

Example of case study on under amour-nike case

[Business](#), [Company](#)



Executive Summary

The athletes industry is highly competitive and unpredictable for organizations that venture. As such, the industry has been dominated by companies such as Adidas and Nike. Accordingly, the aforesaid companies that have sustained market dominance have controlled the sports apparel and footwear sector for decades. As well, the market dominance by the various companies has been as a result of clear comprehension of the market of operation. Nonetheless, Under Armour has emerged as a formidable force within the athletes industry. As a new company with less than 30 years of experience, the organization has been growing tremendously. Accordingly, the tremendous growth of the company has been fueled by innovation coupled with strategic policies of operation. Admittedly, through the varied strategies in operations, the company has sustained a market niche within a cutthroat economy. Thus, this paper will be directed towards the evaluation of under amour.

Introduction

Under armor Inc. which was incorporated in 1996 has become a tremendous competitor within the sports apparel sector. As such, the company has sustained a formidable position within the sports apparel, footwear coupled with accessories. However, the prospect of increased market challenges within the environment of operation has become an aspect of concern. Companies such as Nike and Adidas have caused significant market domination challenges. Admittedly, the company has had to incorporate the right strategies that are construed towards ensuring operational

sustainability. Accordingly, through investment into operational tactical change, the company is bound to sustain its imperative mandate. As such, the investments into operational tactics in operations are bound to ensure cementing of their position within the cut throat market of operation. Hence, this paper will examine the internal and external analysis of Under Amour coupled with the strategy that the company could incorporate to sustain plausible market position.

Mission and objectives

First and foremost, under amour incorporates a formidable mission statement that is directed towards making athletes better via passion, science coupled with perpetual investment into innovation. As such, through the mission statement, David & Robert (2013) state that the company affirms that directed analysis of the market is imperative for growth. Accordingly, the mission statement is directed towards a holistic approach of the athletes within the sports market. Admittedly, through inculcation of holistic approach within the mission statement, under amour is directed towards maintaining market leadership within the sports industry. Additionally, the major investment into innovation as per the mission statement is bound to generate the prospect of quality products. As a business objective, David & Robert (2013) assert that the company invests into constant innovation directed towards quality products and service delivery. Accordingly, major investment into the customer without a biased mandate on athletes is an operational objective within the company. Through unbiased product selling, the company is focused on sustaining its mission statement through meeting its varied operational objectives.

Internal analysis

First and foremost, within the internal analysis of a company, it is imperative to incorporate a SWOT analysis. A SWOT analysis is directed towards the analysis of the strengths, weaknesses, opportunities and threats faced by Under Amour.

Strengths

Innovation

Under amour has sustained its operative position through innovation. Consequently, the company has sustained its market position through major investment into innovative ideals in regards to their operative policies. Thus, from its onset, the company has sustained five top notch lines of products. Hence, cold gear, turf gear, loose gear, all season gar and heat gear have become trade mark products that have sustained its market growth.

Attractive logo

David & Robert (2013) assert that the product logo inculcated by under amour has become a prospective source of operational strength to the organization. As well, the company has sustained positive remarks from the various pundits in regards to their product logo. Additionally, the product logo has become a source of core competence in regards to the youth market.

Product differentiation

Since the inception of Under Amour in 1996, the company has sustained its dominance in athletic gears market through increased investment into product differentiation. As a clear example, the company's heat gear product

has been highly differentiated through the micro-pique fabric prowess and technology.

Weaknesses

High Price point

Under amour products as per David & Robert (2013) are still regarded as highly pricy. Accordingly, despite the quality products released to the market, the company still maintains a higher price point as compared to its competitors. Apparently, for the sustenance of organizational performance, David & Robert (2013) assert that the price points of the products require further analysis.

Weak online presence

John (2013) asserts that the growth of E-Business has become a tremendous source of competitive edge among various businesses. However, under amour has lagged behind in regards to its tactical mandate construed towards e-business operations. Reduced e-business venture has ensured that its rivals have an edge over under amour in capturing online customers.

