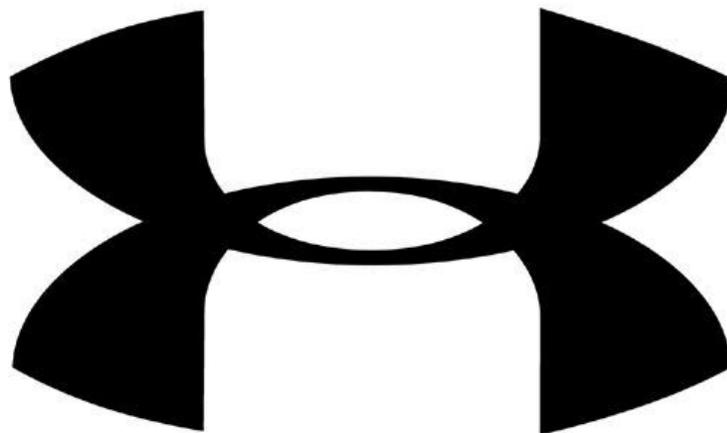




SWOT Analysis – Under Armour
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UNDER ARMOUR®

P E R F O R M A N C E A P P A R E L

Background

Under Armour is an innovative sports brand known for its original apparel compression gear that wicks off perspiration rather than absorbing it. This idea started in 1995 by Kevin Plank, who at the time was the special teams captain on University of Maryland's football team. When Plank noticed that the cotton shirts he and his team wore were constantly soaked in sweat, he claimed, "There has to be something better." ("Our History")

Plank wanted to create a t-shirt that kept athletes cool even in the hottest weather conditions. He began designing his own t-shirt prototypes, and soon developed his own company in his grandmother's basement in Washington, D.C. Later, Georgia Tech bought his product, and many other collegiate teams followed suit. Plank's Under Armour products began to soar, and he moved his headquarters to Baltimore, Maryland, where it still resides.

Under Armour faces a PR issue of extreme and high competition with similar sporting retail brands in the market. As a newer company, it faces a high threat, yet an opportunity for newer and more innovative ideas originating from up-to-date consumer desires. We have conducted a SWOT analysis to uncover the elements that make Under Armour's products and brand image stand apart from similar markets in the industry.

Strengths	Weaknesses
<ul style="list-style-type: none"> • Unique technology • Brand recognition (professional athletes, schools, universities) • Athlete endorsements • Product Diversity • Community Relations • Eco-friendly operations 	<ul style="list-style-type: none"> • Small line of footwear • Material limited • High competition • No standout product/ top seller
Opportunities	Threats
<ul style="list-style-type: none"> • International expansion • Can expand markets toward feminine population/new women campaigns • E-commerce • Advancement/partnerships in sports technology • Expansion of athletic footwear 	<ul style="list-style-type: none"> • Lots of competition (Nike, Adidas, Reebok) • 2014 Olympic Controversy • Product replacement from less expensive companies • Endorse an irresponsible athlete

Strengths

One of Under Armour's biggest strengths is its innovative and unique technology of their products. For example, in 2013, the company released a shirt that tracks an athlete's heart. Sensors in the brand's shirt are able to pick up electrical signals from the heart. Additionally, Under Armour developed the tape-replacing cleat that gives ultimate support, and pivot freedom for athletes. (Horovitz 2012) These innovations give Under Armour a competitive edge against other sporting retail brands. As the company continues to keep up with society's technological advances, it can remain a hot topic in its industry in the eyes of many consumers.

A quickly developing strength of Under Armour's is their depth in popular athlete endorsements. Under Armour prizes these endorsements as they are multimillion dollar contractual agreements. By "signing MLB stars Buster Posey and Bryce Harper, NFL quarterbacks Cam Newton and Tom Brady, and two of the most godlike Olympians, Michael Phelps and Lindsey Vonn" (Wagner 2013) Under Armour has made a statement to its competitors and attracted a wide variety of publics and potential customers. Although not to the extent of Nike signing legends such as Michael Jordan and LeBron James, Under Armour has secured loyal endorsements and now has pull in the chance for signing those athletes willing to sign with a company.

In fact, Under Armour is now in the pool to sign Damian Lillard, point guard for the Portland Trailblazers. "Carolina Panthers quarterback Cam Newton has been violating the National Football League's (NFL) uniform policy by having the logo of sportswear company Under Armour (UA) on the clips attached to his helmet" (Smith 2014). His article continues to state that Newton gets about a million a year for his contract, the largest an NFL rookie has ever signed yet he continues to dress against league policy to promote Under Armour.

