

Under armour marketing assignment

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Under Armour Current Marketing Topic Wendell Brown 9/22/2008 ? Muscling Into the Mainstream Summary of Article The title of my article is called “Muscling Into the Mainstream,” and it was written in the New York Times on August 7, 2008. What this article is trying to discuss is how Under Armour is steadily moving itself into the mainstream of selling performance and/or sportswear. It talks about what target markets that Under Armour is pursuing and what strategies it has used or is currently using to reach out to those target markets.

It also talks about how Under Armour has strictly controlled its distribution to sporting goods stores, military-base exchanges, and sports- and military-oriented outlets. Finally, the article discusses how Under Armour plans to embark in uncharted territories to steadily expand itself and further compete with other sportswear giants like Nike and Adidas. History Under Armour Inc. was created in 1996 by Kevin Plank.

He went to the University of Maryland and played on the football team as a running back. Long practices and hot weather caused his sweat saturated underwear to stick to his skin and feel 2-3 pounds heavier than what they originally were. He desperately searched for something lighter and cooler and came up with moisture-absorbing athletic underwear. Today, Under Armour is engaged in the design, development, marketing, and distribution of branded performance products for men, women, and youth.

It designs and sells active wear, sportswear, and most recently footwear that utilize synthetic microfiber material which wick away perspiration from the skin, help regulate body temperature, enhance comfort and mobility, and

improve performance regardless of weather conditions. With the headquarters of Under Armour lying in Baltimore, this product is a hot commodity and favored among many college football teams such as Auburn, South Carolina, Texas Tech, and most recently, Maryland.

Identification and Evaluation of Strategies Before you can enter the market, you have to first identify yourself so you can use strategies based on your perceived position. In this case, there were two strategies that Under Armour could approach to gaining power in the market. They could avoid the large market and focus on leading in the small market as Market Nichers or they could attack the leader and other competitors in an aggressive bid for further market share as Market Challengers.

It came as a surprise that they would use both strategies to solidify itself as a market power, but I would say that they are about 70% Market Nicher and 30% Market Challenger. Market Nicher As a market nicher, Under Armour's bread and butter and basis for which the company started is Niche Marketing. An alternative to being a follower in a large market is to be a leader in a small market, or niche. Smaller firms normally avoid competing with larger firms by targeting small markets of little or no interest to the larger firms. In this case, the market was apparel that wicks away perspiration.

Obviously, this market was not important enough for Nike, Reebok, Adidas, and Converse to pursue because the shoe business was where they competed in so Under Armour stepped in and first specialized in sportswear that wicked away your perspiration to keep you comfortable. Very soon after,

the company exploded because not only did their product work, it also provided a unique fashion sense that made you stand out from the rest. According to Colman, Under Armour took what was a niche market??? they took the undergarment, your under-sports apparel??? into something you actually wanted to wear. Colman 2008) Now that Under Armour created this niche, then expanded this niche, it now has to protect this niche. To increase its chance for survival, multiple niches are to be created just in case certain niches dry up. These multiple created niches will later be explained through the marketing mixes used by Under Armour.

Market Challenger As a market challenger, Under Armour's most effect attack strategy is the Flank Attack. An enemies weak spots are natural targets and the flank tttack focuses on attacking those natural weak spots through geographic dimensions and segmental dimensions. In this case, Under Armour uses the segmental dimension. The segmental dimension serves the market's uncovered needs. As a matter of fact, according to the Flank strategy, the purpose of marketing is to discover needs and satisfy them. This is exactly what Under Armour has done and what it continues to do. It has been the fuel that steers this ship to success. Under Armour is deliberately planning its future according to its consumer base.

For example, Under Armour is has recently entered the cross-training footwear market by releasing a very specific product which I will explain later in the paper. When CEO Kevin Plank was asked as to why he was pursuing the cross-training category, his answer was simple: " It's the same reason we went after football cleats, because our customer asked us for it. " (Olson 2008) This marketing concept has not only helped Under Armour grow

exponentially, but it has helped Under Armour separate itself from other sportswear giants like Nike.

Nike's philosophy which believes in telling the athlete what's best for them portrays them as being the loud, stubborn, know-it-all type whereas Under Armour portrays themselves as the player-friendly coach, who listens to its player's feedback and adjusts its game-plan accordingly. Target Market Under Armour's target market is quite different than the other competitors because their target market is very specific. Under Armour does not attempt to market to the general audience, but attempts to market after people who are serious about performing better, on a team or in their workouts. Kiley 2008) Their primary focus is centered on the younger generations that are involved as athletes. So obviously, their main targets are high school, college, and professional athletes in many sports both male and female. Another target market that Under Armour is very hyped about is women. Women are currently the most pursued target that Under Armour is after right now because as a whole, women are not really targeted heavily by other major companies. They're trying to gain a larger market share and let the female athlete know that Under Armour is available for them too.

