

Under armour business report flashcard



**ASSIGN
BUSTER**

Under Armour was founded in 1996 by Kevin Plank , a then 23-year old former special team's captain of the University of Maryland football team. Plank initially began the business from his grandmother's basement in Washington, D. C. As a fullback at the University of Maryland , Plank got tired of having to change out of the sweat-soaked T-shirts worn under his jersey; however, he noticed that his compression shorts worn during practice stayed dry. This inspired him to make a T-shirt using moisture-wicking synthetic fabric.

After graduating from the University of Maryland , Plank developed his first prototype of the shirt, which he gave to his Maryland teammates and friends who had gone on to play in the NFL . Plank soon perfected the design creating a revolutionary new T-shirt built from microfibers that wicked moisture and kept athletes cool, dry, and light. Major competing brands including Nike , Adidas and Reebok would soon follow in Plank's footsteps with their own version of Under Armour's moisture-wicking apparel.

By the end of 1996, Under Armour had sold 500 Under Armour HeatGear shirts, generating \$17, 000. In 1997, Plank had \$100, 000 in orders to fill and found a factory in Ohio to make the shirts. People began to take notice of the brand when a front page photo of USA Today featured Oakland Raiders quarterback Jeff George wearing an Under Armour mock turtleneck .

Following that front page, Under Armour's first major sale came when an equipment manager from Georgia Tech asked Plank for 10 shirts. This deal opened the door to a contract with Arizona State University , North Carolina State and other Division I football teams.

With positive reviews from players, word began to spread and orders began to increase. That same year, Under Armour launched with several new apparel lines including ColdGear, TurfGear, AllseasonGear, and StreetGear. Functions of management: Strategic planning: In such a thriving industry, it is necessary to stand out, stay relevant, and have something that gives your company an advantage over your competition. Under Armour differentiates itself from other athletic apparel companies by using synthetic material in producing its clothing.

Rather than the more traditional fabrics such as cotton, they were the first company to use synthetic material technology which helps keep athletes cool when the weather is warm and warm when the weather is cold. Even though other companies have tried to emulate this innovation, Under Armour was the first to introduce the product and remains the leader in the large, athletic apparel market. Kevin Plank, CEO for Under Armour, has said that although the company prides itself the synthetic technology, the brand has not yet built its defining produce and will continue to find new ways to differentiate itself from its competition.

SWOT Strengths-Being financially strong helps Under Armour deal with any problems ride any dip in profits and out perform their reals. A strong brand is an essential strength of Under Armour as it is recognized and expected.

Under Armour's distribution chain can be listed as one of their strengths and links to success. High net income. Offering wide range of casual apparel and sportswear. High profit to earnings ratio. Positives response from customers. Official outfitter of schools and universities teams.

Weaknesses-Not reducing costs in the same way as their competitors means Under Armour is outlaying more of their profits having higher costs than competitors is a major weakness. Not having an effective marketing strategy seriously hampers the success of Under Armour. Online presence is vital for success these days and lack of one is limitation for Under Armour. Under armour's limited product line is major weakness. Narrow focus. It is considered as male targeted brand. Opportunities-Looking at export opportunities is a way for Under Armour to raise profits.

The changes in the way consumers spend as they buy provides a big opportunity for Under Armour to explore. New market opportunities could be a way to push Under Armour forward. Expanding the product service lines by under armour could help them raise sales and increase their portfolio. Expanding into other markets could be a possibility for under armour. Forming strategic alliances and joint ventures is an opportunity for under armour to maximize profit and gain new business. Reduce prices of the products. Increase number of retail outlets.

Threats-Tax increases placing additional financial burdens on under armour could be a threat. The financial burden of increasing interest rates could be a threat to under armour. Changes in the way consumers shop and spend and other changing consumer patterns could be a threat to under armour's performance. The actions of a competitor could be a major threat against under armour for instance if they bring in new technology or increase their workforce to meet demand. Substitute products available on the market present a major threat to under armour. Hard competition from companies such as Nike and Adidas.

Recession may impact the sale of company. Low price importers can fetch market share. Male dominated focus. Mission statement-To make all athletes better through passion, science and the relentless pursuit of innovation.

Financial-Under Armour is a publicly traded company on the NYSE. Results from the fourth quarter, ending December 31, 2011, shows that net revenues increased 34% to \$403 million, \$102 million more than the previous year. Net income also increased 42% from \$23 million at year end in 2010 to \$33 million at the end of the fourth quarter in 2011.

Their apparel business also surpassed the \$1 billion mark in 2011! As their net income and revenues increased for the year, so did their long-term debt primarily due to the acquisition of Under Armour's new corporate offices: long-term debt is up to \$78 million from \$16 million at 2010's year end.

These terrific financial results came about during a difficult economic time in the U. S. and prove that UA is a competitive force in the sports apparel industry that will find success for many years to come!