Strategic Communications and Advertising Planning Assignment

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1.0 Introduction

Within this report will be a contextual analysis of the sportswear, sport shoes and sport accessories brand: Under Armour (UA) (2016) including key issues in the market and communication objectives moving forward in the UK market.

2.0 Customer Context

2.1 Segment Characteristics

- Nearly three quarters of consumers aged 16-24 have brought sports good in the last year (Mintel, 2016)
- Female apparel market grew by 11% in 2014 up from just 1.9% in 2011 (Sports Insight, 2015)
- 80% of Men aged 18-34 who purchased fitness clothes did so online (Mintel, 2015)
- Adidas and Nike both have similar core UK consumer’s predominately male, 25-39, C2DE with a monthly spend of between £125-499 (YouGov Profiles, 2016)
- From this two differentiated segments of the market emerge under Acorn’s framework:
  - Type 19 First Time Buyers in Small, Modern Homes: Aged 24-34, Income between £40,000+, more likely to both read and post reviews of purchases, heavily use their smartphones including fitness apps (Acron, 2016) and can be consider as hardcore sports users / amateur athletes
  - Type 36 Educated Young People in Flats and Tenements: Aged 18-34, Income between £20-60,000 likely to purchase online, response to online vouchers and advertising and be interested in fashion / exercising (Acorn, 2016) likely to be millennials who justify purchases for both functional (style) and performance related outcomes (Khomami, 2016)
- In the US Under Armour has the highest rate (53%) of customers who earn more than $50k per year (Brand Index, 2016) putting them under the type 19 Acorn segment, while key competitors Nike & Adidas have a slightly more undifferentiated audience although align more closely with type 36 overall

2.2 Awareness

Under Armours UK strategy is a “work in progress” (Hobbs, 2016), currently holding 4% of the UK sportswear market (Euromonitor, 2016) compared to Adidas’s 18.9% and market leader Nike’s 28% (Euromonitor, 2016).

The recent sponsorship of Premier League football team Southampton (The Drum, 2016) is part of UA’s strategy to remedy their lack of awareness in UK as well as having a global reach. Brands who sponsor UK based football teams are able to “benefit by simple association and exposure to the massive viewing audience” (Brandwatch, 2013). Under Armour’s search results share in the UK increase by 1% (search interest relative to competitors) at the time of the announcement and as of November 2016 has increased to 6% although compared to Nike at 73% and Adidas at 62% (See Figure 1) (Google Trends, 2016).

In the US market (see figure 2) (Google Trends, 2016), Under Armour has almost double the search relative share. Although Adidas aren’t as strong in the US, they have recently brushed UA aside to become the second-largest sportswear brand in the US once again (Kell, 2016). Moving forward UA need to increase / sustain investment in brand awareness as a solid basis for growth in UK.

![Figure 1 Interest Over a 5 Year Period - UK](image1)

![Figure 2 Interest Over a 5 Year Period - US](image2)
2.3 Perception and Attitudes

Consumers wearing their sportswear all day is now a fashion statement also know as “athleisure” (Marlow, 2016), resulting in a significant boost for the market (Business Insider, 2016) - something Under Armour is trying to capitalise on with its own casual wear range designed by Tim Coopens (The Business of Fashion, 2016).

A combination of the growth of “athleisure”, increased numbers of women participating in sport (Women in Sport, 2016) and younger consumers leaning towards healthy living (The Huffington Post, 2015) will see the women’s category in particular outgrow the mens in two to four years (Campaign, 2016). This provides Under Armour a new growing market to tap into, at an ideal time as they expand into Europe & Asia - while the market leaders Nike and Adidas currently fail to fully cater for this market effectively. Nike recently insulted women with a “sportswear collection more appropriate for a fashion runway than gym” (Peterson, 2015).

As part of the lifestyle culture, gym member has risen by 5.3% to over 9 million people (Quesnel, 2016), at the same time 35% of internet users are interested in using fitness apps while 15% already do so (eMarketer, 2016), both provide Under Armour with more potential customers. UA’s recent acquisition of MyFitnessPal (Lorenz, 2016) gives them vast amounts of data to analysis and further understand their audience. This particular segment of young, active and affluent people is the audience most likely to purchase UA.