Under Armour also excels in the range of products it produces. A value of the company's is to be innovative, and making products such as football helmet clips all the way to speed skating suits, the company creates a certain message. The company is built for utility before style, and quality before looks. Though Under Armour may have lesser known individual products, they have been driven equally, if not more, than competitors such as Nike, Adidas, and Reebok to create innovative partnerships and take risks to make unique, quality products.

Another strength of Under Armour is their brand recognition in the competitive sporting world. In sports from football and baseball to snowboarding and skating, the Under Armour logo can be seen in almost any sport, at any level. Their symbol can be seen on jerseys and on stadium walls, and it is a symbol that has grown common to the American eye over the past ten years. UA has really invested themselves in advertising for the sport of golf. Their brand is even more recognizable than ever with professional golfer Jordan Spieth endorsing the

company. “Spieth says that Under Armour was the perfect fit for him, because the way he plays golf and handles himself on-and-off the course aligns with what Under Armour believes in. “Under Armour is new, aggressive, slick, classic but athletic — kind of how I always wanted to be perceived,” said Spieth to Forbes (Heitner, 2013). As Spieth gains notoriety in the golfing world, there is a whole new group of people recognizing the Under Armour brand and buying UA products.

Under Armour gives back to the community in many ways, and one way is through a program called Power in Pink. “Power in Pink celebrates the many women who use fitness and exercise in the fight against breast cancer” (UA.com 2014). Some of the proceeds of their Power in Pink line go to partnering non-profit cancer charities. Additionally, the company has “UA Freedom”. Under Armour partnered with The Wounded Warrior Project and has donated millions of dollars to non-profit military organizations as well as held events to honor victims hurt in battle.

Under Armour also has “UA Green”, a partnership with Habitat For Humanity, and “UA Youth Movement”, which “is designed to spark positive social change throughout Baltimore and its surrounding neighborhoods by fueling the social, educational and physical advancement of the boys and girls who will serve as the future business and community leaders of the region” (UA.com, 2014). These are four ways in which Under Armour gives back to the community, and four ways that UA has improved their brand image from not just a sporting goods company, but also an organization that consistently helps others.

The brand has extensive eco-friendly operational goals. Under Armour has a commitment to maintaining a limited impact on the global environment while producing their products. The company has five commitments within their UA Green product line (Washburn Student Projects):

1. Under Armour will increase the amount of products it makes from recycled materials
2. Under Armour will continue to find ways to reduce the energy used to run its business
3. Under Armour will continue to find ways to reduce and reuse the waste it creates
4. Under Armour will partner with its supplies to understand and improve its upstream environmental impact
5. Under Armour will continue to incorporate green building practices into its retail stores and corporate facilities

These principles above guide their product line and serve as substantial strengths. Their environmental values enhance their corporate responsibility as an environmentally aware and active company in its industry. Under Armour states, “Our vision to build green technology into the best performance gear in the world. We’ll get there with science, passion, and innovation and we’ll never sacrifice performance.” (Washburn Student Projects)

Weaknesses

Under Armour's greatest weakness perhaps, is their lack of competitiveness in the shoe market. Though Under Armour most recently released the Speedform, a running shoe that rivals the Nike Free series, Reebok has also released a version of the popular lightweight running shoe; the ZQuick.

It has not been long enough to determine if Under Armour's style of shoe will heavily impact the market or even become the favored brand of free form running shoe. Regardless, Under Armour lacks significant competitors in the market for basketball shoes, the highest priced and highest revenue earning shoes of both Nike and Reebok. Both Reebok, and notably Nike, have established high selling, and historically popular shoes such as Nike Air Forces, Airmaxes, and Reebok Pumps. Compared to its competitors, Under Armour is also the latest company to join the race of signing star athlete endorsements and creating signature shoes in their names. "Under Armour's footwear sales totaled in 2012... an increase of more than 31% over 2011" (Wagner 2013).

The future may seem bright for Under Armour now. Yet, they must continue to produce quality shoes that can match those of Nike, Reebok, and Adidas. The company must also spread their range of products to target additional publics in order to achieve the status of these competitors.

Another weakness of Under Armour's is the lack of innovative possibilities with technology and material. While the company may have a diverse line of products, as discussed in the "Strengths" section, the materials and technology they utilize are becoming more and more sparse. Companies are getting patents granted which result in smaller markets for suppliers. Multiple lawsuits have already risen in attempt to secure the inventions of the sports clothing companies. The most recent lawsuit has been that of Adidas suing Under Armour "for patent infringement, alleging that the latter's MapMyFitness fitness-tracking technology too closely resembles its own miCoach product" (Germano 2014).

