

2018

Under Armour: Repositioning for the Global Stage

Constance R. James Ph.D.

Pepperdine University, connie.james@pepperdine.edu

Keith Whitney J.D.

Pepperdine University, keith.whitney@pepperdine.edu

Follow this and additional works at: https://digitalcommons.pepperdine.edu/faculty_pubs

Recommended Citation

James, Constance R., and Keith Whitney. "Under Armour: Repositioning for the Global Stage." *The CASE Journal* 14, no. 2 (January 1, 2018): 164–93. <https://doi.org/10.1108/TCJ-06-2017-0055>.

This Article is brought to you for free and open access by the Faculty Open Access Scholarship at Pepperdine Digital Commons. It has been accepted for inclusion in All Faculty Open Access Publications by an authorized administrator of Pepperdine Digital Commons. For more information, please contact bailey.berry@pepperdine.edu.

Under Armour: Repositioning for the Global Stage

By

Constance R. James, Ph.D.

Professor

Pepperdine University

Connie.james@pepperdine.edu

(310) 506-4514 phone

(310) 506-4696 fax

Keith Whitney, J.D.

Associate Professor

Pepperdine University

Keith.whitney@pepperdine.edu

(310) 506-4237 phone

(310) 506-4696 fax

June 5, 2017

James, Constance R., and Keith Whitney. "Under Armour: Repositioning for the Global Stage."

The CASE Journal 14, no. 2 (January 1, 2018): 164–93.

<https://doi.org/10.1108/TCJ-06-2017-0055>.

Abstract

Over the last two decades, Under Armour has emerged from being the “underdog” in the Sports Apparel and Sporting Goods Industry to a leader in the industry, with a fierce attention to performance and great skill at picking up-and-coming athletes who emerge as superstars. This case underscores its administrative heritage, competitive strategy and growth potential as a global player in a highly competitive industry. It addresses the tension between being a performance brand while launching lines for women versus technology applications and conflicts between its growth strategy and macroeconomic forces. It highlights areas in which Under Armour has succeeded in macroeconomic forces and where it may be vulnerable.

Research Methodology: The research relies primarily on secondary sources and countless studies of Under Armour and its major competitors. Primary research is based on databases, videos of Under Armour’s Chief Executive Officer, Kevin Plank, and articles from *Bloomberg* to the *Baltimore Sun* (UA’s headquarters) on the history, growth and future of Under Armour. It also includes observations and site visits to one of its signature brand house stores.

Key words: Corporate strategy, competitive strategy, marketing strategy, leadership, competitive forces, dynamic capabilities and globalization

Introduction

In 2015, Kevin Plank, the Founder and Chief Executive Officer of Under Armour (UA), was in Beijing, China, releasing the Curry 2 basketball shoe. While talking to a reporter, he said, “Our goal is to be a global brand¹. The company had placed heavy bets on China for its global launch with having manufacturing in China for more than 15 years, opening its first China store in 2010, and now launching the Curry 2 line of basketball shoes in Beijing. Plank was making his triumphal announcement of the Curry 2 shoe along with MVP and world champion, Steph Curry, to signal UA’s desire to conquer the world.

Plank did not seem to be concerned about the slowdown in the Chinese economy nor the decrease in China’s discretionary spending. In general, he was not concerned about macro forces. Plank explained, “I spent a lot of time in 2007. We coined a term ‘no loser talk,’ and so I don’t care what is happening on a macroeconomic basis. The opportunity for Under Armour, whether the market is shrinking or expanding, really has no consequence on us.” He continued, “If the market is shrinking, we really see ourselves [...] building new markets and where we’re not, we have no problem taking share from our competitors.”²

So far, this strategy has allowed Under Armour to capture market share even during a global slowdown. Still, signs of the economy affecting its distribution system had caused Under Armour to lower its future guidance in 2016. With the closure of Sports Authority, one of its main distributors, Under Armour had been forced to report lower than expected future sales³. Had the macroeconomy finally become a force too strong for Under Armour to ignore or would UA emerge as a new force in the worldwide sports apparel and footwear industry?

Background

Under Armour was founded by Kevin Plank in 1996 in his grandmother’s basement⁴. He was 23 years old and fresh out of college⁵. After frustration with athletic wear that did not keep an athlete cool or dry, Plank researched fabrics and developed the first Under Armour HeatGear t-shirt⁶. The moisture-wicking fabric allowed athletes to stay cool and dry in brutally hot weather. Plank’s insight was to provide “under armor” by using compression wear often found in shorts and putting this material in UA’s t-shirts, adding compression to moisture wear fabrics⁷. By the end of the year, he had his first team sale to Georgia Tech for about \$17,000⁸. Shortly thereafter, UA had sales to two-dozen NFL teams. At the end of its second year, UA had sales of over \$100,000 and moved to its current headquarters in Baltimore, Maryland⁹. In 1999, the company outfitted the actors in Warner Bros’s show *Any Given Sunday*, and sales grew exponentially. UA then released its first print ad in ESPN Magazine¹⁰. Under Armour further increased its presence in 2003 with its first television commercial entitled “Protect This House.”¹¹ This saying has become a rallying cry for athletes and something of a manifesto currently used by Under Armour¹².

With \$750,000 in sales and continued growth, Plank finally put himself on the payroll in 2003¹³. During that same year, Under Armour also released its first women’s line¹⁴. Though the initial strategy of “shrink it and pink it” was not successful, it later expanded to a more customer-centric line. Also, the following year it released a children’s line, and by the end of the year, UA’s year

end sales totaled a record \$200 million. In 2005, UA went public. The next year, it added shoes to its sales of athletic wear with its “Click-Clack” line of football cleats and running shoes.

Overall the company has experienced furious growth, averaging well over 20 percent per year. Under Armour surpassed Adidas in 2014 to become the second-largest sports-apparel brand in the USA¹⁵.

Mission, Vision and Values

Under Armour’s mission is to “make all athletes better through passion, design and the relentless pursuit of innovation.” Its vision is to “empower athletes everywhere.” It builds on four “Pillars of Greatness – Make great products, tell a great story, provide great service, and build a great team¹⁶.

Under Armour, with its approximately 6,800 full-time employees¹⁷ employs a Code of Conduct that it instills in these “teammates”¹⁸. This code begins with the motto “Make the Right Call,” which inspires its employees to do what is both legal and ethical when faced with any decision, no matter how large or small. Each employee acts as a brand ambassador, with the following directives, or what UA calls “Wills,” to do the following¹⁹:

“Act like a global citizen: Cross time zones, and encourage the diverse multi-cultural energy and global ambition of Our Brand. Regardless of where you work or how much you travel, take action with an international mindset and a passion for bringing our message to all athletes everywhere.

Think like an entrepreneur: You’re an OWNER of this Brand. Be accountable. We’re the underdog whose successes and failures rest fully on our own shoulders and are not separated by organizational charts or office locations. Nothing’s done until it’s DONE, DONE, DONE. And always, always, always Be Humble & Stay Hungry.

Create like innovator: Taking risks and failing is a part of striving for greatness and will truly lead us to making our defining product one day. But at every level and across every business, be ready to adjust and drive change, while maintaining the core attributes that define our Brand’s Culture.

Perform like a teammate: UA is special...which means it’s not for everyone. The fast pace of the Brand demands our respect, integrity, and transparency. And our ambitious goals require that we empower, support, challenge, and inspire our Teammates to be great.”

Board of Directors and Executives²⁰

The 11-member Under Armour Board of Directors is dominated by men with considerable experience in private equity, finance and government. It is led by Kevin Plank, age 44, who has served as its Chairman and Chief Executive Officer (CEO). In 2005, Anthony Dearing, age 72, joined UA’s Board. He has board and executive experience as a CEO and Chief Financial Officer

(CFO) in private and public investment and property management firms, including Exeter and T. Rowe Price. Byron Adams, age 62, has served as an executive at Under Armour as its Chief Performance Officer, and has worked at other major companies, including JP Morgan. He has been largely in charge of strategy development. Harvey Saunders, 67, has served as CEO and Chairman of the Board of Nautica as well as serving on the Board of Trustees at the University of Maryland along with Kevin Plank. Douglas Coltharp, age 55, serves as Executive Vice President (EVP) and CFO of Healthsouth and has experience in finance and private equity investments. Retired Admiral Eric Olsen, age 65, served as a member of (Navy Seals) Special Operations. He also has experience in security consulting. The oldest serving member of UA's Board is Alvin Kronegard, age 80, who served as Executive Director of the CIA and serves on numerous boards including Iridium Communication's and the Apollo Global Management Company's boards. William McDermott, age 55, served as CEO of SAP, a global software services firm, after rising through the ranks at Xerox. George Bodenheimer, age 65, served as Executive Chairman of ESPN, Inc., having served as President of ESPN and President of ABC Sports. Bodenheimer also serves on the board of Sirius. The only female on the Board is Karen Katz, age 60, who was President, CEO and a member of the Board of Directors at Neiman Marcus. She was also in charge of Neiman Marcus's eCommerce site. A recent addition to the Board, Jerry Devard, age 58, gives UA more depth in global sales with his experience as SVP and CMO of ADT Corporation, a leader in home security technology.

Senior executives at Under Armour, while also predominantly male, have diverse backgrounds and experiences, starting with Kevin Plank, who has been its CEO since 1996. Paul Fipps who had served as its (Chief Information Officer) CIO since 2015, added the title of EVP of Global Operations in 2016. Fipps was the CIO and Corporate VP at the Charmer Sunbelt Group, a leading wine and spirits distributor.

Several other changes occurred in 2016 to line operating executives as Under Armour increased its focus on the globe and technology. First, Colin Browne became UA's President of Global Sourcing. Browne also served as a Vice President (VP) and Managing Director at VF Corporation, with sourcing and supply chain management experience in Asia and Africa, as EVP of Footwear and Accessories for the Li and Fung Group LTD, and as CEO in Asia for Pentland Brands. Second, Michael Lee has served as UA's Chief Digital Officer, with primary responsibility for the overall strategic direction of its Connected Fitness business. Lee is a co-founder of MyFitnessPal, now owned by Under Armour, a platform with the world's largest health and nutrition community. Mr. Lee also held leadership positions at other Silicon Valley start-ups, including Palm, Handspring, Beyond.com, and Regis McKenna. Third, Jason LaRose became UA's President of North Africa. LaRose has executive experience in digital revenue and eCommerce at UA, Express, Inc., Multi-Channel and international business for Sears Holding Corporation. LaRose was also a consultant at McKinsey and Company. Fourth, Kip Fulks became UA's Chief Product Officer, promoted from Chief Merchandising Officer (CMO). Fulks has served as an executive at UA in many capacities including being President of Footwear and Innovation and COO. He has been with UA almost from the beginning, starting in 1997. Karl-Heinz Maurath has served as UA's Chief Revenue Officer since late 2015. He also was President of UA International from 2012 to 2015 and served at Adidas for over 22 years in various leadership roles, including Senior Vice President

(SVP) of its Latin America unit and a senior manager for Adidas units in the Baltic States and Thailand.