Clothing and footwear is the most popular category of product purchased online in the UK with 63% of people purchasing an item in the last 12 months, predominately on laptop (53%) with smartphone (17%) and tablets (15%) (Mintel, 2016) lagging behind. The continued rising popularity of online shopping gives Under Armour the opportunity to reach a big audience through their own website and resellers like ASOS, while they still have a limited high street presence of their own and limited range in high street resellers such as JD Sports.

2.4 Level of Involvement and Perceived Risk

With sportswear increasingly becoming more about fashion through athleisure and it can now be seen as a version self-expression (Cartner-Morley, 2016). Moreover, it means sportswear can be seen a high involvement purchase as it comes to reflect how consumers we want to be perceived.

<table>
<thead>
<tr>
<th>Risk</th>
<th>Under Armour</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial</td>
<td>UA HeatGear Long Sleeve Compression Shirt £30</td>
</tr>
<tr>
<td></td>
<td>Nike Pro-Cool - Compression £30</td>
</tr>
<tr>
<td></td>
<td>Lululemon Metal Vent Tech Long Sleeve £68</td>
</tr>
<tr>
<td>Is it value for money?</td>
<td>UA ColdGear Infrared Grid Hoodie £65</td>
</tr>
<tr>
<td>Is there a cheaper alternative?</td>
<td>Nike Therma-Sphere £85</td>
</tr>
<tr>
<td></td>
<td>Lululemon Surge Wind Half Zip £98</td>
</tr>
<tr>
<td>Physical &amp;</td>
<td>With a range of innovative materials and technologies (Charged Cushioning, ColdGear; Compression T, Recharge Suit, Armour39, The Armour Bra etc (The Business of Under Armour, 2016)) UA are often the first to provide the latest innovation in the market, providing the optimum performance across their product line. All the same, this can be limited to first mover advantage as Nike (DriFit, Flyknit, Aeroloft) and Adidas (Techfit, boost) are often quick to catch up and release their own innovations / technologies that often have similar attributes.</td>
</tr>
<tr>
<td>Performance</td>
<td></td>
</tr>
<tr>
<td>Social</td>
<td>Having previously been seen to be giving up on your life if in sweatpants in your house (Palmer and Fehlbaum, 2016) its now part of the “lifestyle” (Fashionising, 2016). It is now perceived to represent fitness, associating the user with “healthiness and athletics all of which are highly prized” (Palmer and Fehlbaum, 2016) and debatably difficult to achieve in our non-labour orientated, calorific culture - making the consumer look elite.</td>
</tr>
<tr>
<td>Ego</td>
<td>The use high tech fabrics and compression give a high tech’ cognitive effect that will make the consumer believe they are an athlete even if they aren’t. It helps the consumer to join a club of elite, healthy people.</td>
</tr>
</tbody>
</table>

Figure 3 Perceived Risk (Adapted from Settle and Alreck, 1989)
Figure 4 illustrates the recent changes in the market, with the importance of “consumer-driven marketing” focussing on the power of word of mouth. Currently 92% of consumers believing recommendations from friends and family over all forms of advertising (Whiter, 2014).

UA are vindicated in their current approach to the UK market “aiming to create conversations between amateur athletes”(Bylykbashi, 2015). Tapping into the consumer driven marketing which is particularly important in the evaluation stage. It also works as being a multiplier effect as their presence growths as will their social presence. At the consideration stage UA currently employ many brand awareness nudge techniques as seen in the #EarnYourArmour campaign that included retail, social, digital channels and a centre piece out-of-home floating barge on the Thames (Hobbs, 2015).

The two aspects currently lacking are a strong UK high street presence that aids the closure / purchase stage of the process, currently being dependent on resellers unlike Adidas and Nike and past experience that can only be sped up by increased awareness leading onto purchases and good experiences.

