

Under armour marketing strategy



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I. Executive Summary

Under Armour was founded in 1996 by Kevin Plank, a former football player at the University of Maryland. Under Armour started with an idea to create a superior t-shirt that provided compression and wicked perspiration off the skin rather than absorb it. A t-shirt that would work to regulate your body's temperature and enhance performance. The apparel was engineered to keep athletes cool, dry, and remain light throughout the course of a game, practice, or workout.

Since then, Under Armour has expanded and become more diverse. They entered the footwear business in 2006 with the launch of football cleats. They have also expanded their apparel line to cover men, women, and youth. Under Armour has also created an accessories department with football, baseball, and golf gloves along with sweatbands and sunglasses. Under Armour's mission is to make all athletes better through passion, science, and the relentless pursuit of innovation. They have created high-brand equity through advertising and providing a high-quality product to their consumers. Due to the quality of Under Armour's products, they have also created high-brand loyalty.

II. Target Market

- A. Demographic Segmentation Under Armour's demographic segmentation has changed over the years. Under Armour began

marketing towards male collegiate athletes between the ages of 17 and 23; however, they have expanded their target market to include men, women, and youth. They still focus on marketing and selling their products to consumers for use in athletics, fitness, and outdoor activities. Under Armour's prestige pricing leads them to market towards consumers who are financially stable and stable in their careers. Their demographic segmentation covers a wide area of the family life cycle. Their main focus is still towards younger consumers in the family life cycle, whether they are married or have children.

- B. Geographic Segmentation Under Armour's geographic segmentation is not confined to the United States alone, their products are offered in over twenty thousand retail stores world-wide. Nearly sixteen thousand of those retail stores are located in the United States. They also provide apparel created for both warm and cold climates, so no matter what type of environment a person lives in, Under Armour provides a product to suit that climate. They also understand that the trend of consumers leading more active lifestyles is a world-wide trend, thereby increasing their opportunities to introduce their performance products globally.
- C. Psychographic Segmentation Under Armour's psychographic segmentation covers many different types of consumers, but the main focus is in consumer's lifestyles. They focus on consumers with an active lifestyle. Under Armour believes there is an increasing recognition of the health benefits of an active lifestyle, and the trend of consumers becoming more active provides Under Armour with an expanding consumer base for their products.

III. Product

Under Armour provides a heterogeneous shopping product making the purchasing decision highly individual. Under Armour's product offerings consist of apparel, footwear, and accessories for men, women, and youth. They market their products at multiple price levels and strive to provide consumers with a superior alternative to traditional athletic products.

- A. Apparel Under Armour's apparel is offered in a variety of styles and fits intended to enhance comfort and mobility, help regulate body temperature and improve performance regardless of weather conditions. They have engineered their products to replace traditional non-performance fabrics in the world of athletics and fitness with performance alternatives designed and merchandised along three different gearlines: HEATGEAR when it is hot, COLDGEAR when it is cold, and ALLSEASONGEAR when it is between the extremes. Each gearline includes three fit types: compression (tight fitting), fitted (athletic cut), and loose (relaxed). The three gearlines are marketed to tell a very simple story about their highly technical products and extended across the sporting goods, outdoor, and active lifestyle markets. Under Armour's apparel is currently entering the maturity stage of the product life cycle. Sales increase rates are slowly beginning to decrease.
- B. Footwear Under Armour began offering footwear for men, women, and youth in 2006, and each year they have expanded their footwear product line. The footwear product line currently includes football, baseball, lacrosse, softball, and soccer cleats, slides, performance

training footwear, and running footwear. Under Armour's footwear is generally engineered with HEATGEAR technologies and is light, breathable, and built with performance attributes for athletes everywhere. Their footwear provides stabilization, directional cushioning, and moisture management engineered to maximize the consumer's comfort and control. Under Armour is currently developing a basketball footwear category. Their footwear product line is in the growth stage of the product life cycle with sales growing at an increasing rate.

- C. Accessories Under Armour provides a wide array of accessories, including baseball batting gloves, football gloves, golf gloves, running gloves, bags, and sunglasses. Under Armour's accessories are currently in the growth stage of the product life cycle with sales continuing to grow at an increasing rate.
- D. Competition and Packaging The market for performance athletic apparel and footwear is highly competitive and includes many new competitors as well as increased competition from established companies expanding their production and marketing of performance products. The fabrics and technology used in manufacturing Under Armour's products are generally not unique to them, and they do not currently own any fabric or process patents.

Many of Under Armour's competitors are large apparel, footwear, and sporting goods companies with strong worldwide brand recognition and significantly greater resources than Under Armour, such as Nike and Adidas. Under Armour also competes with other manufactures, including those

specializing in outdoor apparel, and private label offerings of certain retailers, including some of their customers. Due to their brand image and brand equity, the performance and quality of their products, and their selective distribution, Under Armour has been able to compete successfully in the sporting goods market.

In the future, Under Armour expects to compete for consumer preferences and may face greater competition on pricing. The purchasing decisions of Under Armour's consumers often reflect highly subjective preferences that can be influenced by many factors, including advertising, media, product sponsorships, product improvements, and changing styles. Under Armour packaging's main function is for promoting the product and increasing the brand equity. Under Armour's packaging contains the "UA" symbol and an image of one of Under Armour's contracted professional athletes. Another large focus from their packaging is product information, containing information about product technology.