With the exception of John Stanton, UA's General Council since 2013, UA has also made changes to its senior executive in charge of supporting staff functions. Kerry Chandler, the only female in the senior executive ranks, has served as UA's Chief Human Resource Officer since January 2015. Prior to joining UA, she had served as an executive in HR at Christie's International, the NBA and the Walt Disney Company, including SVP at ESPN. She has also worked at IBM, Motorola Corporation and McDonald Douglas.

Endorsements

In its early years, Under Armour had limited financial resources to compete directly for endorsements with giants like Nike. Since 1984 with the release of Jordan basketball shoes, Nike has dominated the sneaker market. Nike has also received endorsements from a majority of top NBA players.

However, Nike's success has bred complacency, and it mishandled its Stephen Curry endorsement²¹. Curry, an understated athlete, did not fit Nike's approach to using athletes who were considered to be "cool" with highly distinctive profiles, like Michael Jordan. Moreover, Nike did not seem to take seriously the recruitment of Stephen Curry. In 2013, it failed to provide him with equal treatment, (not hosting Steph Curry basketball camps) as it had LeBron James. It made further mistakes by presenting Curry with a half-hearted sales pitch that included the misspelling and mispronunciation of his name ("Stephan" with emphasis on "an" instead of "Stephen" pronounce "Steph-in" with emphasis on "Steph"). To make matters worse, it reused slides without editing out Kevin Durant's name. With Steph's father's advice, "Don't be afraid to try something new," Steph reconsidered his options. This caused Curry to consider other brands that would treat him with the level of respect and importance he deserved, leaving the door wide open for Under Armour, which had been pursuing him.

Under Armour took a different approach to gain endorsements from athletes. In its early years, it did not spend money on endorsements, in part because it emphasized teams and not individual athletes²². The athletes wore its products because they liked them, helping Under Armour's image as an "authentic" brand. Kevin Plank initially was not willing to give free products for endorsement and brand exposure. However, the first endorsement was a small one with Barry Bonds, supplying him with \$5,000 of merchandise. As the company grew, endorsements and their importance to the authenticity of the UA brand increased.

Given that the UA products were designed for elite athletes, endorsement became more and more essential to its brand image. It analyzed several endorsement models before selecting a different approach. When it signed an agreement with Tom Brady, New England Patriot Quarterback and Superbowl Champion, UA made him an equity partner rather than treating him as just an asset²³. This model included equity ownership in the company and ensured that these partner athletes

would be on UA's team. Plank stated, "A successful endorsement should facilitate a conversation between the brand and the athlete and between the athlete and the consumer."²⁴

Conversely, instead of undervaluing Curry, Under Armour went into high gear to sign him. It took UA over a year to convince him, but the company eventually won Curry over with its approach, sincerity and dedication²⁵. In 2013, Under Armour finally signed Curry and created a Stephen Curry basketball shoe line. Within three years, its US sales of the Steph Curry basketball shoe line exceeded those of other basketball shoe lines for LeBron, Kobe and every other NBA player, except for Michael Jordan²⁶. As Curry became the first unanimous league MVP and the leader of the 2015 World Champion Golden State Warriors, Curry One basketball shoes flew off the shelves.

Under Armour's second quarter FY16 revenues increased 29% over the previous year. Furthermore, as Stephen Curry's popularity increased in 2016, its basketball shoe sales grew at an astounding rate of just over 330%²⁷. He set the record for the most three-pointers made in a season. He also led the Warriors to break the 95-96 Bulls record for the most number of wins during an NBA season.

Under Armour was able to exploit a market trend away from athletes that were out-of-reach to athletes that were more like every man and woman. The market had shifted away from athletes who seemed to have extraordinary athletic abilities and moved instead toward those who had managed to fight for their place in this world. Curry's relatability made him very popular with this market.²⁸

Under Armour started to land big-time endorsements in 2010, starting with football player Tom Brady. From then to the present, it has signed many other notable athletes and teams, including Lindsey Vonn, Michael Phelps, Jordan Speith, and more recently Misty Copeland²⁹. Under Armour also sponsors several international teams and athletes, with its most high profile team deal in the UK with the London Soccer Team Tottenham Hotspur.³⁰

Under Armour has a strong group of male athletic endorsements. The male endorsement line-up on its website includes many marquee athletes such as Tom Brady (NFL quarterback, MVP and Superbowl champion), Cam Newton (NFL quarterback), Stephen Curry (basketball all-star, MVP and NBA champion), Jordan Speith (pro-golfer and champion), Andy Murray (UK tennis champion), Michael Phelps (swimmer and all-time record holder for most Olympic gold medals), Memphis Depay (soccer star), and Clayton Kershaw (baseball MVP)³¹.

The company lacks endorsements from marquee female athletes in major sports, including the WNBA. Its signature Chicago store features Misty Copeland, a premiere ballerina, and Gisele Bundchen, a supermodel who is also Tom Brady's wife, with product lines for working out but not for any particular sport. For example, it does not have any prominently displayed female athletes in this store as it does male athletes. Entering the golf department, Jordan Speith is prominent but no female golfers are visible. It only recently added female golf clothes in its Chicago store in response to requests from female customers. However, it does have endorsements from some prominent female athletes, including Lindsey Vonn (Olympic skier), Natasha Hastings (sprinter), Gisele Bundchen (super model), Kelly O'Hara (soccer and US Olympic gold medalist), Sloane Stephens (tennis player), Brianna Cope (surfer), and Alison Lee (golfer)³³.

When coupled with giving stock to endorsements and its somewhat complicated 3-tiered system of common stock, investors and analysts are a bit baffled with recent stock splits and changes in ownership. Under Armour stock now trades under two tickers, UA and UAA, though they are virtually the same price. Common stock is divided into 3 classes, A, B and C. Class A, largely held by Kevin Plank, maintains its founder-driven model. Class B stocks, convertible stocks, and Class C are non-voting common stocks.³⁴

Marketing and Sales

Product Authenticity

Under Armour products and services are known for improving a person's comfort and performance. The company provides a wide range of products and services that cater to different sports and individuals. Its products include apparel, footwear and accessories for men, women and children. It offers apparel in a variety of styles, prices and sizes, with comfort and mobility as a distinctive feature of its products. Regardless of weather conditions, its apparel is engineered with technology that helps to regulate body temperature. For example, *HEATGEAR*® cools the body when the climate is hot, *COLDGEAR*® helps to keep the body warm when the climate is cold, and *ALLSEASONGEAR*® works well in between these extremes.³⁵ Under Armour has revolutionized cotton athletic wear that did not perform well under different conditions. Under Armour extends its innovative technology from apparel to footwear and accessories, which reflect its commitment to produce products that maximize an athlete's comfort and control.

Under Armour Footwear, Apparel and Accessory Sales

Under Armour FY16 Q4 earnings were up 20% due primarily to an increase in footwear sales, with profits of \$105.6M, up from \$87.7M and revenue up by 21% to \$1.17B from \$895M³⁶. Footwear revenue in the quarter was up 95% to \$167M, primarily reflecting the popularity of the Curry basketball shoe line. For the full FY '15, revenues were up 26% to \$3.96B from \$3.08B in FY '14. Net income rose 11% to \$232.6M with increased sales of gear for training, running, golf and basketball increasing apparel sales, which were up 22%, to \$865M from \$708M.

In FY16, Under Armour lost market share to Nike in its women's apparel line in spite of a multi-billion dollar campaign and increased industry sales to women³⁷. In 2016, UA experienced a 7% drop in first quarter wholesale revenue in women's apparel³⁸.

Still, Under Armour's overall revenue has risen faster than the broader apparel market, stimulated by innovation in high-performance clothing and underlying strength in the activewear category. Under Armour's sales increased more than 20% every quarter since March 2010 and accelerated by 31% in 4Q15³⁹.

In 2015, wholesale revenues consisted of 67% of Under Armour's revenues, and its direct-to-consumer sales contributed to 30% of its net revenues⁴⁰. The revenue contribution from the various product/service mix in 2015 is shown in Exhibit 1.

An additional source of revenue is through its in-house digital fitness platform licenses and subscriptions, together with digital advertising through frequently-visited sites such as MapMyFitness, MyFitnessPal, Endomondo and UA Record Applications⁴². The company's Connected Fitness database has approximately 90 million unique users in the U.S. alone and 120 million worldwide. "Before Connected Fitness, we only had retail transaction information for less than 10 million people, that's stores and e-commerce combined," Plank told analysts. "Now, we have daily activity data from our community members who logged nearly 8 billion foods and 2 billion activities from last year alone."⁴³

Online sales represent another growth opportunity for Under Armour. Its direct-to-consumer sales growth through its websites played an important role in Under Armour's online sales growth in the U.S. Mobile shoppers accounted for nearly half of all visits to its websites and 23% of online sales⁴⁴. Under Armour sales by channel in Exhibit 2 show increases in all major channels for wholesale, company owned stores and online (direct to consumer) sales⁴⁵.

Supply Chain⁴⁶

Under Armour leverages partnerships with schools and athletes to enhance its on-field authenticity and market products to consumers. Building brand equity through product association, it offers and sells its products to high-performing athletes and teams at the high school, collegiate and professional levels. Products are also directly sold and given to team equipment managers and individual athletes so that they can be showcased on the field, on the Internet, in television and magazines, and at live sporting events. Licensing arrangements to develop UA products include involving marketing and sales teams in all stages of design to ensure brand consistency.