### 3.0 Business Context

#### 3.1 Corporate and Marketing Strategy

Under Armour’s corporate mission statement is to “make all athletes better through passion, design in the relentless pursuit of innovation” (Under Armour CWS, 2016) epitomised by their new state-of-the-art facility named the Lighthouse (Rega, 2016). The aggressive use of technology as a point of differentiation and first mover advantage has penetrated through both the products and communications by Under Armour and has set them apart from their competitors.

As Kevin Plank set out last year (Bloomberg, 2016), growth overseas is a big part of Under Armour’s growth projections, moving away from their over-dependence on the American market (currently accounting for 87% of sales) (Euromonitor, 2016). As part of this push Plank and star celebrity endorsement Steph Curry have started an annual tour around Asia, inviting TV companies to follow on an UA branded plane, holding big events with lots of shareable content, doing dozens of local TV appearances all under there aim of tapping into the reported 300 million basketball players in China alone (CNBC, 2016). Timed at the launch of more than 200 new stores across the country (South China Morning Post, 2016), it fits in as part of Under Armour’s omni-channel approach that links back to the digital savvy, affluent consumers UA are targeting.

Moreover, another aspect of UA’s growth plan is to flesh out their product range through strengthening of their current shoe range with help from Curry’s new line sales increasing sales by 64% to $264 million and by poaching Tim Coppens from Adidas to create a new high end clothing line (Germano, 2016) to affirm the style as of the brand. This can be seen as very important in moving from a small-medium sized sportswear brand to a medium-large sized brand.

The final aspect of their marketing plan is to target women, who up to this point have been long under served within the industry (Retail Dive, 2015), based on the success of new high end brands Sweaty Betty and Lululemon who gained traction from their empowerment of women (Peterson, 2013). Chris Carroll (EMEA Head of Marketing) has centred in this being critical to the success of the brand going forward (Campaign, 2016). A 2014 campaign using the tagline “I Will What I Want” tried to appeal directly to women with the use of...
of celebrity endorses Misty Copeland, Lindsey Vonn and Kelley O’Hara (Gensler, 2016). However, while sales of their women’s line now makes up 30% of their revenue, UA recently dropped a $15 million female empowerment campaign on the basis of a decline of 7% in its women apparel sales in Q1 of 2016 (Peterson, 2016). The main issue surrounds their messaging, like Nike and Adidas, Under Armour arguably have very male orientated, aggressive message while brands like Lululemon and Sweaty Betty both having more suited messages due to their niche approach.

Central to Under Armour’s overall masterplan is the patient signing up of athletics and teams who are likely to perform well moving forward (Hobbs, 2016). Then pushing those teams / athletes through a variety of TV advertisement, social media, online promotion, fitness apps, print and guerrilla marketing to give to off a culture of success and elite performance. It also provides a positive narrative of teams or individuals who seem to have improved performance at the same time as gaining UA sponsorship shown through world number 1 tennis player Andy Murray.

3.2 Brand Analysis

Under Armour operate under a mono brand strategy, originally being the scrappy underdog but now considered to be the elite athletic choice (Townsend, 2014). Su and Tong found (2015) UA’s brand personality to be clear and strong, illustrating the success of their celebrity endorsements, advertising and sponsorship and which is shown to help shape brand personality in the sportswear market (Tong and Hawley, 2009).

3.3 Competitor Analysis

UA compete in the sportswear market worth a reported £6.2 billion as of 2015 and is projected to grow to £7.5 billion by 2020 (Euromonitor, 2016) mainly due to the ongoing interest in the categories recently established fashion status. The sustained growth has seen the market flooded with new entrants including “Non-specialists” like H&M and TopShop (Mintel, 2016) and large “premium lifestyle” brands like Lululemon (PWC, 2016).

As figure 5 illustrates the market has three clear groups:

S1 - Niche Lifestyle Brands Mainly younger brands, that focus on providing a “culture” by offering a wide ranges of services, mainly targeting at the female market. A previous gap in the market, these brands can be seen as a by product of a lack of female orientated appeals by S2, most have very targeted appeals.