Opportunities

Novel emerging markets

John (2013) emphasizes that the BRIC countries which comprise of Brazil, India and China have become plausible economies in which under amour can enjoy lucrative profits. Admittedly the aforesaid economies have opened up effectively as a result of both globalization and change in government policies. As such, through investment into the emergent markets, John (2013) asserts that further growth and market dominance is bound to prevail

Threats

Extensive market rivalry

John (2013) affirms that under amour operates within a market that has been dominated by Adidas, Nike and so forth. As a new company within a highly cutthroat sector, under amour has had to cope with the prevailing market leaders with many years of experience.

New market hence daunting to sustain dominance

Under amour is a new company within a market that has been dominated for decades by companies such as Nike and Adidas. Hence, for the operative sustenance, the company requires plausible initiative that will be directed to maintain market share in the sports industry.

External analysis

John (2013) affirms that external analysis entails the various aspects that Under Amour cannot control but have major impact on the organization. Thus, a PEST analysis which entails political, economic, social and technological analysis is inculcated to analyze the external factors that an organization has to grapple with. Thus, a PEST analysis of Under Amour is as follows;

Political

Currency exposure threat

The international frontier of operation is highly unpredictable in regards to the operative mandate coupled with maintenance of profitability.

Accordingly, different currencies within the political framework pose disparity in strengths within the global economy. Hence, within the operative

environment John (2013) asserts that under amour has to grapple with currency risks that pose the prospect of increased or reduced profitability.

Tax systems

Within the global economy of operation, John (2013) asserts that the prospects of differentiated tax systems by the governments are aspects of concern. As a clear example, the UK economy has an increased tax rate in regards to sportswear as compared to US. Thus, under amour has to incorporate the right measures that are bound to balance both tax rate and profitability. Accordingly, a creation of parity between the tax rate and profit levels is bound to sustain the operations of the company within different markets.

Economic

Economic recovery

Economic recovery has become a plausible aspect of concern within the varied markets of operation. As a clear example, within the EU, significant recovery of economies has been witnessed. Accordingly, through improvement or recovery of the varied economies John (2013) asserts that impeccable environments of operation have been manifested. As such, through plausible economic recovery, the notion of market entry coupled with increase in production has been evidenced.

Increased shipment costs

Across the world, there have been evidenced increased shipment costs for products. In light with the notion of piracy and so forth, the notion of shipping products to varied markets has given rise to the incremental

distribution network of products. Accordingly, the increased shipment costs have had ripple effects on the costing initiatives at under amour.

Social

Increased obesity in US

The notion of increased obesity in US has caused a negative prospect for the company. Accordingly, the company has had to conform to the notion that the numbers of individuals participating in physical activity have reduced significantly. With such reduced market prospects, the need for ventures into other markets has become imperative for market dominance.

Technological

Enhanced E-commerce frontier

The E-commerce frontier has grown tremendously worldwide. Despite the distance disparities, the notion of enhanced transactions through the online platform has become an aspect of analysis and market venture. Accordingly, for the sustenance of operations and profitability, businesses have had to inculcate online marketing coupled with website optimization to sustain operations.

What should they do?

Penetration pricing policy

Penetration pricing policy in reference to John (2013) is a highly plausible strategy for organizations that are construed towards venturing into the developing markets. Accordingly, the penetration pricing policy entails incorporation of a low pricing strategy in regards to market venture. Thus, for the successful venture to the emerging markets, Under Amour needs to

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incorporate the aforesaid strategy. Accordingly, through the inculcation of the penetration pricing policy, the organization will manage to cement its position within the developing economies in which low income individuals are minimal.

Outsourcing production

The production sphere of numerous organizations has become an aspect of concern among various businesses. Accordingly, for the sustenance of reduced costs, it is advisable that Under Amour incorporates outsourcing production. Admittedly, the outsourcing of production will directed towards sustaining production contracts with varied organizations within countries such as India and Brazil. As such, the aforesaid countries possess reduced labor costs which will be important in sustaining proper price levels of the products.

References:

David, K., & Robert, L. (2013). Applied sport management skills, 2e. New York: Human Kinetics.

John, A. (2013). Sports sponsorship: Principles and practices. New York: McFarland.