A very important thing that Under Armour participates in is developing target markets by listening to their customers. Under Armour does not suggest to the customer what it can do for them, the customer suggests to Under Armour what Under Armour can do for the customers and so far it has worked tremendously because they are satisfying their customer's needs in every way possible. All in all, these target markets all coincide with their mission, which is to make all athletes better through passion, science, and <https://assignbuster.com/under-armour-marketing-assignment/>

the relentless pursuit of innovation. In other words, every Under Armour product is doing something for you. Product Lines

One main focus of Under Armour is that it offers very specific product lines. This has been the basis for Under Armour ever since the creation of its company. It introduces specific products for specific situations instead of one product for all situations. Heat Gear Under Armour Heat Gear was originally designed to wear underneath shoulder pads. It would slide over your body with a second-skin fit and deliver compression without restriction. The way it operates is once you perspire, the Heat Gear fabric pulls the perspiration off your skin, leaving the moisture on the outside of the shirt where it runs off or evaporates.

This results in you being left cool, dry, and lighter than the competition. This creation of Heat Gear rendered cotton t-shirts obsolete and sparked the revolution of performance apparel. Cold Gear The Under Armour Cold Gear was designed to keep you from being cold while playing in the cold. Under Armour Cold Gear features a double-sided fabric that wicks moisture from the skin and circulates body heat without weighing them down. The double-sided fabric of Under Armour Cold Gear disperses heat from the hotter areas of your body to deliver the ultimate base layer to keep you dry and allow your body to maintain its core temperature.

Under Armour Cold Gear also features the moisture transport system so you can use it in sports such as skiing, ice skating, and snowboarding. Turf Gear The Under Armour Turf Gear brings both the abilities of temperature regulation and long-sleeve protection into one. Under Armour Turf Gear

keeps you cool and dry and protects you against artificial surfaces. Under Armour Turf Gear Leggings are also included in this line to protect those legs from artificial turf surfaces. All Season Gear

Under Armour All Season Gear brings to you a unique blend of moisture transport and temperature control, which allows the shirt to flex between the heat of the field and coolness of the sidelines. Utilized by many different sports athletes, it provides a cool, dry compression with regulation of body temperature unlike the sweat-soaked cotton shirt. This gear is perfect for between seasonal extremes when the climate is unpredictable. Head Gear The Under Armour Head Gear Skull Cap features balancing moisture management with a second-skin design.

This Skull Cap can be used for any sport and offers a tight fit feeling that protects your face and head from dirt and sweat off the skin and out of your eyes. Also in Under Armour Head Gear are caps and beanies. The cap is a stretch-fit cap that features a stretch sweatband that provides both function and style. The beanie has an inner layer that features the Under Armour fabric and moisture transport while the exterior features the logo. Loose Gear Under Armour proudly listens to its consumers and their feedback and they desired for the moisture-wicking capabilities of Under Armour Heat Gear without the second-skin fit.

This is exactly what Under Armour Loose Gear does. It keeps you cool and dry with generous sizing. Military Tactical One area that Under Armour has grown substantially is use through the military. They have designed all of the previous gears mentioned and have made them wanted by the military and

law enforcement to make them more comfortable in their certain situations as well. They have all the mentioned gears in military colors such as your light and dark browns, your dark greens, and so forth. Mr. Plank has often claimed that he has deliberately pursued the military market and is very proud to have made that decision.

He states that “ The best letter I ever got was from a Seal serving in Iraq. ” (Colman 2008) He said, “ I just want to thank you??? this stuff makes 120 degrees feel like 110. ” (Colman 2008) Slogans For Under Armour, the use of slogans has been another one of its calling cards. These slogans have become synonymous with Under Armour and have allowed for Under Armour to focus on specific markets. Under Armour has created and used four different slogans to market to specific targets. We Must Protect This House The first slogan states that “ We Must Protect This House. This was introduced as their first slogan and refers to them creating the first performance apparel which they refer to as the “ house” and protecting it from all competitors such as Nike and Adidas. So they are explicitly stating that we must protect what the foundations of the company were built on: the many different product lines of performance apparel. It was also something that many sports teams could relate to because it allowed them to use this philosophy when opposing teams came to their stadiums. Click-Clack In June of 2006, the next slogan introduced by Under Armour was called “ Click-Clack. This slogan was introduced explicitly for their line of football and baseball cleats because it reminded the wearer of the last sounds you hear before walking out on the field of battle. That sound you heard was the sound of cleats walking which sounded a lot like the words “ Click-Clack. ”