S2 - Established Mass Market Specialists Often older brands that have the biggest market share and have undifferentiated segment approaches. Most have masculine, bold appeals with wide product ranges unrivalled by either of the groups. Innovation, marketing spend and endorsement are also high.

S3 - High Street Established in the fashion market for many years, they have flexible supply chains that allow them to adopt quickly to trends and provide products at a very competitive price points. Will only stay in the market if growth is sustained, likely to quickly switch when the next fashion trend comes along.

As figure 6 shows much of Under Armour’s direct competitors focus heavily on male orientated campaigns featuring vast numbers of celebrity endorsements. The market is currently split on the power of celebrity endorsed lines, Adidas recently benefited from lines with Kayne West (Reuters, 2016) but in a recent study 71% of respondents suggested they’d never buy a celebrity line (Mintel, 2016). Granted, the successful of such lines can also be linked to Adidas and Nike’s ability to create hype with millennials through authentic brand influencers, nostalgia, empowerment from personalisation and exclusive limited edition stocking (Bearne, 2015).
The use of technology is now considered more important than brand name by 52% of millennials (Annalect, 2016) and also personifies the main target market of this group - 18-24 year olds. Nike and Adidas both have extensive marketing budgets however in the UK Fabletics currently spend the most at £1.9 million (Mintel, 2016) although spend is often linked to major sporting events like the Olympics although the report doesn’t take the cost of sponsorship into account. Within the UK the main catalyst for awareness and growth is the sponsorship of premiership teams and players, Nike and Adidas often swapping big contracts (Smith, 2016).

<table>
<thead>
<tr>
<th>Brands</th>
<th>Notes</th>
<th>Campaign's</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nike</td>
<td>• Global marketing spending is up 2% to</td>
<td>Date: June 2015</td>
</tr>
<tr>
<td>Twitter: 395K (UK)</td>
<td>$3.3 billion (Dunne, 2016)</td>
<td>Campaign: “Find your fast” undifferentiated global campaign featuring 13 athletes across multi-sports with a brief comedic appearance from a Looney Tunes Character (Nike, 2016)</td>
</tr>
<tr>
<td>Facebook: 27M (World)</td>
<td>Nike’s UK sponsorship is football-centric with a recent sponsorship of Chelsea being worth £60 a year (Law, 2016)</td>
<td>Platforms: TV, Social, Online, In-App</td>
</tr>
<tr>
<td>Adidas</td>
<td>• As of 2014 global marketing spend was at $2 billion (Joseph, 2014)</td>
<td>Date: September 2016</td>
</tr>
<tr>
<td>Twitter: 783K (UK)</td>
<td>While Adidas leverage football sponsorship they also use retro appeals successfully, most recently with their Stan Smith range (Bloomberg, 2016)</td>
<td>Campaign: “Sports Needs Creators” packed with its roster of endorses, comedic features and aggressive tone of voice (The Drum, 2016)</td>
</tr>
<tr>
<td>Facebook: 25M (World)</td>
<td>Adidas’ UK marketing spend is up 2% to</td>
<td>Platforms: Debut during NFL season opener (TV), Social Media</td>
</tr>
<tr>
<td>New Balance</td>
<td>• Currently trying to alter brand perception away from footwear to</td>
<td>Date: February 2016</td>
</tr>
<tr>
<td>Twitter: 22.2K (UK)</td>
<td>athletic brand (Townsend, 2016)</td>
<td>Campaign: “Numbers speak louder than words” promotion focusing on video, imagery and numbers instead of vocabulary, launched to coincide with the brands Q1 shoe launch</td>
</tr>
<tr>
<td>Facebook: 60K (UK)</td>
<td>Recently entered the football market, sponsoring four teams and eight players (Footy Headline, 2015)</td>
<td>Platforms: Online, Social, In-Store</td>
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**Figure 6 Marketing Communications amongst Direct Competitors**

**4.0 Internal Context**

**4.1 Financial Constraints**

Under Armour is the worlds sixth biggest sportswear company (Euromonitor, 2016) with 2015 sales of $3.96 billion a 216% growth on sales from just three years ago (The Business of Under Armour, 2016). Even with a revised profit plan, sales are still expected to increase to $4.38 billion by the end of 2016 with operating income between $440 million–$445 million (Garcia, 2016).

