

Under armour's distribution strategy

[Business](#), [Strategy](#)



Essay on Under Armour's Distribution Strategy

Under Armour (UA) was founded by American ex- football player Kevin Plank in 1996

Its headquarters are in Baltimore, Maryland. Plank started the business in his grandmother's basement. The word of mouth publicity brought revenue and ultimately in two years time Plank started reaping profit (Under Armour ® 2010).

Distribution channel

Under Armour follows unique marketing techniques such as alliances with sport teams, institutional advertising, direct to business selling & creating college sponsorship agreements other than wholesale distribution, retailing, product licensing and independent sales to military specialists, fitness specialists, outdoor retailers and other specialty channels.

Sports Team Alliances: Under Armour sells branded products to First Division Football clubs and multiple cricket clubs in the United Kingdom, soccer teams in Italy, Spain, Holland, Ireland and Germany, as well as First Division Rugby clubs in the United Kingdom, France, Italy and Ireland (Under Armour ® 2010). **Direct Selling:** In 2009, 18% of Under Armour's net revenues were generated through direct to consumer sales.

Direct to consumer sales include discounted sales through factory house outlet stores and sales through the specialty stores, global websites and catalogs. Direct selling enables Under Armour to control price and ensure that new products will be stocked (Under Armour ® 2010).

Retail & Wholesale Distribution:

Under Armour's products are currently offered in over twenty thousand retail stores worldwide. In 2009, approximately 75% of our wholesale distribution was derived from large format national and regional retail chains.

Additional wholesale distribution in 2009 was derived from independent and specialty retailers, institutional athletic departments, leagues and teams (Under Armour ® 2010).

Product Licensing

In addition to generating revenues through wholesale distribution and direct to consumer sales, Under Armour generated revenues from licensing arrangements to manufacture and distribute Under Armour branded products (Under Armour ® 2010). Logistics

Under Armour has introduced ERP system for better logistics and supply chain management. The system enables the company to look at on-hand inventory as well as inbound inventory and any work in progress that's being manufactured and compare the supply against the customer's request date. The system ensures that the correct sizes, colors and styles are shipped, which satisfies retailers and eliminates charge backs. Under Armour's interests lies in supply chain management with more direct shipment.

Under Armour achieves inventory strategy by ordering seasonal products based on current bookings, shipping seasonal product at the start of the shipping window in order to maximize the productivity of floor space at retailers and earmarking any seasonal excess for sales through the factory house outlet stores and liquidation sales to third parties. Under Armour

package and distribute the majority of products through two distribution facilities in Glen Burnie, Maryland, with approximately 359,000 square feet and 308,000 square feet of space.

Under Armour distributes its products in North America through a third-party logistics provider with locations in San Pedro, California and Medley, Florida (Under Armour ® 2010).

Physical Facility In USA, Under Armour distributes through national and regional retail chains such as, Academy Sports and Outdoors, Dick's Sporting Goods, Hibbett Sporting Goods, Modell's Sporting Goods, and The Sports Authority; hunting and fishing, mountain sports and outdoor retailers such as Bass Pro Shops and Cabela's; and The Army and Air Force Exchange Service.

With the launch of performance training footwear in 2008 and performance running footwear in 2009, Under Armour expanded its distribution at the mall through national footwear retailers including Finish Line and Foot Locker. Under Armour concept shops enhance its brand's presentation within major retail accounts with a shop-in-shop approach, using dedicated floor space exclusively for its products including flooring, lighting, walls, displays and images. Since 2006, Under Armour has reshaped 600,000 square feet of space dedicated to concept shops at over 750 locations of major retail accounts.

Across various retailers, factory house outlet and specialty stores, Under Armour uses in-store fixtures and displays that highlight the company's logo and have a performance-oriented, athletic look. One example of brand-

building fixtures is Under Armour's " Big E" mannequin, a life-size mold of Eric Ogbogu, a former NFL player. To target female consumers, Under Armour uses complementary mannequin, the UA WOMAN, modeled after the star of Under Armour's early women's brand campaign, Heather Mitts.

These displays provide an easily identifiable place for consumers to look for Under Armour products and are intended to reinforce the message that Under Armour brand is distinct from its competitors (Under Armour ® 2010).

Competitive advantage

Under Armour's main competition comes from large and well established apparel and footwear companies, such as Nike and Adidas. Under Armour is relying on selected distributors, whereas Nike and Adidas have the advantages of intensive distribution.

These competitors are better equipped than Under Armour to influence consumer preferences or otherwise increase their market share by quickly adapting to changes in customer requirements; readily taking advantage of acquisition and other opportunities; discounting excess inventory that has been written down or written off; devoting resources to the marketing and sale of their products, including significant advertising, media placement and product endorsement and adopting aggressive pricing policies. Under Armour is placed better in comparison to Columbia Sportswear Company due to its innovative retail strategy and direct selling programs. Read about Value Chain Analysis Under Armour

References

<https://assignbuster.com/under-armours-distribution-strategy/>

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