



UNDER ARMOUR®

Under Armour Rebuild

Strategic Management Case Study

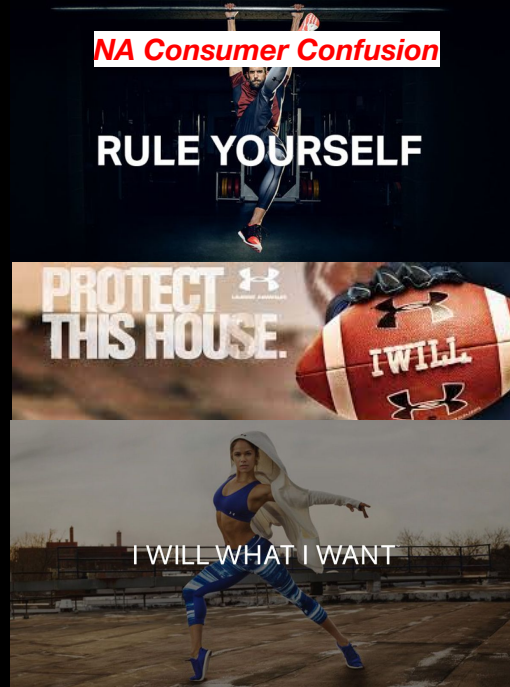


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Agenda

- **Current State**
- **MVPP**
- **Analyze**
- **Formulate**
- **Implement**
 - **Product**
 - **Sales**
 - **Marketing**
 - **Finance**
 - **Supply Chain**
- **Conclusion**

Current State of Under Armour



MISSION
Make Athletes Better

VISION
To **win the heart of all athletes** with performance solutions you (never knew you needed and) can't imagine living without.

PURPOSE
To empower the voices of our underrepresented athletes, teammates, and communities in our ongoing effort to stand for equality.

POSITION
For **the driven athlete**, Under Armour is the **sports product accelerator** that delivers **trustworthy** and **innovative** product so they can be the best athlete they can be.

PESTEL - Under Armour



Political

- Manufacture 68% of product in four countries (Jordan, China, Vietnam, Malaysia)
- 600 employee layoffs in March of 2020
- **Founder made controversial statements about Donald Trump, causing uproar from Under Armour athletes and consumers**

Economical

- Under Armour is a \$6 billion revenue company- approx 2/3 of this is from North America
- 60% of sales are through wholesalers
- Growth slower than competitors FY '23
- **75% of all product sales comprise of men's footwear and apparel**

Social

- **Revamp of "Protect This House" campaign in 2023- revisit from original 2005 campaign**
- Heavy investment in NIL- approx 58% of all athlete endorsements
- Notre Dame and Auburn University endorsements are set to expire by the end of the year

Technological

- UA Rush™ provides energy return to athletes
- **UA Smartfoam adapts and molds to the body of the athlete**
- UA Iso Chill cool to touch fabric
- UA Tribase™ Outsole Tech
- UA Hovr™
- UA Slip Speed™

Environmental

- **'Stand for Equality' and 'Act Sustainably' are two values of Under Armour.**
- Reduced physical samples by 43% from 2019 to 2021
- UA's Annual report claims the usage of chemicals and petroleum-based raw materials for their products.

Legal

- **793 patents filed (2022)**
- High investment into patented UA Slip Speed shoe
- New CLO: Mehri Shadman in Oct. '22
- Disclosure failures from SEC in May '21- \$9m settlement

VRIO

VRIO Scorecard	
Valuable?	YES
Rare?	YES
Costly to imitate?	YES
Exploit by the Org	NO
Advantage Type	Unexploited competitive advantage

VRIO Summary

- Created a product that became synonymous with a base layer- first mover value
- They are rare because they have a recognizable aesthetic and brand with a loyal consumer base.
- The amount of sportswear brands is rapidly increasing, but to compete with scale of UA's business it comes at a high cost.
- Organizationally they are not industry leaders across multiple product types

Porter's 5 Forces

Threat of New entrants	<ul style="list-style-type: none"> • Approx 800 Patents • 27 years in industry • Highly competitive market 	L
Power of Suppliers	<ul style="list-style-type: none"> • 28 Tier 1 Suppliers • Overseas sourced materials • Suppliers name their prices 	M
Power of Buyers	<ul style="list-style-type: none"> • Highly Saturated market • DTC Convenience • Targeted Ads 	H
Threat Of Substitutes	<ul style="list-style-type: none"> • Similar products elsewhere • UA diverse range of products • Sportswear trend increase 	M
Rivalry	<ul style="list-style-type: none"> • Nike & Adidas are pioneers • Constant need to improve • Product Quality & Price 	H

Overall Strategy

**ALIGN NORTH AMERICA BEFORE EXPANSION, COMPETE FOR
HER DOLLAR, STREAMLINE OMNI- CHANNEL.**

HORIZON 1: “Reload” May 2023-June 2024

Objectives:

1. Improve Operational Efficiency
2. Adopt consumer-centric methods to sharpen product offering in the women’s categories
3. Build brand consistency in the North American business

KPIs:

1. Decrease inventory storage by 30%

2. Increase click rate on ads in North America by 20%
3. Increase influencer reach across social channels by 25%

HORIZON 2: “Release” June 2024-June 2026

Objectives:

1. Improve sales turnover in DTC and Omnichannel platforms
2. Launch reinvented womens categories business in NA

KPIs:

1. Increase average order value (DTC) by 15% from Q4 '23
2. Increase return on advertising spend in North America by 20%
3. Improve inventory turnover rate in women's product by 15%
4. Increase women customer retention rate by 30%
5. Increase digital conversion rate in women's categories by 4% and overall retail conversion to 35%

HORIZON 3: “Repeat” June 2026 – Beyond

Objectives:

1. Improve return on sale on women’s performance products
2. Adapt product strategy across new regions (APAC+EMEA+LA)

KPIs:

1. Become a top 5 women’s sports apparel brand relative market share (NA+APAC+EMEA+LA)
2. Enhance nearshoring strategy for the NA market increasing CA/LA manufacturing partners to 25% (up 10% from 2023)



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Product

Providing our athletes with everything they need to be equipped for success on and off the field

Reload

Build for HER

Release

Launch New Product for HER

Repeat

International Expansion

Horizon 1

Objectives:

- 1 **Prioritize footwear SKUs offered for women**
- 2 **Conduct more sport-specific research on women consumers**
- 3 **Ensure fit preferences are met in women's athleisure apparel**

KPIs:

- **Decrease women's SKUs**
Basketball (25%, 31 SKUs)
Running (30%, 96 SKUs)
Training (20%, 15 SKUs)
- **Increase # of women research participants within each category:**
Basketball (2000)
Running (5000)
Training (5000)
- **Modify fit of women's athleisure apparel**
Shirts: $\geq 30\%$ SKUs
Outerwear: $\geq 15\%$ SKUs
Bottoms: $\geq 40\%$ SKUs

Horizon 2

Objectives:

- 1 **Launch and innovate performance shoes based on women's last**
- 2 **Ensure desired product qualities are met in the athleisure product line**

KPIs:

- ≥ 1 signature athlete shoe, ≥ 2 inline shoes made on women's last)
- ≥ 1 marathon racing shoe made on women's last, ≥ 2 racing spikes on women's last, ≥ 2 daily running shoes on women's last)
- **Increase number of athleisure apparel products with women's modified fit:**
Shirts: $\geq 90\%$ SKUs
Outerwear: $\geq 85\%$ SKUs
Bottoms: $\geq 100\%$ SKUs

Horizon 3

Objectives:

- 1 **Ensure desired product qualities and fit are met in footwear and apparel product lines globally**

KPIs:

- **Identify key countries in each region to create catered products**
 - ≥ 3 Key Countries in APAC Region
 - ≥ 5 Key Countries in EMEA Region
 - ≥ 2 Key Countries in Latin America



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Sales

Utilize promotions and discounts to reduce inventory to focus growth in revenue of key product categories.

Reload

Increase sales turnover to enhance financial health.

Release

Increase women's retention rates.

Repeat

Cater to her globally.

HORIZON 1

Objectives:

- 1 Use promotions to sell out existing stock to consolidate SKUs within DTC Channels. 43% Sold DTC.
- 2 186 SKUs of footwear offerings of products that are available. 57% of available stock will be sold wholesale

KPIs:

- DTC responsible for reducing inventory storage by 13%
- Wholesale responsible for reducing inventory storage by 17%

HORIZON 2

Objectives:

- 1 Launch of woman athlete exclusive flagship store
- 2 Supply a new line of athleisure products to UA flagship stores and brand stores. Trickle down into factory stores- increase to 30%

KPIs:

- Increase 1.4% of conversion rate from flagship experience to sales at DTC
- Increase 20% sales growth on athleisure category
- Increase digital conversion rate in women's categories by 4% and overall retail conversion to 35%
- Increase average order value by 15%

HORIZON 3

Objectives:

- 1 Open woman-specific stores worldwide to expand women's sales.

KPIs:

- The percentage of man/woman sales from the usual Under Armour's 80/20 to 60/40
- Become a top 5 women's sports apparel brand relative market share (NA+APAC+EMEA+LA)



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Marketing

Authentic approach through storytelling that advocates for sports and social issues.

Reload

Engage consumers through the power of sports.

Release

**Commitment to authentic storytelling highlighting
the Power of She in sports.**

Repeat

Reach and meet women in all sports globally.

Marketing Strategy Mission:

Authentic approach through storytelling advocating for sports and social issues, lack of focus and cohesion to consumers.