However, worryingly for UA while sales continue to increase (although at 2% slower rate than 2015), in Q2 they recorded a multi year low gross profit margin of just 0.6% due to increased expenses (Sun, 2016) required for the aggressive sales targets set out. A worry for UA is unsustainable growth, reliant on an conveyer belt of innovative products which are high cost and open to consumer trends and behaviour like fashion trends.

UA’s marketing budget as of 2014 stood at $330 million (Zmuda, 2014) with it being split 50:50 between TV and digital due to the ability to increase the quantity of messaging online compared to traditional media (MarketingDive, 2016). Much of the sportswear market players have huge sponsorship deals with teams, leagues and individual athletes with prices currently skyrocketing, UA recently lost Tottenham Hotspur to Nike who offered £15 million more per year (Muro, 2016). The issue moving forward is that UA will never be able to
match Adidas or Nike’s global endorsement budget (reported to be over $1 billion a year (Isidore, 2016)) and must be frugal and effective in their partnerships. Examples of this may include partnering with charities like Park Run or Sports England and their This Girl Can campaign.

4.2 Organisational Identity, Culture, Values and Beliefs

As figure 7 manifests, Under Armour are a young company with a culture of innovative and empowerment.

Embodyed through their first product that CEO, Chairmen and Founder Kevin Plank sold out of his grandma’s garage: the compression T-shirt boosted muscle performance and moderate temperature for athletes (The Business of Under Armour, 2016) something completely new to the market at the time.

Even their new campus includes plans for a 7,000 seat stadium, basketball courts and a full size outdoor American football pitch (Baltimore Business Journal, 2016). Elite performance runs through the company.

The fundamental four pillars: “Make a Great Product, Tell a Great Story, Provide a Great Service, Build a Great Team” (Under Armour CWS, 2016) reflects how UA sees itself as being the catalyst to improve, motivate and fulfill their consumers athletic goals and ambitions through products, services and experiences.

During the launch of their Southampton sponsorship, UA and the club announced a list of key pledges including a commitment “to having fans and innovation at the heart of everything” they do (Southampton FC, 2016), this unique focus on community engagement, product innovation and alignment of goals, illustrates their corporate personality attributes. The choice of Southampton also shows UA targeted approach to endorsement, describing them as having “similar values” shows UA are conscious of not losing their identity as they enter “a sustained period of success.”

Otherwise, doubts moving forward will root from just that process: moving from a medium to a big sized company. Up until recently, UA has been seen as the young upstater but now it may lose their innovative cutting edge from a variety of pressures including; investor meddling, corporate bureaucracy and under investment in services such as marketing or R&D.

4.3 Marketing Expertise

In 2014 Ad Age gave Under Armour the award for “marketer of the year”, identifying their successful women campaign “Will I want” women campaign, positive handling of criticism with US speed skater outfits and measured but effective media spending as part of their explanation (Schultz, 2014).

Miriam Washington Kendall is Senior Director Consumer Acquisition and Retention making her responsible for all digital touch points (LinkedIn, 2016). An opinion leader in the industry having previously worked for Ernst & Young, Wunderman, ran her own consultancy company and written a Amazon top 10 book. She is an excellence person to lead the strategy in this area as it becomes increasingly important with clothing the most purchased consumer good purchased online in the UK (Mintel, 2016) and will be central to their growth.

However, the recent loss of Leanne Fremar who orchestrated the 2014 women focused campaign to Starbucks (Whol, 2016) must be sorted quickly. On the back of poor Q1 sales of womenswear and against predcitions that the womenswear market will continue to grow quicker than menswear, UA need some one with the experience and knowledge of fashion and womenswear. Stacey Doren is currently VP Levi’s America’s Marketing (LinkedIn, 2016) and has over 17 years working with Levi in their online, brand and customer
marketing departments. She would be a capable replacement due to her experiences in the fashion market and expertise in online and brand.