On field authenticity is a large part of Under Armour's strategy and brand message. It provides and sponsors events for young athletes to experience sponsored sporting events on a grassroots level. It hosts combines, camps and clinics for seasoned athletes to help young ones, improving young athletes training methods and overall performance. These strategies create on-field authenticity and brand exposure. On a global scale, it utilizes a similar strategy of sponsoring and selling products to several European and Latin American soccer and rugby teams.

Sourcing and Manufacturing

Third-party licensees, as actively managed by Under Armour, develop the majority of Under Armour's specialty fabrics and other raw materials used in its apparel, equipment and accessories. In 2015, approximately 54% of the fabric used in Under Armour products came from five suppliers, located primarily in Taiwan, Malaysia and Mexico. In 2015, Under Armour products were manufactured by 44 primary manufacturers, operating in 16 countries, with approximately 63% of its products manufactured in China, Jordan, Vietnam, and Indonesia. Out of its 44 primary manufacturers, 10% produced approximately 45% of Under Armour's products.

Under Armour's fabrics used by its suppliers and manufacturers are primary synthetic fabrics and involve raw materials, including petroleum-based products. Cotton is also used in the products, as blended fabric and also in Under Armour's CHARGED COTTON® line. Under Armour footwear uses raw materials that are sourced from a diverse set of third party suppliers. Also, all of Under Armour's manufacturers are evaluated for quality systems, social compliance and financial strength by its quality assurance team before the manufacturers are selected.

Distribution channels

Under Armour follows a multi-channel distribution strategy. It utilizes key retail marketing tactics to gain brand floor space for Under Armour's products, including product launches, segmentation and channel negotiation. Design and funding of Under Armour concept shops and creating the right ambience are key initiatives that help to gain higher brand visibility for customers to experience its products.

Under Armour's direct-to-consumer sales are generated through its brand and factory house stores, along with online sales through its website. As of December 31, 2015, Under Armour had 143 factory house stores and 10 brand house stores in North America. Under Armour ships the majority of its products from distribution facilities in Canada, New Jersey and Florida to its North American wholesale customers and brand and factory house stores. To maintain quality and performance, Under Armour pre-approves all products manufactured and sold by its licensees while its quality assurance team strives to ensure that the products meet the quality and compliance standards. The firm also holds a number of patents on its product and process innovations.

Under Armour generated 87% of its sales through thousands of distribution points, including retailers, online sales, factory brand stores, and brand houses in North America. Among the retail distributors, its largest is Dick's Sporting Goods, the only customer that accounted for more than 11.5% of Under Armour's net revenues. Under Armour relies on distributors, such as sporting good retailers, to sell its products. Under Armour reduced its full-year 2016 revenue guidance due to the closing of Sports Authority, the fourth largest sporting goods retailer in the U.S., citing over \$100 million in lost revenue due to the liquidation of Sports Authority.

Industry and Competition

Under Armour operates mainly within the athletic and sporting goods manufacturing and distribution segment of the global apparel and textile industry. The global apparel industry is highly competitive with low capital requirements resulting in relatively low barriers to entry⁴⁷. The global apparel retail industry had total revenues of \$1.3 trillion in 2014, with a Compound Annual Growth Rate (CAGR) of 3.8% between 2010 and 2014, and an anticipated CAGR of 4.6% from 2014 – 2019. The US and Asia-Pacific segments grew faster at a CAGR of 4.1% and 7.1%, respectively. The women's wear segment was 49.4%, followed by menswear at 23.2% and children's wear at about 15% and clothing accessories and other apparel (hats, scarves, etc.) covered the remainder.

The US participation rate in sports is projected to increase by CAGR of 0.9% from 2015 to 2020⁴⁸. The growing popularity of “athleisure” is another one of the top reason to buy fitness clothing, according to 38% of surveyed customers who wear it casually. On top of this, gym, health and fitness clubs are expected to grow at an annualized rate of 3.0% through 2021⁴⁹.

The apparel and textile industry is highly fragmented, with few incumbents holding a significant market share, and the average manufacturer holds less than 0.5% global market share⁵⁰. Competition is affected by low switching costs and relatively low product differentiation, increasing rivalry. There is little regulation, although competition is heavily affected by tariffs and trade pacts, including NAFTA.

The degree of technological innovation in this industry is high. With Under Armour’s recent \$710 million acquisitions of MyFitnessPal and Endomondo in 2013⁵¹, it looks to differentiate its products and compete with other rivals such as Fitbit, whose main focus is in developing wearable technology that can be used during exercise. Despite Under Armour only having 1% of its revenues from its technological innovations, there is plenty of room for growth in the industry. The wearable tech industry is expected to grow from \$14 billion in 2016 to \$34 billion in 2020⁵².

The industry management has many years of experience, as Kevin Plank of Under Armour has been its Chief Executive Officer for 21 years, the longest among its major competitors⁵³. In 2013 and 2015, Under Armour entered the tech industry with its acquisitions of MapMyFitness, Endomondo, and MyFitnessPal and then released its own fitness app called Record, which reportedly has more than 130 million users across its app network in 2016⁵⁴. Under Armour recognizes the importance and value of having a consumer-facing software layer that allows the company to “meet consumers where they are.”⁵⁵

Based on comparisons of company 2015 financial statements⁵⁶, Under Armour has a lower global market share than Nike and Adidas, but it has enjoyed a larger revenue year over year growth of 28.5% compared to Adidas’s 16.4% and Nike’s 10.1%. Also, Under Armour has a higher gross profit margin than Adidas and Nike, though UAs margins have eroded with the increase in footwear and technology sales that typically have lower gross margins. Under Armour also has a high current ratio compared to its competitors and its quick ratio is among the same levels as its competitors, suggesting that Under Armour is effective at managing working capital. However, according to the American Customer Satisfaction Index (ASCI), Nike, Adidas and Under Armour all have similar ratings of 77-78%. Also, using revenue and employee headcount figures from company financial statements, Nike has the largest number of employees, as well as the highest level of sales per employee in 2015 out of all of its major competitors.

Under Armour’s brand ranked seventh for its digital IQ in sportswear⁵⁷. With the recent acquisition of MyFitnessPal and Endomono, Under Armour has expanded its business into the wearable technology industry. With these acquisitions, Under Armour is now the largest connected fitness platform with over 160 million users⁵⁸.

Global Positioning

Under Armour's offices are located in a number of countries across the globe⁵⁹. Since 1998, its main headquarters in Baltimore, Maryland, including its new and growing billion-dollar campus in Harbor East, anchors its North American offices. This location is home to its first brand house. It also has corporate offices in Toronto, Canada; Denver, Colorado; Portland, Oregon; New York, New York; and Houston, Texas. Brand distribution centers are located in Nashville, Tennessee and Rialto, California, with a new "Distribution House," located in Swan Creek, Maryland. Distribution Centers operate shipping and receiving, and they guarantee UA's "Universal Guarantee of Performance."

In Latin America, Panama City, Panama, is the home of its International Headquarters⁶⁰. There are also corporate offices in Sao Paulo, Brazil; Santiago, Chile; and Mexico City, Mexico. It has a number of partnerships, including ones with Gisele Bündchen-Brazilian supermodel, Colo-Colo the Chilean football club, Cruz Azul-Mexico football club, and Canelo Alvarez-Mexican boxer.

Its European headquarters are located in the Netherlands capital city, Amsterdam⁶¹. The headquarters are located in Amsterdam's Olympic Stadium (host to the historic 1928 Summer Olympics). It also has offices in France, Germany, and the United Kingdom. It has world-class partnerships with Tottenham Hotspur-English football and Andy Murray-Scottish tennis world champion.

Its Asian operations are anchored in Shanghai, China with additional offices in Guangzhou and Hong Kong, China, as well as in Indonesia and Vietnam⁶². Asia is at the heart of its footwear and accessories business, where Under Armour engages in significant product development, sourcing, manufacturing, and delivery. In Shanghai, UA launched its first retail theater specialty store, with storytelling and multi-dimensional short films that emphasize "making athletes better through passion and innovation" at its center. Finally, Under Armour also has an office in Sydney, Australia.

With this base, Under Armour has an opportunity to establish a significant global footprint. Its non-U.S. 2015 sales accounted for only 13% of its revenues, compared to Nike's 55% and Adidas 84%⁶³. As Under Armour seeks to expand its presence internationally, it plans to sell its products to athletic teams and individuals in global markets, providing them sufficient product exposure to broad audiences of potential consumers. It then plans to use this increased awareness to license and sell its products directly to consumers and through distributors.

Under Armour's global store count of owned stores rose by 46 in 3Q15 compared to 3Q14. With Under Armour planning to add 200 stores in FY16 in mostly Greater China and Southeast Asia⁶⁴.

Under Armour's sales growth in international markets is above 50% as brand acceptance increases⁶⁵. UA international sales increased from \$433 million to \$695 million from FY 2014 to FY 2015, an increase of 60%⁶⁶. It is projecting to grow from \$270 million in sales in 2014 to \$1.35 billion by 2018, a fivefold increase⁶⁷. Overall international sales are projected to increase from 9% in 2014 to 18% by 2018.

Under Armour is planning to have operations in over 40 countries by 2018, with a total of over 800 international locations⁶⁸. By the end of 2018, 80% of its global physical locations are projected to be outside of the United States. It plans to add many of these new locations through partnerships with distributors primarily in China, Japan, and South Korea. It projects that approximately 30% of 300 worldwide locations will be operated and owned by UA.

In addition, Under Armour expects to have 2,000 UA stores-within-a-store, as it currently does at Dicks Sporting Goods and other large distributors⁶⁹. It is also expanding in Europe with partnerships including one with the SportScheck, Germany's largest sporting good distributor. Its international strategy, according to Charlie Maurath, UA's President of International, is to have a premium position strategy for each of its overseas markets⁷⁰. This includes both company owned stores, partnerships and wholesalers. It also plans to have 30 country-specific e-commerce sites⁷¹. It has added sponsorship deals in Europe and Latin America, including deals in São Paulo, Brazil, the Welsh Rugby Union, German football club FC St. Pauli, Austria's ski team, and the Tottenham Hotspurs⁷². With additional international athlete endorsements, including the Manchester United's Memphis Depay, skiing stars in the Austrian Ski Team, and Andy Murray, a Scottish tennis pro, UA is increasing its visibility, authenticity and brand awareness throughout the world.

