

# Champion clothing business analysis



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### Introduction (Company Summary)

For 100 years, Champion has been one of the premier sport clothing brands of innovation throughout the world. Since its birth in Rochester, New York in 1919, Champion has remained a household name among universities with their signature quality of sweatshirts and pants (Champion, 2018). As their popularity grew among universities across the nation, they ventured towards more exposure through professional organizations such as the National Basketball Association (NBA), National Football League (NFL), various soccer leagues around the world, and the United States National Team. The clothing

line now-a-days is found throughout stores across the country including stores like Academy Sports and Outdoors, JC Penny, Kohls, Sam's Club, and e-commerce sites such as Amazon. Due to the level of exposure and brand awareness throughout the years, Champion has extended its influence towards penetrating the sports apparel market generating increased revenues. At the moment, Champion continues to remain as a subsidiary of its parent company Hanesbrand Inc. as its second-largest brand behind Hanes (SEC, 2019). In terms of competition, Champion has remained a leading competitor in the sports apparel world through its ability to sell its product through popular retailers across the country. Their famous product lines which include hoodies, sweatshirts, short and long sleeves, jackets, crops, underwear and much more has kept the legacy of Champion going strong for 100 years. Now, more than ever before though is the time for Champion (as a brand) to step up in order to bridge the gap between it and its competition through strategic partnerships and unique designs for those who have sacrificed for their country.

### Company Proposal

As Champion enters its 100<sup>th</sup> year as being a global leader in sports apparel, now, more than ever is the time to venture towards designing and creating a new line of product that'll help diversify the brand into different markets and differentiate itself from its competition such as Nike, Adidas, and Under Armour. As mentioned before, Champion has had a reputation of sponsoring sporting team from youth organizations to Olympic athletes and team that have competed on the biggest sporting "stages" in the world. The problem that Champion has encountered though is that the market has become

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saturated with brands of equal or greater value that sponsor the same sporting leagues that they participate in. In order to continue competing at a level sufficient enough, Champion needs to align itself with a key element in American society which is veterans with disabilities.

With 1.2 million active duty personnel, over 800,000 personnel in the reserves, and 19 million veterans in the United States, the opportunity for Champion to penetrate the market with unique products that benefit veterans with disabilities is massive (United States Military Strength).

According to the Census Bureau, of the 19 million United States veterans, there is over four million veterans that have a disability rating between 0-100 percent. By creating products such as prosthetic sleeves, Champion will thus bridge the gap within its competition and itself.

Consumer Products, Direct and Indirect Competitors, and Sales Comparison

Champion's product lines are often separated into two categories which include innerwear, active wear, and international. Inner wear includes products such as men's, women's, and children's underwear and panties. Active wear includes T-shirts, fleece, sport shirts, performance T-shirts and shorts, sports bras, thermals and teamwear. According to SGB Media Group, Champion has been on the up rise in terms of sales throughout the last decade as it reported \$1.4 billion in sales in 2017 and is projected to reach \$2 billion by 2022 (SGB Group). Though the steady rise throughout the last decade is positive, the overall impact in comparison to other competitive brands is minimal.

For instance, their competitors, which are brands such as Adidas, Nike, Under Armour, and generating equal or greater sales margin on the same lines of product for the most part. Nike, in North America alone, rose their sales margin by 9 percent in 2018 and sold \$3.78 billion from their product line (CNBC). Adidas on the other hand has had greater success in the North American Market as it dominated 2017 in the sports apparel category with \$3.9 billion in similar products as Nike and Champion (Quartz). On the other positive side when it comes to sales, Champion is still ahead of companies such as Lululemon and Under Armour. In 2018, Under Armour only generated \$1.39 billion in the North American market (Motley Fool) and Lululemon finished off with only 723.5 million (CNBC).