4.4 Agency Availability and Suitability

Starting with the "I will what I want" campaign in 2013 targeted specifically at women, Droga5 has developed a close and very successful relationship with Under Armour being described by Campaign (2016) as one of the "World's most creative partnerships." Droga5 and UA both received critical acclaim for the women-orientated campaign and have widened their working relationship ever since including the "Rule Yourself Training" campaign (Droga5, 2016). Droga5 are currently highly regarded having been chosen by Google for the launch of their new pixel phone (Campaign, 2016) even though their London office was given 5 out of 10 by Campaign (2016) - this can be linked to a high turnover of staff in 2015 and the hiring of David Kolbusz from Wieden + Kennedy New York (Bold, 2015) seem to be getting them back on track.

If Under Armour want to hire an agency specially for their womenswear campaigns, Leo Burnett successfully targeted 16-24 year old women with a campaign for Always (Campaign, 2015). Centring around sport and the confidence the product gives the user instead of just its core competencies. Based around a viral video that was viewed more than 90 million times it was channeled through the #LikeAGirl hashtag that was endorsed by celebrities and the UN alike - the media used and audience engaged is exactly what UA want.

5.0 External Context

5.1 Company Stakeholders

As figure 8 (Mitchell, Agle and Wood, 1997) represents, Under Armour have definitive relationships with two shareholder types: Institutional, big investment funds like Vanguard who trade the companies stock but have little direct input and rely on company reports and indirect communication from the company for updates; Inside trader like founder Kevin Plank and MyFitnessPal creator Michael Lee (Nasdaq, 2016) who are internal and shape the business.

Unique to this market is the relationship of endorses, Tiger Woods cost his respective sponsor’s shareholders a total of between $5-12 billion (Stango, 2009) and could be linked to the demise of Nike’s golf range with increasing negative publicity from the media and consumers alike (Wasserman, 2013). Choosing the right celebrity endorses can directly alter the stock price of any company and the institutional shareholders who support them. In 2015 Jordan Spieth quickly won both the US Open and Masters seeing UA stock rise from $64.22 to $104 in a matter of months (Murphy, 2015).

Its not only important that companies choose the right endorses but also appeal to communities linked to that endorser. As part of UA’s sponsorship of Southampton they stressed the importance of the clubs Foundation and committed to donating more than 5,000 pieces of kit to local children as part of appeasing this dormant stakeholder - who under extreme circumstances could have the power influence the Southampton board to boycott the brand.

5.2 Communication Needs

Modern consumers are no longer passive, often actively seeking information when required through a wide variety of channels including social, blogs, brand websites and search engines (Batra and Lane Keller, 2016). Much of the information has been moved out of the realm of the marketer and into the hands of the unfiltered wider public. Even in store, 71% of consumers say that their phone is now an important part of the retail
experience (Think with Google, 2016) otherwise known as “Showrooming”. Identifying and being at the point of consumers digital touch points is essential; McKinsey found a direct correlation between the number of digital touch points brands have and the likelihood of a brand being selected (Econsultancy, 2015).

For this process Under Armour must map each persona type and understand every relevant source of information / touch point available to them. The recent acquisitions of fitness apps help by providing vast amounts of big data about their key target market as well as a touchpoint they can directly effect themselves. An increasing popular touchpoint is online reviewers as 92% of consumers trust recommendation made by others online even if they don’t know them (Morrison, 2015). Through already established affiliate programs Under Armour has the opportunity to benefit from this new form of influencer marketing. Choice of device is also important with 50% of emails now opened on mobile (Experian, 2016).

