an opportunity for profitability and competitiveness.
* Innovation and technology: Innovation and technology will enable the Company to launch new and competitive products. E-marketing also offers the Company an opportunity for attracting and retaining its customers.
* Mergers and acquisitions: Mergers and acquisitions offer the Company a chance for expansion at a relatively lower cost. For instance, a collaborative strategy between Under Armours and Kohl store increased the sales and revenues.

**Threats**

* Competitive pressure: The Company experienced stiff competition from established companies like Nike and Adidas hence reducing its profitability.
* Poor endorsement strategies: Endorsement of upcoming athletes has exposed the Company's top huge costs hence reducing its profit margins (Hellman, 2015). The endorsement of irresponsible athletes has also affected the Company negatively.
* Political instability: Political instability in its target nations has reduced its rate of expansion.

**The Best Product Line**

Under Armour Company has benefitted significantly from its apparel and footwear product lines. Today, the international sporting products market is estimated to worth approximately $130 million (Hellman , 2015). A huge niche still exists in the global apparel and footwear products’ market. Investing in the two product lines will generate huge profits.

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