Growth And Development Of Under Armour Company

In 1996 a young man named Kevin Plank, a football player for the University of Maryland discovered a “sweat-wicking” textile design for clothing meant to be worn during excessive physical activity. Kevin consistently witnessed excessive sweating while playing football, he even described himself as the “sweatiest player on the field” which explains a lot. His decision to come up with something that fit the special needs of football players was not just about discomfort or to look good, core body temperatures would reach in excess of 103 degrees Fahrenheit posing a serious risk for heatstroke. The new material was found to be a perfect fit for those who sought athletic clothing that could essentially become a second layer of skin that could breathe. While the true essence of why Under Armour has since become one of the largest sportswear companies in the world lies in Kevin Plank’s ingenious idea, there are other factors that came into play big-time to help propel Under Armour into what it is today. Early in his tenure around senior year of college, Kevin would make several trips to New York’s garment district to meet with fabric wholesalers and pattern-makers where he would experiment with different types of material originally designed for lingerie. Plank was able to come up with a design that included polyester, spandex fiber, and a silicone-based solution that would perform exactly the way he wanted it. Now that he was able to come up with a product that worked, the next step was to get it into the hands of athletes around the world. Kevin graduated from the University of Maryland in 1996 with a degree in business, soon after which he decided to produce a prototype of his new and improved product HeatGear, which was focused more towards football players with the intent to enhance their athletic performance.

While attempting to get his company started Kevin Plank decided the best way to market his product was to utilize his vast network of collegiate level coaches, players, executives, and surprisingly the team equipment managers. He began literally driving from locker room to locker room toting samples of HeatGear in the back of his car, building over $40,000 in credit card debt to do so. What is the best place to market sportswear? You guessed it, he sent multiple packages of his specifically tailored HeatGear shirts to the locker rooms of hundreds of football teams including NFL programs along with contact information if the team decided to order more of the shirts. Plank put aside mainstream marketing techniques and placed an emphasis on putting his product in the hands of athletes in order for them to have a chance to try them out themselves. The way he was able to do that at such a consistent rate is because of the team equipment managers. He began to realize that equipment managers from different teams communicated regularly amongst each other and oftentimes were fully authorized to act on their own in the interest of the team and make large purchases of needed/wanted equipment. The company’s first major sale was to Georgia Tech in 1997, while soon afterward Georgia Tech’s opponents picked up on the style and placed team-sized orders as well. Soon after,

professional teams such as the Atlanta Falcons of the NFL placed orders after speaking directly with the equipment manager and staff at Georgia tech. Soon after, the New York Giants played the Atlanta Falcons and placed an order. Plank calling it simply “one athlete to another, one step at a time”.

While Under Armour began to grow in size and popularity it was still at the time no match for its main competitors such as Reebok, Adidas, and Nike. With other up and coming niche brands such as New Balance and Lululemon Athletica, it was time to start really defining Under Armour’s key competitive advantages and disadvantages in order to promote the company’s growth. The product is already speaking for itself, with several large sports teams and

organizations placing massive orders of the tight-fitting sweat-wicking shirts. In the early 2000s Under Armour’s competitors didn’t necessarily see Under Armour as a competitor at all and were slow to respond. The products that Under Armour mainly offered to consumers were known as base-layer clothing, in which its market size at the time was nothing in comparison to others. Nike and Adidas did not see this and based their estimates of Under Armour’s competitiveness by only using dollar signs to evaluate the company’s competitive ability. No one had yet tried to brand the “official undershirt” and Under Armour was in a position to become the perfect fit. What Kevin wanted was to build is equity where he knew how, so rather than going after more lucrative markets such as basketball and running to take them head-on, for now Under Armour was focused on essentially “owning that player from head to toe”. Like other companies, Under Armour also had its shortcomings in some sectors of its business. For example, one of the most blaring competitive disadvantages came from the very heavy reliance on the market in North America and still is today. This strategy to focus on domestic markets worked very well early on in the company’s impressive 20+ year tenure, but it has become an issue over the years as the North American apparel market takes hits. In order to increase the change of long-term success, you must reduce risk as much as possible and expand your opportunities. While foreign markets are certainly a large opportunity for sales, they are also an extremely popular resource for competing companies’ manufacturing needs. This cheap manufacturing “loophole” allows competing companies to use third-party manufacturers in order to obtain cheap labor and materials. In turn these companies can price their products more competitively than Under Armour can without losing money.

It is 2020, and we have seen more innovation in the last 20 years in science and technology than ever seen before in history. Under Armour has diversified itself into nearly all facets of athletic and stylish clothing, but is there something else that Under Armour could pursue to further differentiate itself from competitors? In the last few years Under Armour released a product line of shoes known as HOVR Smart shoes. These shoes are able to connect via Bluetooth to an athlete’s smartphone which has an app called “MAPMYRUN” and can track analytical information in order to give the runner tips on what to do differently. As technology is continuing to be implemented into every aspect of our lives, I see an opportunity for Under Armour to innovate its clothing line as technology and sportswear begin to merge. The mental health of football players has been low on the priority list for many professional organizations as well as collegiate level organizations as long as the fans get what they want and see a good show. I see Under Armour with an opportunity to make great strides in athlete intelligence, primarily focused on headwear for impact sports. This would be groundbreaking technology that would be welcome around the world by sports organizations that want to take care of their players. Options would include aspects such as realtime data tracking that could be used by team doctors/technicians in order to evaluate a player’s ability to perform (often-times after a big hit). Now that the company has a market cap of over 3.4 billion, the resources it has available to them are more than adequate to be able to innovate in this category.

Under Armour has always been a company of quick innovation ever since it was founded by Kevin Plank in 1996. It is time for Under Armour to lead the way in innovation as we step into the new realm of athlete performance and technologies.