5.3 PEST Analysis

<table>
<thead>
<tr>
<th>Trend</th>
<th>Positive Impact on UA</th>
<th>Negative Impact on UA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political</td>
<td>• Government under Sport England launched a “this girl can” campaign aimed at 14-40 year olds who want to but don’t participate in sport (Campaign, 2016)</td>
<td>• The changing perception that women don’t have to fear judgement when exercising will lead to increased searches by women for products and services, UA can leverage this by having the correct touch points in place</td>
</tr>
<tr>
<td>Economic</td>
<td>• Consumer expenditure through sports goods retailers are projected to increase 32% in the UK (Mintel, 2016)</td>
<td>• Demand in the UK will be maintained, providing a platform to commit to both physical and digital assets expenditures while UA expand</td>
</tr>
<tr>
<td>Social</td>
<td>• “The rise of the conscious consumer”, 74% of people would spend an extra 5% if there was a guarantee workers were paid fairly (the Guardian, 2015)</td>
<td>• As a premium brand UA can afford to be a market leader in transparent supply chain, based on Nike’s previous negative exposure they could use this appeal</td>
</tr>
<tr>
<td></td>
<td>• People are exercising more and activewear is now a fashion (Vogue, 2016)</td>
<td>• As Plank said “the more people exercise, the more athletic footwear and apparel they will buy” (Foster, 2016) while the changing perception of activewear also adds to demand</td>
</tr>
<tr>
<td></td>
<td>• By 2017 76% of online shoppers are project to be using click and collect (Planet Retail, 2014)</td>
<td>• By being more convenient, UA may be able to grow their direct sales offering a cheaper price due to not requiring a reseller</td>
</tr>
<tr>
<td>Technological</td>
<td>• 70% of shoppers aged 18 to 24 want a greater level of creative service in store (Salesforce UK, 2016)</td>
<td>• Merging of digital and physical spaces can increase engagement and loyalty (Kasprzyk, 2016), UA can use this through current apps and landing pages</td>
</tr>
<tr>
<td></td>
<td>• Menswear online sales grew 26% between Jan’11 and Dec’14 compared to womenswear only 87% (Rogerson, 2016)</td>
<td>• With still having a fairly small market share in the UK (4%) it provides UA a platform to grow where they can have a presence on a equal level with their competitors (unlike high street)</td>
</tr>
<tr>
<td></td>
<td>• “77% of consumers are concerned about organisations not keeping their personal details secure” (Ashford, 2015)</td>
<td>• Consumers may move away from signing up for accounts on their website and be more cautious in signing up to tracking apps</td>
</tr>
</tbody>
</table>

Figure 9 PEST Analysis

6.0 Key Issues

- Awareness of Under Armour in the UK is currently only half (6%) of their US (12%) relative search market share (Google Trends, 2016), important particularly in the decision making process for the company-driven marketing that makes up 39% of the importance when evaluating choice at the start of the process (McKinsey, 2016). Sponsorships of Tottenham, Southampton, Wales, Ireland and Scottish Rugby is a start but to seriously challenge the main duopoly at the top of the market.
- The growth of “athleisure”, increased numbers of women participating in sport (Women in Sport, 2016) and younger consumers leaning towards healthy living (The Huffington Post, 2015) will see the women’s category in particular outgrow the mens in two to four years (Campaign, 2016). However, Under Armour who ran a $15 million female empowerment campaign globally actually saw growth slow (Gensler, 2016) and seem unable to fulfil their potential in womenswear. Although, new entrants to the market at either end: focused specialists like Lululemon catering for the lifestyle, wealthy consumer and non-specialist such as H&M approaching the fashion conscious, value consumer who already have an audience.

- The perception of sportswear being a fashion is growing with 27% of men and 20% of women having bought sportswear for not exercising and will again (figure 10). The main problem is if “athleisure” as its known became unfashionable, already discussed as occurring with fashion brands swamping the market (Elan, 2016) it could have wider effects on the total sportswear market decreasing.

- The sportswear market in the UK is dominated by sponsorship and endorsement particularly of football, Adidas currently have Manchester United on a deal worth £750 over a ten year period (BBC, 2014) while Nike recently lost Tottenham Hotspur to Nike who offered £15 million more per year (Muro, 2016). Nike has the 14th highest marketing budget in the world at $3.2 billion for 2016 (Business Review Europe, 2016) only 800 million less than Under Armour’s 2015 sales represents the divide in sponsorship power.