Conclusion

As Under Armour continues to open stores in China and Southeast Asia, it stands to significantly increase its global market share. It can also capitalize on the trend in millennial and Gen Z mobile shoppers to buy online with its direct-to-consumer approach. As its connected fitness line expands in popularity, the company can also increase sales of its technologically connected products and services and improve its product authenticity. This platform allows UA to have a significant database of user information and add more wearable tech performance-based products to its line and potentially enter into nutrition and other healthy living products.

Still, it struggles to find a solid position with women, the largest share of the sporting apparel and goods market. The balance between performance and fashion is harder to achieve, but athleisure trends dominate the growth end of the market and women represent the largest group of buyers among its principle target market groups.

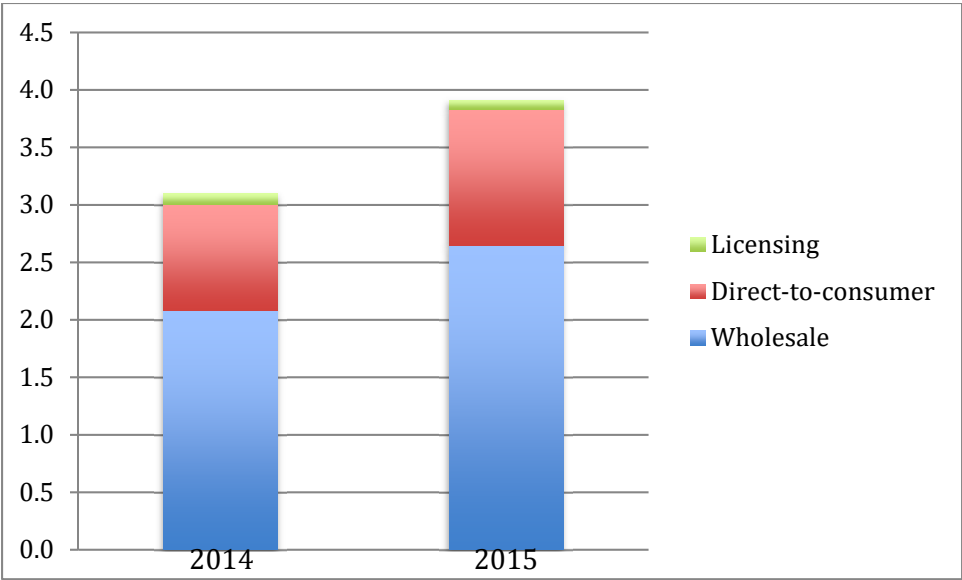
Will UA's leadership and "Will" be enough to overcome the macro forces in the economy or Steph Curry's inability to lead his team to the 2016 championship against Nike icon, LeBron James? Will Steph lead Golden State to another NBA title? Will Curry shoes still fly off the shelves and lead UA's forage into athletic footwear? Will UA gain a stronger foothold in sportswear sales to females? Will it continue to emphasize performance or fall in with athleisure trends that address comfort and design? As Kevin Plank has shown a strong will that has allowed it to triumph over Adidas in the United States, he faces global forces that may not bend to his will.

Exhibit 1 – Percentage of Sales by Product Category

Source of Revenue Contributor	Percentage
Apparel	71%
Footwear	17%
Accessories	9%
Licencing arrangements & revenue from <i>Connected Fitness</i> business	3%
Total	100%

Percentages are based on information from Under Armour's 2015 10k, p. 1.

Exhibit 2 – Under Armour Sales by Channel (\$ in Millions)



Data Source – Amounts taken from Under Armour’s 10-Ks, 2014, p. 3 and 2015, p.3.

Exhibit 3 – Selected Competitors Descriptions

Company	Description	2015 sales (\$ in billions)
Nike	Nike, Inc. designs, develops, and markets athletic footwear, apparel, equipment, and accessory products for men, women and children.	\$30.6
Adidas AG	Adidas designs, develops, produces and markets sportswear and sporting goods, including sports shoes and sports equipment.	\$18.4
Puma AG	Puma AG designs, manufactures and markets sporting goods, footwear and sports apparel. The company produces running, tennis, training, and basketball shoes and other products.	\$3.7
Lululemon Athletica	Lululemon Athletica Inc. designs and retails athletic clothing. The company produces, retails and markets fitness pants, shorts, tops and jackets for yoga, dance, running, and general fitness.	\$2.1

Gap	The Gap, Inc. is an international specialty retailer operating retail and outlet stores for The Gap, Banana Republic and Old Navy stores. The company sells casual apparel, accessories and personal care products for men, women and children.	\$16.8
L Brands	L Brands, Inc. sells women's apparel and beauty products through retail outlets such as Victoria's Secret and Bath and Body Works. The company offers various products including women's apparel, women's lingerie, beauty and person care products, home fragrances, and other related products and accessories.	\$12.2
Columbia Sportswear	Columbia Sportswear designs, sources, markets and distributes outdoor apparel, footwear, accessories and equipment for a variety of outdoor activities.	\$2.3

Data Source: Mergent Online. (2016) Company Details for Nike, Adidas, Under Armour, lululemon athletica, L-Brands, Gap, and Columbia Sportswear.

¹ “Under Armour Has Big Plans for the Chinese Market.” (2017). *Bloomberg.com*, September 6, 2015. <https://www.bloomberg.com/news/videos/2015-09-07/under-armour-has-big-plans-for-the-chinese-market>, accessed June 2017.

² Ibid.

³ “Under Armour Q1 2016 Earnings Call,” (2016). *Nasdaq.com*, April 21, 2016, <http://www.nasdaq.com/aspx/call-transcript.aspx?StoryId=3967077&Title=under-armour-ua-kevin-a-plank-on-q1-2016-results-earnings-call-transcript>, accessed June 2017.

⁴ “Under Armour, Inc. --Startup Story – How Founder Kevin Plank Built Under Armour.” (2016). *Fundable*. <https://www.fundable.com/learn/startup-stories/under-armour>, accessed June 2017.

⁵ Plank, K. (2012). Under Armour’s Founder on Learning to Leverage Celebrity Endorsements. *Harvard business Review*, p. 5.

⁶ “Under Armour, Inc. – History.” (2016). <http://www.uabiz.com/company/history.cfm>, accessed June 2017.

⁷ Salter, C. (2016). “Protect This House.” *Fast Company, Inc.* <http://www.fastcompany.com/53752/protect-house>, accessed June 2017.

⁸ Op cit., “Under Armour, Inc. - Startup Story.”

⁹ Ibid.

¹⁰ Harrison, J.D. (2014). “When We Were Small: Under Armour.” *Washington Post*. November 12, 2014.

¹¹ Nevin, J. (2014). Under Armour. *Prezi.com*. <https://prezi.com/dfz6y8ontgey/under-armour/>, accessed June 2017.

¹² “Under Armour, Inc. --Our History”. (2016). <http://www.underarmour.jobs/why-choose-us/our-history/>, accessed June 2017.

¹³ Op cit., Nevin.

¹⁴ Op cit., “Under Armour, Inc. – History”

¹⁵ Mirabella, L. (2014). “Under Armour Surpasses Adidas To Become No. 2 Sports Brand: Baltimore-based Company Has Been Taking Market Share from German Rival.” *The Baltimore Sun*. http://articles.baltimoresun.com/2014-09-08/business/bs-bz-under-armour-beats-adidas-20140908_1_armour-ceo-kevin-plank-market-leader-nike accessed July 2016.

¹⁶ “Under Armour, Inc. – Why Choose Us?” (2016). <http://www.underarmour.jobs/why-choose-us/mission-values/>, accessed June 2017.

¹⁷ Source: Mergent Online. “Under Armour, Inc.” (2016), accessed July 16, 2016.

¹⁸ “Under Armours Code of Conduct.” (2016). http://files.shareholder.com/downloads/UARM/0x0x873823/38F030C7-5348-4CC6-B8CD-81D68B2F496C/Code_of_Conduct_2016.pdf, accessed June 2017.

¹⁹ Ibid.

²⁰ Source: Morningstar. “Under Armour Inc. C UA – Insiders” via MorningstarAdvisor, <http://quicktake.morningstar.com/advisor/stock/insiders/board-of-directors?country=USA&t=UA>, accessed June 2017.

²¹ Straus, E. S. (2016). “You Won't Believe How Nike Lost Steph to Under Armour.” *ESPN.GO.COM*. http://espn.go.com/nba/story/_/id/15047018/how-nike-lost-stephen-curry-armour, accessed June 2017.

²² Op cit., Plank.

²³ Ibid.

²⁴ Ibid.

-
- ²⁵ Op cit., Straus.
- ²⁶ Bain, M. (2016). “Will Stephen Curry Sell More Sneakers Than LeBron James This Year?” <http://qz.com/631465/will-stephen-curry-sell-more-sneakers-than-lebron-james-this-year/> , accessed June 2017.
- ²⁷ Op cit., Straus.
- ²⁸ Op cit., Baim.
- ²⁹ Op cit., “Under Armour, Inc. - History.”
- ³⁰ O'Reilly, L. (2015). “15 Surprising Facts about Under Armour.” *Business Insider*.
- ³¹ Op cit., “Under Armour, Inc. – History.”
- ³³ Ibid.
- ³⁴ Under Armour, Inc. December 32, 2016, Form 10-K.
- ³⁵ "Heatgear". (2016). <https://www.underarmour.com/en-us/technology/heatgear> , accessed June 2017.
- ³⁶ "Footwear Sales, Spurred By Curry's Shoe, Help Under Armour To 20% Rise In Q4." 2016. *Sports Business Daily*. <http://www.sportsbusinessdaily.com/Daily/Issues/2016/01/28/Finance/Under-Armour.aspx> , accessed June 2017.
- ³⁷ Gensler, E. (2016). “Is Under Armour Losing Favor with Women?” *forbes.com*. <http://www.forbes.com/sites/laurengensler/2016/01/11/under-armour-women-sales/-37fac4dd482d>, accessed June 2017.
- ³⁸ Sozzi, B. (2016). Under Armour Moves to Control Own Future by Opening 200 New Stores in 2016.” *The Street*. <https://www.thestreet.com/story/13435993/1/under-armour-moves-to-control-own-future-by-opening-200-new-stores-in-2016.html> , accessed June 2017.
- ³⁹ Team, T. (2015). Earnings Review: Under Armour Continues Its Strong Growth Story with Another Big Quarter. *forbes.com*. http://espn.go.com/nba/story/_/id/15047018/how-nike-lost-stephen-curry-armour, accessed June 2017.
- ⁴⁰ Op cit., Under Armour, Inc. 10-K, p. 2-9.
- ⁴² Ibid.
- ⁴³ Lindner, M. (2016). “Mobile Accounts for 23% of Under Armour’s Online Sales.” *Internet Retailer*. <https://www.internetretailer.com/2016/01/29/mobile-accounts-23-under-armours-online-sales>, accessed June 2017.
- ⁴⁴ Op cit., Team.
- ⁴⁵ Op cit., Under Armour, Inc. 10-k.
- ⁴⁶ Ibid.
- ⁴⁷ Haider, Z. (2015). “Global Apparel Manufacturing.” IBISWorld <http://clients1.ibisworld.com.lib.pepperdine.edu/reports/gl/industry/default.aspx?entid=470>
- ⁴⁸ “Participation in Sports.” (2016). IBISWorld. <http://clients1.ibisworld.com.lib.pepperdine.edu/reports/us/bed/default.aspx?entid=51>, accessed