Again, this is another market niche that Under Armour pursued not only because it wasn't pursued by anybody, but because it was recommended by many of their loyal customers and Under Armour listened. Boom Boom Tap

On July 15 of 2007, Under Armour kicked off its marketing effort toward women by using the slogan " Boom Boom Tap. Focusing on the aspect of team play rather than a single sport, the commercial focuses on soccer, field hockey, softball, lacrosse, and volleyball. Prior to the " Boom Boom Tap" commercial, the girls had gravitated toward the male-dominated ads. The girls had liked the idea of " Protect This House" and wanted one for themselves. With Under Armour once again listening to its customers, it created an ad for its female customers entitled " Boom Boom Tap" and the rest is history. TNP ??? The New Prototypes

The latest installment of Under Armour's catchy slogans is entitled " The New Prototypes. " TNP" can be used in place of this. " TNP" refers to the new prototypes which are the new cross-training footwear that Under Armour introduced in May of 2008. Once again, Under Armour uses niche marketing because they wanted to bring back the cross-training footwear market that has been down for over 15 years. For the Under Armour cross-training market are only three different types of footwear and each one has a very specific use. Those three types happen to be the Proto Speed, the Proto Evade, and the Proto Power. The Proto Speed is the lightest of the three and is designed for athletes who train to become faster.

It solidifies your footing, enhances motion control, and ensures total comfort while you train. The next shoe is the Proto Evade. This shoe is designed for athletes who have more lateral movements in their drills. This shoe provides

maximum stability and a cushioned lateral ride which enables you to change direction faster than anyone on the field. The last shoe is the Proto Power which is designed for bulkier guys and comes with extra cushioning at the bottom to absorb more downward force for such lifts as squats and cleans. This product exemplifies a new dimension of stability, propulsion, and cushioning in your training program.

Sponsorships Another area that Under Armour is walking itself into is the area of sponsorships. By sponsoring different clubs, from all over, they are getting their image out to many an athlete. Of course their most popular sponsored customers are university athletics. They provide the performance apparel for the football teams of many universities such as Texas Tech, Utah, Hawaii, North Texas, South Florida, South Carolina, Southern Illinois, Delaware, Auburn, and Maryland. For many of these schools they also supply other teams such as women's volleyball teams, women's soccer teams, and women's and men's lacrosse teams.

And for the Universities of Auburn and Maryland, they are the official supplier to each school's entire athletic program, so that includes every team, boy or girl, that Auburn and Maryland has. As said before, Under Armour is very determined in marketing to women's teams. They are especially fixated on women's sports such as soccer, softball, lacrosse, volleyball, and field hockey. They in fact supplied the performance apparel for the entire US field hockey team in the Beijing Olympics and also a number of other Olympic athletes in the sports already mentioned.

Under Armour has even gone as far as to sponsor teams from other countries. They are officially the kit supplier of Hannover 96 which is a professional soccer team in the German Bundesliga which is the German Professional Soccer League. Movies Another approach Under Armour has taken is in the direction of movies. In 1999, Warner Brothers contracted Under Armour to outfit its actors for two football movies made in the same year. One was called Any Given Sunday, which starred Al Pacino and Jamie Foxx and the other was called The Replacements starring Keanu Reeves and Gene Hackman.

At the time Under Armour was making a name for itself and these movies helped spread that name around since both movies were viewed by millions around. In 2006, Under Armour again showed themselves in the movie Gridiron Gang and fitted all the athletes of the movie with Under Armour performance gear. Inside the Numbers Some numbers are going to be thrown out there to see where Under Armour stands. As of the second quarter of 2008, Under Armour owned 79% of the market for compression sports apparel. Mock 2008) At the beginning of the year, about 23% of Under Armour's total sales came from women's apparel, and Plank expects that percentage to make up more than half of the company's sales. (Kiley 2008) Since the advertising of its football and baseball cleats through the Click-Clack slogan, Under Armour has grabbed a 20% share in the football cleat market and an 11% share in the baseball cleat market. (Gregory 2008) In the first quarter of this year, Under Armour reported a 71% drop in profits and in the second quarter it reported a 75% drop in profits. (Olson 2008) There is a really simple explanation for these drops.