Under Armour itself has also recently sued Nike in question of their use of Under Armour's trademark "advertising phrase, 'I Will,' which is part of a brand new marketing campaign. It is the first time that Under Armour has ever sued Nike. (Nike sued Under Armour back in 2003 over the use of the term "DRI-FIT")" (Burke 2013).

In addition to lawsuits and patents taking a toll on the products Under Armour is allowed to produce, market, and sell, public criticism of some of Under Armour's products has had negative impacts on the reputation of the company. For instance, the United States Department of Defense reports that "The ban on popular clothing from companies like Under Armour, CoolMax and Nike comes in the wake of concerns that a substantial burn risk is associated with wearing clothing made with these synthetic materials" (Holt 2006).

Furthermore, there has been controversy in the 2014 Winter Olympics over the speed skating suits that Under Armour manufactured for the United States speed skating team. News reports about public relations problems “related to the poor performance of U.S. speed skaters at the 2014 Olympic Winter Games while wearing uniforms created by the company” (McCarthy 2014) were prominent during the time. Even speed skaters on the team complained that the specially made suit slowed the team’s times down.

Not only do these complaints of Under Armour’s product material cause public relations issues but they close markets for the future expansion of the company. No longer can Under Armour manufacture for military use, and they must alter technology that Adidas has claimed. Fortunately, the U.S. Olympic speed skating team renewed their contract with Under Armour.

Opportunities

Under Armour has an opportunity to expand their markets in nations outside of the Americas. Recently, the brand announced its expansion to Brazil, a country they considered to be a booming economic region. CEO Kevin Plank stated, “Launching the Under Armour brand in Brazil is another critical step toward reaching our international expansion goals and driving our continued growth throughout the world.” (“Under Armour Amplifies” 2014) The brand will now become a sport apparel platform in over 70 of the country’s business hubs. Marcelo Ferreira, Brazil’s Under Armour Managing Director commented, “This is an exciting opportunity for Under Armour to identify with the passion Brazilians have for active lifestyles and to provide the with the most innovative performance products in the market.” (“Under Amour Amplifies” 2014) Under Armour should continue to reach international markets.

Early in the brand’s development, their target audience was males aged from teens to early 20’s. This narrow niche served as a potential weakness in the sports market. However, the brand began expanding their focus to women’s merchandise. The month of February 2014 serves as the brand’s first marketing campaign dedicated to women’s apparel. (Trefis Team 2013)

Under Armour’s CEO, believes that women’s sales has the potential to be larger than sales in men’s markets. Similarly, the VP of Under Amour women’s apparel says she sees “early evidence of success on the women’s side domestically and in foreign markets, like Europe, Asia, and South America.” (“With Vonn In Fall Campaign” 2013) These assumptions vary greatly from their top competitor, Nike. Nike’s Global Corporate Communications Director Mary Remuzzi states the company “does not see women’s as a segment that will eclipse its menswear sales.” (“With Vonn In Fall Campaign” 2013) The women’s market is a booming opportunity for the Under Armour brand. As they target their markets to women

consumers, their sales have the potential to reflect enormous success and reflect competitive edge in the sports market.

The company should expand markets within e-commerce. According to the US Department of Commerce, online retail sales in the U.S. increased from \$142.6 billion in 2009 to \$224.4 billion in 2012. (Market Line 2014) More and more consumers are spending their dollars on products readily available online. This raises the importance of retail brands to have an online presence. It is becoming an essential element for their markets goals of success.

At Under Armour's site, www.underarmour.com, they offer their shoes, accessories, shirts, bottoms, and other apparel at the consumer's expense. Moreover, they have expanded opportunities abroad. The company partnered with international shipping solution, BorderFree, which enabled the ability to ship merchandise to 85 countries. (Market Line 2014) E-commerce is a booming market channel, where Under Armour can achieve efficient sales at the consumer's convenience.

The brand continues to develop and partner with innovative sports technologies that open up endless opportunities. In November 2013, the company partnered with MapMyFitness, a fitness technology company that provides users with the ability to map and share their day-to-day workouts. MapMyFitness has one of the most extensive fitness communities in the world.

Despite the lawsuits from Adidas, discussed in the "Weakness" section, the partnership highlighted Under Armour's brand image and placed the brand at the forefront of the sports retail market. CEO Kevin Plank states, "this partnership is about Under Armour enhancing our digital expertise to drive the future of performance innovation for the global athlete community." (PR Newswire 2014) The partnership not only promotes positive brand image, but can also serve as a potential financial gain. UA has an opportunity to continue to partner with other companies and organizations as a mutually beneficial relationship.

Under Armour sells athletic footwear for men, women, and youth in areas of football, baseball, softball, soccer, performance training, running and much more. According to Market Line's company analysis, athletic footwear sales in the U.S. reached \$13.8 billion in 2012, a 4% increase compared to 2011. This increase of consumer purchases gives Under Armour an on-going opportunity to generate earnings specifically in the footwear department.