-
- ⁵² Lamkin, P. (2016). “Wearable Tech Market To Be Worth \$34 Billion by 2020.” *forbes.com*. <http://www.forbes.com/sites/paullamkin/2016/02/17/wearable-tech-market-to-be-worth-34-billion-by-2020/-439b82a83fe3>, accessed March 2017.
- ⁵³ Op cit., Mergent.
- ⁵⁴ Source: Consumer Reports. (2016). "Fitness Tracker Ratings.” <http://www.consumerreports.org/cro/electronics-computers/phones-mobile-devices/fitness-trackers/fitness-tracker-ratings/ratings-overview.htm> , accessed July 16, 2016.
- ⁵⁵ Op cit., Under Armour Q1.
- ⁵⁶ Op cit., Mergent.
- ⁵⁷ Tank, L. T. (2016). “Sportswear Brands Digital IQ Score: 2016.” *Ranking the Brands*. <http://www.rankingthebrands.com/The-Brand-Rankings.aspx?rankingID=272&year=915>, accessed June 2017.
- ⁵⁸ Low, F. (2016). “Under Armour CEO: We’re Adding 1 Million App Users Every 8 Days.” *Investors Business Daily*. <http://www.investors.com/news/under-armour-ceo-were-adding-1-million-app-users-every-8-days/>, accessed June 2017.
- ⁵⁹ Op cit., Under Armour, Inc. – History.
- ⁶⁰ Ibid.
- ⁶¹ Ibid.
- ⁶² Ibid.
- ⁶³ Chen, G. (2016). BI Primer: “Sneakers Stoke Under Armour Growth, Pressure Margins.” *Bloomberg Intelligence*.
- ⁶⁴ Op cit., Sozzi.
- ⁶⁵ McNew, S. (2016). “The Importance of Under Armour’s International Growth.” *Motley Fool*. December 4, 2016. <https://www.fool.com/investing/2016/12/04/why-the-olympics-were-great-for-under-armours-futu.aspx?source=isesitlnk0000001&mrr=1.00>, accessed June 2017.
- ⁶⁶ Ibid.
- ⁶⁷ Soni, P. (2016). “Why Under Armour Unveiled a Blue Print for International Expansion.” *Market Realist*. http://marketrealist.com/2015/09/armour-unveils-blueprint-international-expansion/?utm_source=yahoo&utm_medium=feed&utm_content=graph-1&utm_campaign=armour-unveils-blueprint-international-expansion-689806, accessed July 2017.
- ⁶⁸ Op cit., Soni.
- ⁶⁹ Ibid.
- ⁷⁰ Ibid.
- ⁷¹ Ibid.
- ⁷² Ibid.

References

- Bain, M. (2016). "Will Stephen Curry Sell More Sneakers Than LeBron James This Year?" <http://qz.com/631465/will-stephen-curry-sell-more-sneakers-than-lebron-james-this-year/>, accessed June 2017.
- Bodimeade, M. (2013). "Global Apparel Industry, Companies and Markets." *Market Insight*. <http://www.companiesandmarkets.com/MarketInsight/Textiles-and-Clothing/Global-Apparel-Industry/NI7468>, accessed July 2017.
- Chen, G. (2016). BI Primer: "Sneakers Stoke Under Armour Growth, Pressure Margins." *Bloomberg Intelligence*.
- "Footwear Sales, Spurred By Curry's Shoe, Help Under Armour To 20% Rise In Q4." (2016). *Sports Business Daily*. <http://www.sportsbusinessdaily.com/Daily/Issues/2016/01/28/Finance/Under-Armour.aspx>, accessed June 2017.
- Gensler, E. (2016). "Is Under Armour Losing Favor with Women?" *forbes.com*. <http://www.forbes.com/sites/laurengensler/2016/01/11/under-armour-women-sales/-37fac4dd482d>, accessed June 2017.
- Haider, Z. (2015). "Global Apparel Manufacturing." IBISWorld <http://clients1.ibisworld.com.lib.pepperdine.edu/reports/gl/industry/default.aspx?entid=470>, accessed June 2017.
- Harrison, J.D. (2014). "When We Were Small: Under Armour." *Washington Post*. November 12, 2014.
- "Heatgear". (2016). <https://www.underarmour.com/en-us/technology/heatgear>, accessed June 2017.
- Lamkin, P. (2016). Wearable Tech Market To Be Worth \$34 Billion by 2020. *forbes.com*. <http://www.forbes.com/sites/paullamkin/2016/02/17/wearable-tech-market-to-be-worth-34-billion-by-2020/-439b82a83fe3>, accessed March 2017.
- Lindner, M. (2016). "Mobile Accounts for 23% of Under Armour's Online Sales." *Internet Retailer*. <https://www.internetretailer.com/2016/01/29/mobile-accounts-23-under-armours-online-sales>, accessed June 2017.
- Low, F. (2016). "Under Armour CEO: We're Adding 1 Million App Users Every 8 Days." *Investors Business Daily*. <http://www.investors.com/news/under-armour-ceo-were-adding-1-million-app-users-every-8-days/>, accessed June 2017.

McNew, S. (2016). "The Importance of Under Armour's International Growth." *Motley Fool*. December 4, 2016. <https://www.fool.com/investing/2016/12/04/why-the-olympics-were-great-for-under-armours-futu.aspx?source=isesitlnk0000001&mrr=1.00>, accessed June 2017.

Mirabella, L. (2014). "Under Armour Surpasses Adidas To Become No. 2 Sports Brand: Baltimore-based Company Has Been Taking Market Share from German Rival." *The Baltimore Sun*. http://articles.baltimoresun.com/2014-09-08/business/bs-bz-under-armour-beats-adidas-20140908_1_armour-ceo-kevin-plank-market-leader-nike, accessed June 2016.

Nevin, J. (2014). Under Armour. *Prezi.com*. <https://prezi.com/dfz6y8ontgey/under-armour/>, accessed June 2017.

O'Reilly, L. (2015). "15 Surprising Facts about Under Armour." *Business Insider*. November 19, 2015.

"Participation in Sports." (2016). IBISWorld. <http://clients1.ibisworld.com/lib.pepperdine.edu/reports/us/bed/default.aspx?entid=51>, accessed March 2016.

Salter, C. (2016). "Protect This House." *Fast Company, Inc*. <http://www.fastcompany.com/53752/protect-house>, accessed June 2017.

Soni, P. (2016). "Why Under Armour Unveiled a Blue Print for International Expansion." *Market Realist*. http://marketrealist.com/2015/09/armour-unveils-blueprint-international-expansion/?utm_source=yahoo&utm_medium=feed&utm_content=graph-1&utm_campaign=armour-unveils-blueprint-international-expansion-689806, accessed July 2017.

Source: Consumer Reports. (2016). "Fitness Tracker Ratings." <http://www.consumerreports.org/cro/electronics-computers/phones-mobile-devices/fitness-trackers/fitness-tracker-ratings/ratings-overview.htm>, accessed July 16, 2016.

Source: Mergent. "Under Armour, Inc." (2016). via Mergent Online, accessed July 16, 2016.

Source: Morningstar. "Under Armour Inc. C UA – Insiders" (2017). via MorningstarAdvisor, <http://quicktake.morningstar.com/advisor/stock/insiders/board-of-directors?country=USA&t=UA>, accessed June 2017.

Sozzi, B. (2016). Under Armour Moves to Control Own Future by Opening 200 New Stores in 2016." *The Street*. <https://www.thestreet.com/story/13435993/1/under-armour-moves-to-control-own-future-by-opening-200-new-stores-in-2016.html>, accessed June 2017.

Straus, E. S. (2016). "You Won't Believe How Nike Lost Steph to Under Armour." *ESPN.GO.COM*. http://espn.go.com/nba/story/_/id/15047018/how-nike-lost-stephen-curry-armour, accessed June 2016.

Tank, L. T. (2016). "Sportswear Brands Digital IQ Score: 2016." *Ranking the Brands*. <http://www.rankingthebrands.com/The-Brand-Rankings.aspx?rankingID=272&year=915>, accessed June 2017.

Team, T. (2015). Earnings Review: Under Armour Continues Its Strong Growth Story with Another Big Quarter. *forbes.com*. http://espn.go.com/nba/story/_/id/15047018/how-nike-lost-stephen-curry-armour, accessed June 2017.

Plank, K. (2012). Under Armour's Founder on Learning to Leverage Celebrity Endorsements. *Harvard business Review*, p. 5.

Turk, S. (2016). "Gym, Health & Fitness Clubs in the US." <http://clients1.ibisworld.com.lib.pepperdine.edu/reports/us/industry/default.aspx?entid=1655>, accessed March 2016.

Under Armour, Inc. December 31, 2016, Form 10-K, p. 2-9.

"Under Armour's Code of Conduct." (2016). http://files.shareholder.com/downloads/UARM/0x0x873823/38F030C7-5348-4CC6-B8CD-81D68B2F496C/Code_of_Conduct_2016.pdf, accessed June 2017.

"Under Armour Has Big Plans for the Chinese Market." (2017). *Bloomberg.com*, September 6, 2015. <https://www.bloomberg.com/news/videos/2015-09-07/under-armour-has-big-plans-for-the-chinese-market>, accessed June 2017.