HORIZON 1

Objectives:

- 1 Sports as a platform
- 2 Emphasizing sportswear category
- 3 Develop strong campaigns centered around women athletes

KPIs:

- Sign 10 new women professional/NIL athletes
- Host 3 social issue speaker events
- Increase influencer reach across social channels by 25%
- Have a 1.5% conversion rate on influencer-targeted ads
- Host 3 off-season activation events/year across the country in major cities
- Increase click rate on NA ads by 20%

HORIZON 2

Objectives:

- 1 Enhance emotional value through brand lines and collections
- 2 Challenge the status quo of “shrink it and pink it”

KPIs:

- Create \$2B (20%) revenue through female lines
- Increase women customer retention rate by 30%
- Run 5 educational campaigns for female sports cities
- Increase women’s coverage on social media post to 50%
- Sponsor at least 30% of top athletes in main women’s sports
- Increase average order value (DTC) by 15% from Q4 ‘23

HORIZON 3

Objectives:

- 1 Become partner/sponsor for major women’s tournaments

KPIs:

- Sponsor and partner with 3 major female sports events ie. Women’s March Madness, Women’s World Cup, Women’s LPGA match.



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Finance

Allocate funds and expenditures to realize returns by focusing on growth of the UA brand.

Reload

**Allocate funds to reignite North American business
and stabilize brand reputation**

Release

**Investment in expanding female market through
research and specialized products**

Repeat

Investment into DTC and Digital to drive sales

Horizon 1

Objectives:

- 1 **Improve operational efficiency: elimination of excess inventory**
- 2 **Invest in brand expansion initiatives**
- 3 **Invest in consumer research within Women's categories**

KPIs:

- Reduce the value of inventory on balance sheet by 30%
- Increase in marketing spending for online ads by 10%
- Increase in R&D spending by 12%
- Provide an investment into new distribution center

Horizon 2

Objectives:

- 1 **Increase return on sales**
- 2 **Grow OMNI-Channel sales and business**

KPIs:

- Improve inventory by 15%
- Decrease COGS by 15%
- Increase DTC Sales by 20%
- Increase online sales by 20%
- 10% investment into advertising

Horizon 3

Objectives:

- 1 **Improve return on sale on women's performance products**
- 2 **Seek revenue growth in emerging regions**
- 3 **Increase nearshoring production of simple products**

KPIs:

- Increase women's category revenue by 50% from 2023
- Continual 10+% annual revenue growth in EMEA and APAC
- Improve LA's growth rate from a negative to a positive value
- 8% Return on sales from athlete endorsements



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Supply Chain

Smart operational design to support efficient pathways for athletes to get their UA gear in hand.

Reload

**Reset Inventory, Add RFIDs, Invest in Automation,
Reset Domestic Distribution**

Release

**Shift to regional omni channels, grow CA/LA
Manufacturing, Launch “Made for Her” by Her**

Repeat

**Full Nearshore Capabilities, Reset
OMNI-Channel in APAC, EMEA and LA,
Empower Women Globally**



HORIZON 1

Objectives:

- 1 Heavy Inventory Reset
- 2 Add RFID - All DTC product to receive real time RFID tracking.
- 3 Transition manufacturing partnerships from Asia to Central America
- 4 Partner with factories to invest in future tech and automations.

KPIs:

- 5 Inventory turns per location
- 100% of product traceable
- Expand sample room capabilities with Mexican partners by 30%

HORIZON 2

Objectives:

- 1 Invest into Mexico footwear manufacturing
- 2 Texas Distribution Center
- 3 Made by Her for Her

KPIs:

- 100% of new women's footwear SKUs to Mexico
- DC receives under 20% of wholesale orders to send
- 70% of received product moved to regional centers in under 30 days
- Increase online to in-store pick up by 50%
- 70% of partners globally to offer programming for her

HORIZON 3

Objectives:

- 1 Increase focus on "Global Her", encourage more international women as major stakeholders in our supply chain
- 2 Grow manufacturing in Central and Latin America
- 3 Invest in communities where manufacturing partners and distribution centers are located.

KPIs:

- Grow manufacturing in CA/LA to 25%
- Impact 5K women through community outreach
- 80% of APAC, EMEA, LA using omni channel capabilities

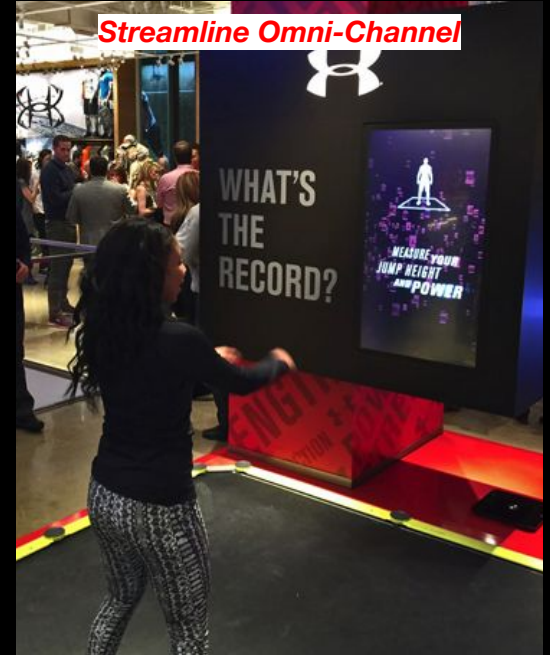
Change Begins Here

Align North America Before Expansion



Compete for Her Dollar

Streamline Omni-Channel





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Q&A