Threats

As still a relatively new brand, Under Armour faces the constant threat of competition. Some of these competitors are more established brands; companies like Nike, Adidas, and Reebok have made their mark in the industry for decades.

With so many high quality companies out there, Under Armour frequently releases new equipment and technology to strengthen their image and niche in the industry. The company is known for cold weather apparel, and before every fall, they release a new line of warm clothing. The day that UA stops releasing top-of-the-line apparel is the day that Under Armour falls.

There are too many powerhouses in this industry that could potentially outperform Under Armour, and even buy off UA too. According to Yahoo! Finance, Under Armour has a net income of \$162 million, opposed to Nike, who has a net income of \$2.6 billion (2014). This is largely due to Under Armour's lack of popularity internationally, which is discussed in the "Opportunities" section. "Under Armour is no longer just a scrappy underdog. As a percentage of sales, it spent as much on marketing last year as Nike. But measured in dollars, Nike spent 13 times more" (Stock, 2013). It is clear that Under Armour is doing everything they can to compete, and recently they have been doing excellent, but the amount of money companies like Nike have could blow Under Armour out of the water.

Under Armour faces another threat, and that is product replacement from less expensive companies. There are companies like Badger, Champion, and Russell Athletic that can make products very similar to Under Armour but cost a fraction of the price. These companies have made consumers make a decision: do they spend more for the higher quality apparel UA, or spend less on clothing that is not quite as Under Armour, but still very comparable? Many youth teams also choose to use these companies instead of Under Armour or Nike because of the steep cost.

The biggest public relations issue that Under Armour had to address recently was in the 2014 Winter Olympics in Sochi, as explained briefly in the "Weaknesses" section. "Under Armour collaborated with aircraft firm Lockheed Martin to create what it trumpeted as the fastest, most aerodynamic speed skating 'skin' ever: the Mach 39. With the eyes of the world on the Winter Olympics in Sochi, the suit was to be UA's global coming-out party as it expanded internationally against rival Nike" (McCarthy 2014). This was a huge first step for Under Armour, until the Olympic games started.

What were supposed to be the most high-tech speed skating suits ever were blamed for the United States' lackluster performance. "The main criticism from the skaters was that vents on the back of the suit, intended to let heat escape, were letting in air and making it harder for athletes to skate with proper form" (Robinson, 2014). The U.S. team came away with only one medal in all speed skating events. Although Under Armour has handled this situation well so far, this was not a good episode for the company. The 2014 Olympics were supposed to be Under Armour's international coming-out party, but it was anything but that. This was a major threat to Under Armour's image because of the story's publicity and the potential for consumers to opt out in buying UA apparel.

Another threat could be the possibility of endorsing an irresponsible athlete. Under Armour is a company that endorses dozens of athletes, most recently being outfielder Bryce Harper and quarterback Cam Newton. If an athlete doesn't act appropriately, this is a bad reflection of the brand. This could be a serious threat to a company. Nike is a company that has dealt with this issue for years. Two athletes that Nike dropped within the past year were sprinter Oscar Pistorius, who was arrested for murdering his wife, and cyclist Lance Armstrong, who was found using performance enhancing drugs. One of the biggest hits Nike has taken in the past ten years was in 2005 with the Michael Vick dog-fighting scandal. "The ugliness of the dog-fighting allegations, which Nike's statement called 'inhumane and abhorrent' and 'highly disturbing,' made it difficult for the company to stand by him for long" (Mullman, 2007).

Endorsing an athlete who was found organizing a dog-fighting ring did not look good for Nike, and they had to deal with this for months after his arrest. An incident like this, which is all too common, could really hinder Under Armour's success and leave them answering questions for something they were never involved in.

Team Contributions

Mitchell McRee analyzed and researched the weaknesses of Under Armour and two of the strengths and wrote the corresponding details about them. He also typed the bibliographies for his personal research.

Alex Day researched and wrote about Under Armour's threats and two of their strengths. Using Google and the Elon Library Database, he researched these threats and strengths and elaborated on them extensively.

Simone Jackson wrote the brief background, the PR issue, researched and wrote the opportunities section, ordered the bibliography alphabetically, and designed the team logo via Photoshop. Additionally, Simone formatted the paper, and organized the overall content. Lastly, she contributed to the strengths section of the SWOT analysis by researching and analyzing Under Armour's unique technology and eco-friendly operations.

All group members met twice to discuss our assigned tasks and created the SWOT chart cohesively. In addition, all group members expressed and wrote their own team contributions.

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