"Under Armour, Inc. – History." (2016). <http://www.uabiz.com/company/history.cfm>, accessed June 2017.

"Under Armour, Inc. --Our History". (2016). <http://www.underarmour.jobs/why-choose-us/our-history/>, accessed June 2017.

"Under Armour Q1 2016 Earnings Call," (2016). *Nasdaq.com*, April 21, 2016, <http://www.nasdaq.com/aspx/call-transcript.aspx?StoryId=3967077&Title=under-armour-ua-kevin-a-plank-on-q1-2016-results-earnings-call-transcript>, accessed June 2017.

"Under Armour, Inc. --Startup Story – How Founder Kevin Plank Build Under Armour." (2016). *Fundable*. <https://www.fundable.com/learn/startup-stories/under-armour>, accessed June 2017.

"Under Armour , Inc. – Why Choose Us?" (2016). <http://www.underarmour.jobs/why-choose-us/mission-values/>, accessed June 2017.

Under Armour Teaching Note

Case Synopsis

Under Armour: Repositioning for the Global Stage is a case about the rise of Under Armour in just twenty-one years to become the number 2 sports apparel, footwear and accessories manufacturer and retailer in the United States and one of the top ten in the world. The case shows how Kevin Plank, its Chief Executive Officer and Founder, is repositioning Under Armour to increase its global sales from 13% in 2015 to a goal of more than 50% by 2020¹. Moreover, he seeks to make Under Armour the global leader in this market segment.

Plank has led Under Armour to prominence as an authentic brand by incorporating performance material into sportswear, using a unique equity-ownership endorsement strategy to take on giant incumbent firms, such as Nike and Adidas, and building a strong mission-centric organization. While Under Armour's "No Loser Talk" philosophy breeds competitiveness that takes market share away from its rivals, UA also utilizes teams that protect it just as its motto "Protect This House" suggests. It has a Code of Conduct and "Wills" about how to treat customers, innovate, and perform. Still, a strong culture cannot completely offset negative macro forces. For example, Plank seems to have underestimated the impact of the global economy on its distributors, such as Sports Authority, that declared bankruptcy in 2016. Moreover, Under Armour lacks the global presence of its competitors and has underperformed in Asia and with women. Its future contract with the MLB seems consistent with its historical core competencies, but not as much with its global strategy. Its other recent launches into footwear and fitness devices have given it powerful new tools, but they have also eroded its margins. Therefore, the case focuses on the question of whether Under Armour is positioned to become the global leader in the sports apparel, footwear and accessories industry or whether it will remain an underdog.

Target Audience:

The primary target audiences for this case are undergraduate and graduate business students in general management, (sports) marketing and business strategy classes. The case can also be used in leadership or organizational behavior classes at all levels, including the executive level, with added emphasis on Kevin Plank's leadership style, strong company core values, and mission-driven company focus. Kevin Plank's stock ownership model also ensures that the company is still founder-driven.

It can be used as an entry level or capstone case. It has been written for undergraduate capstone business policy and strategy courses that strongly incorporate values, ethics, financial analysis, and organizational capabilities with environmental analysis and industry positioning. The case addresses the question of whether industry positioning or firm capabilities matter more. Of course, it does not answer this unanswerable question that varies with industry, time horizons and firm capabilities.

The authors gathered information for this case and teaching note through site visits, UA executive lectures, company videos, and secondary sources. The authors have used this case to teach

undergraduate business majors in accounting, business administration, finance, and international business. Students have researched this company in an intensive research capstone class and in directed studies. Insights from teaching these students and from their research have enhanced this case and note.

The teaching note is written to facilitate a deeper understanding of corporate strategies, with an emphasis on organizational capabilities and the evolutionary forces that drive the development of a firm's bundle of resources and core competencies. Students are introduced to note how the core competencies of the firm affect its industry position. For example, Under Armour's differentiation strategy in sports apparel, particularly t-shirts with moisture-wicking fabric, helped it develop more sophisticated core competencies as a performance and authentic brand, while Nike and Adidas have moved further into the fashion and athleisure market.

The teaching note focuses on the evolution of core competencies as Under Armour's businesses become increasingly more diverse. Starting as a single business, selling t-shirts to football programs and professional athletes, Under Armour has moved into five business segments, including sports apparel, footwear, accessories, fitness technology ("Connected Fitness") and licensing. It also sells to a wide array of sports, including football, baseball, basketball, golf, yoga, and running. It emphasizes the core competencies of the corporation, including its performance brand, technological know-how, and leadership to sustain its competitive advantage first in football shirts and now on a domestic stage as one of the top two sellers of sports apparel, footwear and fitness devices.

Learning Objectives:

The primary learning objective is to teach students and executives how to evaluate a firm's core competencies and to increase their understanding of competitive strategy.

A second learning objective is to develop students' abilities to use core competencies and capabilities to evaluate a firm's corporate diversification strategies.

A third objective is to show students how to develop a core competence framework so that they can suggest potentially sustainable corporate strategies.

A fourth learning objective is to show a link between the global stages of Under Armour's current strategy and what it will take to become a transnational corporation, actively engaged in global efficiency, local responsiveness and worldwide learning.²

Teaching Plan:

Prior to Class:

Some questions that can be assigned prior to class include the following:

1. What are Under Armour's core competencies and capabilities?
2. How did it become the number two sports apparel and footwear manufacturer in the United States?

3. In what markets or businesses does Under Armour operate?
4. Why did it enter into Connected Fitness, with lower operating margins?
5. Are these core competencies and capabilities foundational to become a dominating global “sports” apparel, footwear and fitness company?
6. What other competencies might be needed to be a dominating “sports” apparel, footwear and fitness company?

Introductory Strategy Class Discussion Questions (45 minutes):

The case assumes that faculty and students are familiar with some concepts of corporate strategy. However, if this case is used to introduce strategy, then the following questions will introduce students to strategy.

What is Strategy?

An open discussion of what strategy is may lead to a number of answers, some related and unrelated to business. Mintzberg notes that strategy is used in many ways, including a ploy, plot, plan, position, and process³. Students may also suggest tactics, such as hiring the best employees or operational procedures, such as using data analytics to be more efficient. Students can suggest things in groups or in teams. Outside reading might include Michael Porter’s “What is Strategy?”⁴ At this point, there are no incorrect answers.

Some scholars define (corporate) strategy in terms of unique bundles of resources as noted in the Resource Based View of the Firm⁵. Others see strategy as more systemic, interconnected and adaptive as in learning organizations⁶ or more evolutionary as in dynamic capabilities⁷. Porter defines strategy as “the creation of a unique and valuable position involving a different set of activities.”⁸ Barney and Hesterly define it as a “theory of how to gain a competitive advantage.”⁹ Jack Welch, in a more basic way, defines it as the idea of “how you’re going to win.”¹⁰ In all of these approaches, there is the underlying assumption that the purpose of strategy is to out-perform a firm’s rivals.

A useful and concrete article is, “Are You Sure You Have a Strategy?”¹¹ In this article, Hambrick and Frederickson, define strategy as “the central, integrated externally oriented concept of how to achieve our objective.” They suggest that a good strategy includes five elements, differentiators, vehicles for running the business, market arenas, staging, and economic logic. Students could work in teams to write out one good strategy for Under Armour that includes all of these components, as well as a central, integrated, externally oriented concept that might include the use of “performance” or “authentic” brand in fitness and athletic apparel and footwear.

Question 2 – In what ways does Under Armour use a low cost or differentiation strategy?

Students who are familiar with Under Armour products may note that most of what it uses is a differentiation strategy based on brand, reputation, distribution channels, product features, and

product mix. It also has some unique celebrity endorsements, including Tom Brady, Steph Curry and Misty Copeland.

Other students may note that with its launch into “Connected Fitness,” it does have some free apps, including MyFitnessPal. So, it also uses a low-cost leadership strategy to gain valuable information on the consumer.

The instructor can note that for the most part, Under Armour uses a differentiation strategy for its apparel, footwear and accessories business, but like Apple’s iTunes, it has developed a product that while free, gives Under Armour access to approximately 200 million users through Connected Fitness. Thus, it is developing more of a mixed strategy with the MyFitnessPal app as a low-cost ecosystem.¹² In this way, Under Armour is redefining its customer experience in a more transactional, daily way while also preserving its authenticity and performance advantage.

Question 3 – In how many businesses does Under Armour operate?

This is a particularly useful question because it helps students understand the level of analysis at which strategies occur. At the broad industry level in Standard and Poors (See S&P Capital IQ), it operates in the global textile and apparel industry. The professor can ask what other companies compete in this industry. Students should answer Nike, Adidas, Columbia, Puma, etc., but also Michael Kors and Versace. Some students may mention Patagonia, Nautica, or Northface (VF Corporation). Some may also note specialty sports retailers such as Hurley, Taylormade, or Pacific Sun.

So what is the relevant “business” or market, industry or strategic group to determine a firm’s strategy? The instructor can ask students to look at Under Armour’s 2016 10k, in which it identifies five “operating segments,” including apparel, footwear, accessories, licensing (to sports teams for example) and “Connected Fitness.” (See Exhibit H for revenue by operating segment.) The instructor can show UA’s website with its heart monitor and fitness tracker to show products sold under the Connected Fitness business, then note that this is not a name for a business in which it operates. What other companies sell similar products? Answers include Nike, Apple, and Fitbit. So, what industry do they operate in? Answers include fitness technology or an equivalent name (health and fitness), which are examples of “businesses” as used in this case. Note that the term “business” implies a defined set of products, customers and competitors in addition to implications for a business model that earns revenue and profits in order to sustain the business. (For instructors who teach about both for-profit and non-profit organizations, this is a good place to distinguish different ways in which organizations can sustain their enterprises.)

Question 4 – How does a corporation develop strategies for multiple businesses?

Here the faculty can introduce portfolio analysis, such as the BCG Matrix. (See Exhibit A for Under Armour’s BCG Matrix of its businesses.) Most students who have had Marketing are familiar with the two dimensions of relative (to the largest competitor) market share and industry

growth as well as the four boxes of cash cows, dogs, stars and question marks. The professor can point out that this is used to decide which businesses to keep and which ones to harvest and exit.