- By 2017 76% of online shoppers are project to be using click and collect (Planet Retail, 2014), currently a feature unavailable from Under Armour’s direct site, it does feature on some of Under Armour’s key resellers including John Lewis and Asos and it can be easily set up through Collect + services and local stores.

- The public image of brands and their celebrity endorses are deeply linked in the media and consumers mind. Tiger Woods is lost his respective sponsor’s shareholders a total of between $5-12 billion (Stango, 2009) something a company of Nike’s size can brush off but Under Armour who are still establishing themselves in the UK certainly couldn’t.

- Under Armour core identity (see figure 6) of innovation resonates with the 16-24 in particular for which 75% have bought sportswear in the last 12 months (Mintel, 2016). As figure 11 shows the use of innovative fabrics like ColdGear and the Suppression T have the opportunity to resonate.

- The use of fitness apps has skyrocketed, 35% of internet users are interested in using fitness apps while 15% already do so (eMarketer, 2016), all the
main players have apps: Under Armour (MyFitnessPal, Endomondo, MyFitnessPal and UA Record), Nike (Nike+ Fitness App), Adidas (miCoach). UA’s recent acquisitions (Lorenz, 2016) give them vast supporting data of when and how their audience exercises above their competitors - giving them the opportunity to understand their audience and make more relevant communications and products.

6.1 Marketing Communications Objectives

Objective 1: Increase Under Armour’s UK search relative share from 6% to 8% within 12 months

Rational: Brand awareness is the most successful approach to company-led marketing, both Nike and Adidas have had much success growing their business this way. It may be unrealistic to reach the relative market search share levels of their US market as Adidas are stronger in the UK. But in the next 12 months with current investments and a UK based campaign make 8% a pragmatic baseline, this may dip in 2018 with the Fifa 2018 Football World Cup as Nike and Adidas have huge focus on these events. Results during this period may suggest progress is slow so looking towards just the next 12 months is more pragmatic of progress.

Objective 2: For Under Armour to be included in the range of brands considered in the sportswear market for 40% of men aged 16-24 in the next 12 months and up to 60% within 4 years.

Rational: Currently, YouGov Profiles UK have no data on Under Armour in the UK, which combined with a relative search market share of just 6% (only beating New Balance) suggests Under Armour aren’t even considered within the core audience in the market. A twelve month period allows Under Armour to create a strategy, test its appropriateness, and alter it for the focal points. A four year period should allow UA to invest significantly enough with three main sporting events to base off: 2018 Fifa Football World Cup, 2020 European Football Championship and 2020 Tokyo Olympics to become part of the selection of choice. UA lack the footwear range relevant to the UK to have the ability to include that as well as sportswear and womenswear has more competitors with better offerings (Lululemon, Sweaty Betty, Fabletics).

Objective 3: Increase Under Armour UK’s Twitter followers from 51K to over 100k by October 2017

Rational: With the importance of word of mouth and consumer-led marketing in the evaluation stage, its relevant that more social media users want to interact with the brand. Currently Nike UK has 395K and Adidas UK has 783K followers and because of this get much higher levels of interaction from both their own campaigns and users voluntarily. Its essential that January (when gym membership tends to spike with new years resolutions (Swanson, 2016) and summer of 2017 (when people tend to get outside and exercise more with longer daylight hours) are included as that's when interest will spike. While the UK leads Europe in social media engagement and has the highest use of Twitter (Digital Strategy Consulting, 2016).

Objective 4: Become part of the reportage of brands considered by 20% of women within 12 months when purchasing sportswear

Rational: A lighter touch is needed with the growing womenswear market compared to the historic use of celebrity endorsement, a good example of not understanding their market: Nike recently came into criticism for a celebrity endorsement who was “abnormally thin” (Cliff, 2016). On top of this UA’s limited financial strength, wavering Q1 2016 womenswear sales (Peterson, 2016) and strong competition from specialist niche brands (like Lululemon) mean that its unrealistic to expect rapid growth. UA will have to create partnership with charities and brands that will provide slow but long term growth that show their lifestyle appeal.