Though Champion is in direct competition with all the brands listed above, the market for prosthetic materials hasn't been penetrated by any major brand yet. With an approximate \$590 million market expected to be reached by 2025 in sales, it would benefit a sports apparel leader like Champion to enter the market before any other major brand does (Stats and Reports). In terms of smaller brand competition such as Ottobock, Ossur, and Willow Wood that are already in the market, methods like tactical acquisition could help Champion by partnering or purchasing a company that's already inside the market and has sufficient knowledge on how to navigate through it.

While many prosthetic liners are made with various materials such as wool, cotton, and synthetic fibers, the best material would be to utilize a Nylon sheaths as it'll provide friction between the skin and the material. This will cause the sheath to provide an extra layer of moisture protection. Other aspects to consider are the liner durability and longevity. The problem with

liners most often is that they don't last very long. If Champion aligns themselves with a brand that produces liners with a sufficient amount of volume management, then the liners will last a lot longer, which will benefit the veteran (Amputee Coalition).

### Public Brand Perception vs Competition

Public Perception is one of the major key elements that companies keep a close eye on a daily basis. In the digital era, the war between brands for customer loyalty and perception lies on a sensitive scale that could be swung either direction by a single tweet or statement. However, even though social media has given consumers the ability to connect with their favorite brands in an instance, qualities such as prices, performance, durability, and a wide selection of products still captures consumer attention.

In October of 2018, Mintel surveyed a significant number of individuals to get their thoughts and perceptions on major brands and their product lines. There were ten categories surveyors answered questions on. When it came to reasonable prices, Champion beat out every major brand including Reebok, Adidas, Nike, Under Armour, and Lululemon. In terms of quality of products that surveyors purchase from these brands, Nike took first place while Champion placed fifth. The next category was performance of the product once again placed fifth in the category. When it comes to having a large number of products to choose from, Champion placed fourth amongst the major brands. Surveyors were then asked about the brands availability of products according to gender and age. Champion tied with Rebook and Adidas for third place. Finally, in the category of innovation, durability,

desirability, and elite, Champion ranked fifth only beating Lululemon in all categories (Mintel).

With social media as part of our everyday lives, it's important to companies to stay of their target audiences on the web in order to raise brand awareness, acquire a broader target audience, and ultimately convert clicks into sales through calls to action. Though these are just a few goals amongst many, in order to bridge the gap in terms of online influence, Champion must stay ahead of its competitions with creative or innovative strategies online. For instance, on Facebook, Champion has only a million followers compared to Nike's thirty-two million and thirty-five million. On Twitter, Champion has only thirty thousand compared to Nike's 7.7 million followers and Adidas's 3.56 million followers. Even through heavy attrition rates, Champion isn't is on the same league as Nike and Adidas in terms of reaching a large number of individuals that are following her social media presence. The unfortunate result of this is that Champion is having to spend much more than these other brands when creating social media campaigns.

One tactic that Champion can utilize to its advantage is the power of aligning itself with a worthy cause. For instance, when Nike aligned itself with Colin Kaepernick's message back in 2018, Nike's sales rose \$6 billion for the remainder of the year. There's a clear message that Champion can take away from that specific campaign and that's people will align their wallets with a company that aligns values with their consumers. Champion has an opportunity to not only raise to public awareness of its brand through a heart-felt influencer campaigns on veterans with disabilities by developing prosthetic liners, but also raise its quarterly earnings because of it. A vast

majority of Americans still feel passionate veterans and the sacrifices that they've made throughout their time in the service.

### Strategic Recommendations

Considering the research that was conducted in terms of competitive analysis of Champion, I recommend the best course of action for BMGH Marketing Inc. is to suggest Champion to move forward and create several disabled veteran campaigns and streamlining a new product line. The product line would be vapor/fresh IQ technology that reduces the temperature at the skin's surface of the limb. Ultimately, the product line would increase athletic performance and reduces the chances for reddening irritation or sort of infection that could occur.

I would also recommend creating several advertisements with disabled veterans and airing them on high-profile segments of television with the most viewers. Not only is this going to raise brand awareness of the company, but it's also going to create a sense of engagement in the viewer to want to purchase a product from Champion's line. The benefits would outweigh the initial cost by generating increased purchases.

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