The instructor can also point out that UA has a number of economies of scope, such as shared distribution channels or linkages across products that it considers before exiting a business. Economies of scope can be divided into “shared activities”¹³ and “core competencies”¹⁴. Briefly, economies of scope reflect three areas. The most basic is having two products or services sharing one area of the value chain, such as an Apple store carrying multiple Apple products and services or Toyota using flexible manufacturing to produce multiple product lines in one plant. The second is to have shared activities across multiple steps of the value chain, such as having merchandising, marketing, sales, and customer service in the Apple store. The final economy of scope is reflected in having multiple products share a core intermediary product, such as Siri being available on Apple phones and iPads.

The rest of the teaching note focuses on core competencies of Under Armour and how it uses them to build its strategy.

Suggested Class Time: 45 minutes

Introduction – 10 minutes

Introducing Under Armour to students can begin with a set of key questions:

- 1) Who is Kevin Plank and what does he bring to the table for Under Armour?

Show a video of Plank discussing China or reference article “Under Armour has Big Plans for the Chinese Market, Bloomberg.com, September 6, 2015. <https://www.bloomberg.com/news/videos/2015-09-07/under-armour-has-big-plans-for-the-chinese-market>

Pros. Kevin Plank experienced a genuine need for a higher performance fabric that would keep an athlete dryer and cooler in hot climates and warmer in cold climates. He has put a lot of sweat equity into Under Armour and genuinely believes in his company and has had experience as a football player, underdog and entrepreneur. Up until now, he has been able to ignore rivals and economic forces, but the closing of Sports Authority was a brutal reminder that times have changed. (Under Armour had to lower its forward guidance in 2016 with the liquidation of Sports Authority, so it cannot ignore the economic drivers that affect its distributors and licensees.) It recovered by adding new distributors, including Kohls and Costco.

Cons. Kevin Plank is no longer running a company that is an underdog. He seems to understand the needs of male athletes, but he has yet to truly capture the hearts of female athletes and global sports apparel buyers. This is particularly daunting because Nike and Adidas do a better job with both groups, and women buy more sports apparel than men. In

fact, most of what has made Under Armour successful with male athletes, such as team sports and performance over style, is less appealing to female athletes, who seem to want both. It is unclear why Under Armour has not made a strong commitment to expand internationally until now. It is also unclear why it spent so much on Connected Fitness and technology applications, which are losing money and caused it to have a negative free cash flow, which is essential to launch strategic growth. As it expands, pressure is put on profit margins, and exchange rates from increased foreign sales can erode its profits. Plank denies the importance of macroeconomic forces, yet macro forces become more important as Under Armour grows and goes global.

2) How is Under Armour's path different from Nike's?

This is a question with many different aspects to it. A trip to a Nike v. Under Armour brand store is enlightening.

In some ways, Nike and Under Armour are similar. Both were started by athletes, and both use a unique technology to enhance an athlete's performance. Nike's waffle-soled shoes became key to improving a runner's performance just as Under Armour's moisture-wicking fabric shirts helped football players to stay cooler and dryer. Though both appeal to the same broad markets of women's, men's and children's fitness and sports enthusiasts, they have different lines, styles, and focuses. They overlap on their top basketball apparel and footwear, but Nike leads with runners and soccer, while Under Armour stresses football. Nike co-owns the world's favorite basketball shoe line with Michael Jordan, while Under Armour has the second largest line with Steph Curry. Nike and Adidas battle fiercely for being the world's largest soccer apparel and shoe manufacturer in terms of revenue, with Nike ahead in 2016 after a decade of digital warfare, but Adidas has a lock on FIFA and the World Cup.

Nike and Adidas tend to be more fashion-oriented, and Under Armour is more performance oriented. Moreover, Nike and Adidas have long used endorsements that require large up-front sums of cash to acquire, while Under Armour has equity partnerships that give its athletes more "skin-in-the-game" and ownership positions in the company. Nike has more visible female athletes, including Serena Williams, who sport Nike's women's tennis line. While Under Armour has noted female athletes, such as Lindsay Vonn, Giselle, a Brazilian super model, and Misty Copeland, an African American premiere ballerina, the female athletes fade to the distance in favour of the core, relatable athletes, such as Steph Curry.

The industry is fraught with ironies as well. For example, Tom Brady is an Under Armour spokesman, but the New England Patriots wear Nike football jerseys. Tom is also married to Giselle and together they form one of the world's most beautiful couples. Tom is also planning to head to Asia to launch Under Armour's performance rejuvenating sleepwear line.

The differences between Nike and Under Armour extend far beyond endorsements and fashion versus performance. The LeBron James v. Steph Curry NBA finals help to show the distinctions between the two brands. Nike appeals to people who aspire to be like elite but unattainable athletic superstars, such as Michael Jordan, Kobe Bryant, LeBron James, and Serena Williams. Although, Nike has also picked some fallen stars, such as Lance Armstrong and Tiger Woods. Under Armour tends to find athletes just before they become superstars, such as Jordan Speith before he won a major golf tournament and Misty Copeland before she became the American Ballet Theaters premiere ballerina, a feat unheard of for African Americans. Under Armour relishes the underdog position and uses it to show how everyone can perform better. In this way, Steph Curry, a religious family man who is very approachable, but also an underdog, fits the UA brand. His rise to superstardom, yet ongoing relatability reflects UA's core values. Nike's loss of Steph Curry reflects its arrogance and complacency towards a rising star. It also points to a potential vulnerability in Nike's strategy in that it may be overinvesting in superstars that may not relate to younger generations. While it may not seem like much of a difference, LeBron James, age 32, represents millennials and is entering the latter stages of his career. Steph Curry, age 29, represents post-millennials or GenZ and is still on the upswing.

Class Discussion – 30 Minutes

- 3) What are some of the key risks and opportunities that UA's faces with its extremely high growth rates and desire to become the global leader in sports apparel, footwear and sporting goods manufacturing within the next decade?

Risks and weaknesses

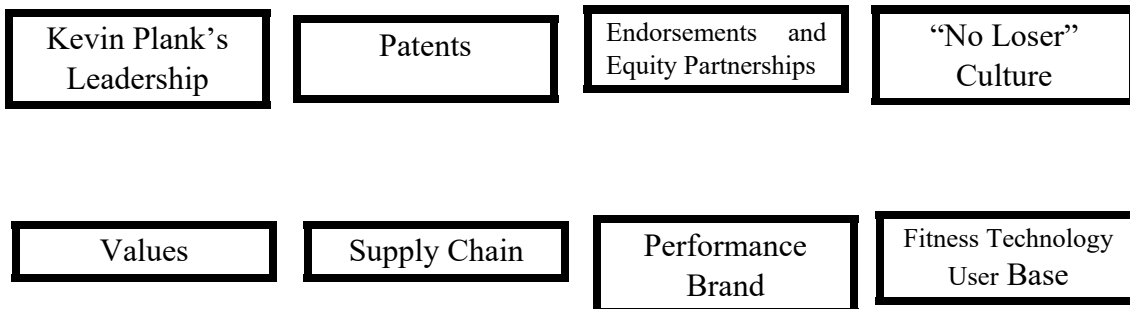
- a. Development of the international market
- b. Growth of the female market
- c. Channel conflict - wholesale v. retail – loss of distributors, such as Sports Authority
- d. Global slowdown – consumer discretionary spending. Slowing growth in China's GDP.
- e. Trade-off between being a performance and a fashion brand, maintaining authenticity while growing Athleisure line.
- f. Negative free cash flow – generated by pressure on gross margins from Connected Fitness and footwear, international expansion of stores, and the purchase and development of a new headquarters in Baltimore. Unlevered free cash flow = -\$277 M.¹⁵UA recently had to issue Class C stock.. (Positive cash flow is needed for growth).
- g. Kevin Plank – UA is heavily dependent on his leadership. No clear successor.
- h. Very high market expectations (P/E over 70) limit room for mistakes

Opportunities (trends) and areas of strength:

- a. Growth in footwear (industry is growing and UA has taken share away from rivals with football cleats and basketball shoes. It has recently added golf shoes to its product line.)
- b. Growth in Connected Fitness and wearable technology
- c. Growth in fitness and healthy lifestyles
- d. Becoming a lifestyle brand
- e. Improving the consumer experience – very successful brand stores
- f. Strong performance brand
- g. Authentic brand image
- h. Everyday, personable, underdog image
- i. Leadership
- j. UA’s core values
- k. UA employees and teammates
- l. Unique endorsement strategy
- m. Key endorsements

The instructor can use a SWOT analysis here to get students started. The instructor can then circle the strengths that reflect capabilities that are unique. If students are familiar with the resource-based view, the instructor can ask which ones are rare, valuable, costly to imitate and exploited (well executed) by the organization. Students may note that its leadership, core values, strong performance brand, unique endorsements, and key endorsements are resources and capabilities that seem to fit these criteria.

The instructor can begin to build a core competence map by writing, on the base of a white board, rectangles with distinctive and core competencies of the firm. The instructor can note that distinctive competencies are those that the firm does better than its rivals. Some of the distinctive competencies of UA, include Kevin Plank’s leadership, UA’s core values, UA’s performance brand, patents, endorsements and equity partnerships, and its fitness technology user-base, etc. (See Exhibit B for a representation of UA’s Core Competence Map.)



4) Under Armour competes with which firms?

The initial response will be to list sportswear and sporting good manufacturers, such as Nike, Adidas, etc. This is a good starting point. Determining the industry that a firm operates in can be quite challenging. It may not be obvious to students that in some ways Under Armour competes with high-end luxury brands such as Louis Vuitton or Michael Kors. It might help for students to research Michael Kors to see that this brand has a line of athleisure and sportswear. Further research will show that Under Armour competes with the GAP, Zara and other global manufacturers and distributors. It also competes with specialty brands including Burtons, Hurley, Patagonia, and TaylorMade, etc.

5) Under Armour is in which businesses or strategic groups?

Once competitors are listed, the instructor can point to reports from *IBISWorld*, such as Global Apparel Manufacturing, to show that Under Armour competes with many different firms that produce sports apparel, sports footwear, and sports accessories.

The instructor can list the firms that are closest to Under Armour in this segment, including Nike, Adidas, Puma, Columbia Sportswear, and lululemon athletica. Students may also be familiar with lines that are sold to broader rivals, such as Athleta (GAP). The instructor can note that even within this segment, Under Armour sells to men, women and children.