In the first quarter of this year, Under Armour spent nearly 18% in marketing and then in the second quarter spent 14.4% in marketing. (Olson 2008) A large part of this spending is due to the fact that they spent \$4.4 million for their Super Bowl ad which only lasted 60 seconds. (Gregory 2008)

Distribution Throughout this whole marketing campaign, Under Armour has carefully controlled its distribution. (Colman 2008) It has restricted sales to sporting goods stores, military-base exchanges, and sports-and military ??? oriented outlets. (Colman 2008) Such stores include Champs, Dick's Sporting Goods, and The Sports Authority.

Under Armour can also be bought through the very popular Eastbay Magazine. Was This the Way to Go or Not? (Evaluation) I believe this was the correct way for Under Armour to go in terms of marketing. First of all, even though Under Armour has a high percentage of the market in performance sports apparel, they have nowhere near the amount to spend on marketing than Nike, Reebok, and Adidas do. They have to choose their target markets carefully and spend their money wisely at all times other these other giants could take over and eliminate them from the market rather quickly.

This is one reason why they don't have many commercials, but the few commercials that they do have really push the point they are trying to make and they really catch the attention of the viewers that are athletes. This is why they have to pursue the niches in the market because they don't have the resources to pursue the larger markets. Otherwise they wouldn't last any amount of time. They have to use the Flank Attack strategy and attack the weaknesses because, again, they don't have the resources to use the Frontal

Attack strategy. Even though they are a growing company, they are still small compared to the giants.

They have to keep developing products that satisfy the untapped needs of athletes of all kinds. As an athlete, there is always going to be a gap that could allow me to train or perform better so as long as Under Armour can continue to find these gaps, then there is always going to be success in the future. Recommended Strategies Well first of all, I would recommend that Under Armour keep going after the target markets it has already. I would tell them to keep finding niches, keep researching unsatisfied needs of its customers because as long as you satisfy these needs, you will attract more market share.

Keep listening to customer suggestions because they are always right. If many of your customers are suggesting that you should do this, then look into it to satisfy that need. Television I would recommend that television be used as half of my marketing budget. To be more specific, I would use Cable Television and choose a select number of channels to advertise the Under Armour products. These channels would include ESPN, ESPN 2, and maybe Fox Sports Network. These are the major sports channels of Cable TV and the most watched channels by fans of various sports.

Through this method, television would account for 50% of my marketing budget because it is easy to pick and choose which channels to use and it is also easy to pick and choose during which times of the year the product could be needed the most. Televised Games Since I know which channels to use, I would most often choose to advertise my product through televised

games year round. The one thing about this product is that these products can be used year round. There's a season for each sport and there's also an offseason for each sport.

Because this product is used during the season and offseason, you would have to spread out the usage of your advertising and not bulk up or focus on any particular time of the year. Football's season starts in September and lasts till February when the Super Bowl is played. However the offseason of football starts at about March and ends till August. Baseball season starts in the spring and the playoffs end in October. The offseason for baseball, however, begins as soon as the season ends and lasts all the way up till the beginning of spring.

This goes for all sports because there's never really a rest period for athletes of any sport, so you have to spread out your advertising throughout the year instead of overloading in one part of the year and then not displaying anything in another part of the year. Magazines are an important part in advertising the Under Armour product and since they are important, you want to display your product equally between men's and women's magazines. Such magazines for men that you would want to advertise would be more of your fitness and sports magazines.

These magazines include Sports Illustrated, Muscle & Fitness, Men's Fitness, and Eastbay. I chose Sports Illustrated over ESPN the magazine simply because ESPN is marketed more toward men, while Sports Illustrated is more evenly based between the two sexes. The same can be said for women's magazines in terms of you would want to advertise in more of your fitness

and sports magazines, but for the sports magazines you would have to choose more specific magazines because of the lack of magazines for women that focus on all sports.

These magazines include Softball Magazine and Volleyball Magazine because these magazines are more specific and direct. Other magazines include Fitness Magazine and Shape Magazine because these magazines for women are more of your training magazines. The total magazine market would account for 40% of the marketing budget. Internet Ads The least used method would have to be the internet. It would only account for 10% of the marketing budget.

The reason is because many athletes read sports magazines and watch professional and college games and showing an ad during these televised games or in magazines would be more effective than trying display an ad through the internet. Athletes better connect through television and magazines than through the internet. The ESPN website would be the most logical website to use but many athletes already watch ESPN on cable TV so one would be wasting the budget. You can also have ads on Yahoo, YouTube, or AOL but again you do not want to overload on the internet because the TV is a more productive tool.