IV. Price

The general pricing strategy for Under Armour is a value-based strategy, derived from Under Armour's reputation. Under Armour products have a reputation that is unchallenged and will remain that way unless there is a dramatic change in the market. People have come to expect great value out of Under Armour, and their reputation is one reason why they do so well.

Under Armour products thrive because no one can duplicate what they have done in the sporting goods market. One of the biggest concerns with Under Armour's pricing strategy is the fact that Under Armour's competitors are able to provide a similar product of lesser quality at a lower price. Under

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Armour stands behind their products and sets their prices based on what their product is worth to the consumer. Under Armour will continue to offer a high quality product at a price they believe represents the quality of their product and promotes brand equity.

V. Place

Under Armour utilizes a selective distribution strategy, providing their products in certain retail stores that would be best fit for selling their product, such as sporting goods stores. By utilizing a selective distribution strategy, Under Armour is able to maintain a superior product image to be able to charge a premium price and increase brand equity. Under Armour distributes their product in a couple of different ways. They sell wholesale to sporting goods carrier who in turn sell to consumer, but they also sell directly to the consumer through their website.

By using a retail channel for distribution and a direct channel for distribution, Under Armour utilizes a dual distribution arrangement. Under Armour's distribution strategy works well for their product. By providing their product in various sporting goods retailers, Under Armour is able to maximize sales and provide a product that can be made available to the consumer immediately. Distributing to retailers also helps Under Armour because their products may be purchased while a consumer is searching for other goods. The online store is also beneficial in various ways.

It allows Under Armour to have greater control over distribution, while providing a greater variety of their product available online. Another benefit

to their online distribution is that retailers may run out of a product, whereas the online store is less likely to have a shortage.

VI. Promotion

Under Armour currently focuses marketing and selling their products to consumers for use in athletics, fitness, and outdoor activities. They maintain control over their brand image with an in-house marketing and promotions department that designs and produces most of Under Armour's advertising campaigns.

Under Armour seeks to drive consumer demand for their products by building brand equity and awareness as a leading performance athletic brand. Under Armour utilizes advertising, direct marketing, sales promotions, and public relations to market their products to consumers.

- A. Advertising Under Armour uses numerous approaches to advertise their products. The primary source of Under Armour's advertising comes from television commercials and sponsorships with athletes and teams on the collegiate and professional level. Although television and sponsorships are the primary sources of advertisement, Under Armour also has advertised in magazines, the internet, and on billboards. Under Armour utilizes their sponsorships with collegiate and professional teams and players to advertise their products by having them seen on the field, giving their products exposure to various consumer audiences through the internet, television, magazines, and live at sporting events. This exposure to consumers helps Under Armour to establish on-field authenticity as consumers can see their

products being worn by high-performing athletes. They also have sponsorship agreements with individual athletes, including Olympic Gold Medalist Lindsey Vonn, UFC Welterweight Champion George St-Pierre, NFL Players Vernon Davis and Patrick Willis, and Olympic Gold Medalist Michael Phelps.

- B. Direct Marketing Utilizing direct marketing to communicate with potential consumers, Under Armour entices consumers to order Under Armour merchandise from their official web site online or attracts consumers to visit their nearest sporting goods store to purchase Under Armour products. Under Armour mainly uses e-mail, direct mail, and catalogs to directly market to potential consumers. Winning the 2007 Interactive Advertising Official Honoree award for e-mail marketing shows Under Armour's dedication and success utilizing their direct marketing strategy. Consumers can also easily request a catalog from Under Armour's official web site.
- C. Sales Promotion Sales Promotion is the least used promotional strategy used by Under Armour. Although Under Armour does not usually use sales promotions to sell their products, they do subtle things that can be considered promotions. One promotion they offer is if consumers order \$150 or more on their website, shipping is free. Also, if consumers order online frequently they will be sent coupons and rebates on later purchases, which is a frequent buyer program. In retail outlets that carry Under Armour there are often point of purchase promotions, but they are typically on all store merchandise and not specifically Under Armour products.

- D. Public Relations Under Armour contributes great effort into the use of public relations. Under Armour seeks to maintain positive investor relations. Under Armour provides a link on their official website for investors to track the performance of the company. It is important for Under Armour to maintain quality investor relations to ensure that current and potential shareholders continue to supply the company with funds. Under Armour supplies information such as stock price, press releases, financial standings, and quarterly reports in an attempt to secure the public's trust in the company. One of the main purposes of using public relations is for the public to develop a greater level of trust in the company.
- E. Promotional Mix Strategy Under Armour uses a pull strategy, which stimulates consumer demand to obtain product distribution. Under Armour heavily promotes their products through media and institutional advertising, creating an awareness and demand for consumers to "pull" Under Armour products through distribution channels. They will also use their high brand equity and brand loyalty to entice sales through the pull strategy.

VII. Summary

Under Armour has strived to create a high quality product that stands out from competitors through advanced technologies and high brand equity.

Under Armour uses heavy advertising and sponsorships with collegiate and professional athletic teams to market their products to their target market.

Under Armour has become a leading performance athletic brand.

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