Proposed Target Markets ??? Mixed Martial Arts One proposed target that I feel that Under Armour could pursue is Mixed Martial Arts. The event of extreme fighting is growing rapidly throughout the world and Under Armour could really establish themselves as a heavy hitter in the terms of advertising for mixed martial artists. There is only one problem and that is

that Under Armour has specified that they are focused on team sports and team competitions instead of individual sports and athletes so this might be going against their motto that has helped them to build themselves up until this point.

Orthopedic Support There is another area that I suggest for Under Armour to pursue and that area is orthopedic support. As long as there are going to be athletes, there are going to be injuries occurring. Under Armour could really pursue creating ankle braces, knee braces, wrist braces, or even casts. This is a market that is pretty much untapped and the loyal customers of Under Armour would really take to the idea of wearing these orthopedic supports when any one of them gets hurt or injured. I think it would be a great idea for Under Armour because it could possibly increase their revenue by 25-40%.

I'm quite sure that every athlete has had some type of injury along the lines of sprained ankles, knees, and wrists and wearing Under Armour supports only gets their image out even more. I just think it something that Under Armour should pursue. **Implementation** To implement these strategies I would have to create a media plan and a budget to abide by. First of all I would only use three media types to advertise Under Armour products. Those media types are television, magazines, and the Internet. The reason is because I myself am an athlete and as an athlete, what do I look at the most.

The number one thing was games that come on television and sports channels. I also read very many sports and fitness magazines. The things I look on the least are websites and such but I included them anyway. I could not contain Under Armour's actual revenue for the year so I used a projected

revenue. Under Armour's projected revenue is around \$650 million so I decided to use \$650 million exactly. My marketing budget will be 14% of the total revenue which is exactly \$91 million. Out of this \$91 million, 50% will go towards television, which is \$45.5 million, 40% will be directed towards magazines, which is \$36.4 million, and 10% will be directed towards the Internet, which is \$9.1 million. When I say that 45% is focused on television, this includes televised games and sports channels because athletes usually watch some form of televised game or sports channel. The 45% on magazines includes sports magazines and fitness magazines for both men and women. The last 10% of advertising would be used to post internet ads on a select few number of websites. These could include Yahoo, ESPN, or YouTube. I could substitute Yahoo for Face Book or MySpace but that's up to the Under Armour execs.

The media plan on the second to last page of the paper shows the following format as to how everything would be situated. All numbers are in percentages of the marketing budget for each media type and the table also shows what percentage of each month is allocated toward which media type.

Control ??? Customer Surveys One thing that Under Armour could pursue to control its marketing strategies is to develop and issue customer surveys. Now I've already mentioned that Under Armour frequently listens to its customers as to what they should pursue next.

Customers frequently suggest to Under Armour that they should enter this market or enter that market and Under Armour listens very carefully because once again the customer is always right. Well customer surveys are basically the same because Under Armour could ask its current customers if they

would support them in the creation of a certain product. If a large response to any survey is negative then Under Armour can ignore that but if a large response to those surveys is positive Under Armour could carefully pursue that market and satisfy their customers. Developing Loyalty Programs

A loyalty program that Under Armour could add is Frequency Programs or FP's. FP's are designed to provide rewards to customers who buy frequently and in substantial amounts. This would be a great thing because not only could you increase sales, but this program can also keep inventories low and cause for greater turnover. Encouraging customers to buy more is never a bad thing as long as you give the customers a positive incentive to buy more. Developing a loyalty program not only causes your current customers to buy more, but it will cause your current customers to talk more to the people they know resulting in a larger customer base.

Conclusion While Under Armour is nowhere near as big as Nike or any of the other major players, these major players definitely know a threat when they see one and Under Armour is slowly but surely making itself known through unique marketing strategies, patience, and very productive customer interaction. They are gaining loyalty but listening to their customers and ensuring that they will be around in the long run and with me already a loyal Under Armour customer; I will do nothing less than support them in their goals for the future. Bibliography Colman, D (2008, August 7). Muscling Into the Mainstream. New York Times. Olson, E. 2008, August 2). Expanding in Athletic Gear in a Tough Economy. New York Times. Holmes, S. (2007, April 30). Under Armour May Be Overstretched. Business Week, p. 65 Kiley, D. (2008, January 30). A First Run in Under Armour Prototypes. Business Week, <https://assignbuster.com/under-armour-marketing-assignment/>

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