Second, the instructor can note that Under Armour also competes in three other strategic groups: sports accessories, fitness technology and licensing. Students can look on UA's website for some information on its products and services. In fitness technology, UA competes with Nike, Apple and Fitbit to name a few firms. Some students may use the UA app, My Fitness Pal, and can list other fitness apps that they use. The instructor can note that there are now more than 200 million worldwide users of UA's fitness technology. Finally, many sports apparel companies license their brands to athletic teams, sports leagues, and governing bodies, such as FIFA (Adidas). UA's recent acquisition of the MLB rights is an example of important licensing rights that it has recently acquired, starting in 2019.

The next step on the board is to draw boxes of the five industries a couple of feet above the core competencies, leaving room to draw a line of boxes between distinctive competencies and the businesses.



6) What products to UA sell to consumers or distributors?

Once this is completed, the instructor can ask what end products or product lines do consumers, distributors or teams purchase from UA. The instructor can write these answers above the businesses. Answers include “men’s and women’s basketball shoes,” “men’s and women’s running shoes,” children’s sweat suits,” “t-shirts,” “running shorts,” “Curry 3 basketball shoes,” “water bottles,” “healthbox,” “scales,” and “sports licenses.” Students may also want to include “MapMyFitness” and other well-known technology apps from UA.

While this list is extensive, the instructor can write a representation of its major product lines on the board. The instructor can also write the ones that apply to each box above the businesses. Students can go on UA’s website to see its product offerings. With the exception of sports team licenses and other licensing revenue, most products are visible on the website. (See Exhibit B for a representation of UA’s Core Competence Map.)

7) Team or Individual Exercise (Optional way to address question 4 using the BCG Matrix.)

Instructor reviews the Boston Consulting Group BCG Matrix with the class, explaining the axis of industry growth and relative market share. The instructor then asks, “Under Armour competes in which industries or strategic groups?”

Students will note that it is in sports apparel, sports footwear, sports accessories, and fitness technology. They may or may not include licensing as Under Armour sells licenses to sports teams and elite athletes for the use of its logos and trademarks.

The instructor can ask, “Who is the largest sports apparel and footwear company in the world?” Students will likely answer correctly that it is Nike. Students can lookup Nike’s sales (approximately \$30 billion versus Under Armour’s sales (roughly \$3 billion). The instructor can calculate relative market share for Under Armour as $\$3/\$30 = 10\%$, but note that this is across many businesses. (See Exhibit A for a BCG Matrix of Under Armour broken down for each of its major businesses.) Then the instructor can plot the relatively low market share on the relevant market share access in the bottom half of the BCG Matrix. The instructor can now ask about who the market leaders are in each segment, what the relevant market shares are of the leaders and of Under Armour and how fast each of its segments are growing. Nike can be used as the market leader in each business segment. Students can then plot the five segments on the BCG Matrix. (See Exhibit A for Under Armour’s BCG Matrix of its Business Segments.)

This exercise has two additional insights to just listing UA's businesses. It allows students to see that UA is not a market leader and that it is spreading itself into thinner markets that are dominated by strong technology companies, such as Apple.

It is recommended that the instructor continue to draw the Core Competence Map, following the same final steps noted in #4. The instructor could draw the boxes and note UA's five business segments on the line above its distinctive competencies. (See Exhibit B for a representation of UA's Core Competence Map.)

8) Distinctive and Core Competencies

The instructor can note that distinctive competencies are uses of resources and capabilities that a firm does better than its competitors. The instructor can introduce the concept of core competencies as "the collective learning in the organization, especially how to coordinate diverse production skills and integrate multiple streams of technologies."¹⁶ They reflect deep technical knowhow and collective learning as it relates to streams of production and technology infused in a firm's products and services.

The instructor can ask students, about which distinctive competencies reflect core competencies. Answers include "patents" and "performance brand." One of the keys to UA's success is that its brand is viewed as a performance brand that can improve an athlete's ability. UA has recently developed a 3D printing technology for soles that increases both stability and performance in its footwear.¹⁷

The instructor can highlight UA's distinctive and core competencies. Also, note that some strengths may not be core competencies. For example, being able to purchase products online versus at Footlocker is not a distinctive competence. Having a strong performance brand and endorsements from Steph Curry and Tom Brady are distinctive enough to command higher prices from consumers. For the purposes of this case, it is best to include both distinctive and core competencies at the base of the map.

9) What are some of the technologies and technical knowhow that cannot be purchased by consumers, but are key components that drive customers to purchase UA products?

The final step in the exercise is one of the most conceptual yet important steps. This step connects the distinctive and core competencies to the businesses. Some of the technologies and technical expertise cannot be purchased in the same way a consumer can buy an end product, but this knowhow is a key component that drives customers to prefer it. The instructor might hold up an iPhone and ask students what technologies are imbedded in the phone that students love. Answers might include "iOS," "Siri," "swipe features," or "GUI" (its graphical user interface.). The instructor can then ask, what about Nike running shoes,

what was the key technology that made the shoes so popular? Answers include “the waffle sole” or the “air sole.” Another example is lululemon athletica’s sweat-reduction fabric.

The instructor can ask students to name end product lines that these companies sell that use these core products. For example, students might name iPhones and iPads that use Siri, or Nike basketball and running shoes that use air soles or lululemon athletica’s men and women’s yoga pants that use its sweat reduction fabric.

Note: In a business strategy class, instructors can emphasize product lines, such as football versus basketball cleats or iPhones versus iPods. In a marketing class, instructors can allow students to just list products, such as an iPhone 7s. Either way, the instructor can show many common products infused with core products or services and how this strengthens the strategic position, especially the brand value and inimitability of the end product and services.

The instructor can then ask students what UA’s core competencies are and what different products UA infuses with its competencies. (Note: students can look on UA’s website for specific products.) Answers include “Heatgear ®,” “Coldgear ®,” and “Allseasongear ®,” Also, there are “sleep recovery fabrics” for resting. Shoe technology includes “3D printed midsoles,” and “Speedfoam.” Students may also note that UA has made two recent acquisitions, Endomundo and MyFitnessPal, to build competencies in the fitness technology market. These technology strategies that promote the health and well-being of its customers and link UA to them are captured under “Connected Fitness,” “UA Record,” and “UA Healthbox.”

Once again, this is not an exhaustive list, but one that represents key technologies used in UAs business strategies. The instructor can add these to the core competence map to show the final step. The instructor can also draw links between the *gears, sleep recovery fabrics and Armour Fleece® to the apparel business, the 3D printed midsoles and speedfoam to the footwear business, and the technologies to the fitness technology business. Also, the *gears are used in accessories to make products such as a heated baseball glove.

The instructor can map the core products and services between the distinctive competencies and businesses, including the following:





10) How is UA positioned to move ahead of its global rivals?

At this point, students can engage in a discussion of whether or not its core competencies and core products and services are enough to sustain it in the global marketplace. Students may also note the absence of competencies, such as clothing that fits a more active lifestyle or athleisure wear. A key question is whether or not becoming more fashionable might ruin UA's performance and underdog reputation. Students may feel that this is necessary to capture more females and note that some of its celebrity female endorsements, such as Misty Copeland and Giselle Buncheon are not as well known or athletic as Serena Williams (Nike endorsement).

The instructor can point out that UA has attracted females who tend to purchase more fitness technology than men. Still, it has lost money on its Connected Fitness segment. (See Exhibit H and I.)

11) What strategies do you recommend for UA to achieve its goal of being the global leader in this industry?

The final model to introduce is the one that Bartlett and Ghoshal (1988) ascribe to transnationals. In order to succeed, firms must have three attributes: global efficiency, local responsiveness and worldwide learning. UA has demonstrated that it can scale globally in both its domestic sales and increases in international sales. The popularity of the Curry 3 shoes, both in the US and China, has helped propel UA's growth. Still, it is risky to rely on a single product line.

The instructor should initiate a discussion of whether or not UA is prepared to compete on these three levels. Students can be challenged to consider how UA can use its competencies and core products to strengthen its global position. For example, UA might consider endorsing a Chinese team or approaching a former NBA star and Chinese national, such as Yao Ming.

If Chinese students are in the class, it is important to hear from them about the local popularity of basketball or American iconic brands, as well as any local athletes or icons that might enhance UA's global strategy.

UA can also capitalize on the popularity of golf in Asian countries. However, the Chinese have been closing government-sponsored golf courses and battling pollution, so this may not be an opportune time to emphasize golf.

A final note is to show some of UA's new stores in China and ask about its expansion into other countries, including Japan. Students can consider how these stores can become destination places with uniquely Under Armour experiences.

Brief description of the closing

One of the key aspects of the case is that Under Armour has been defined by its success in the US Sports Apparel, Footwear and Accessories Manufacturing industry. In fact, it competes with some global giants beyond Nike as it has expanded into fitness technology. It now competes with giant technology companies, such as Apple, Google, Garmin, and Fitbit. It competes with Nordstrom and Neiman Marcus, in addition to Columbia and Hurley. It also competes with fashion manufacturers and retailers, such as Zara, H&M and Gap. While it cannot easily track every competitor, it does need to broaden its view of the competition. It is no longer the underdog, which means that rivals are paying attention to this upstart company and attacking its core strengths and weaknesses.

This will also help students understand that Under Armour is spreading itself thinly. It also helps students consider how this growth into new market segments will affect UA's values and brand image. Its negative free cash flow and lower gross margins on wearable technology and footwear are troublesome. Growth in higher margin products are needed, including in women's wear and the athleisure market, segments that are still in the growth stages of the product life cycle. Focus is needed to continue to ensure that it stays an authentic brand as it becomes more of a lifestyle brand. Moreover, banking on one key athlete, such as Stephen Curry, may backfire if he or the shoes that bear his name have limited appeal abroad.

While a major global expansion may be risky, UA has a number of strengths that make selected expansion advisable. The Curry 3 shoe gives it a strong driver to build its brand image in Asia. The added strengths in its iconic rough American image are appealing to the more gender neutral and emerging fitness culture of a younger generation. Its recent foray into the MLB is a plus and fits well with its authentic American image, but this is both an asset a liability in global markets. Its strength in golf is also appealing in the global market, but only to a limited extent. To become a truly global sports brand, it will need to tackle and succeed at global sports, such as soccer or rugby. It can utilize its no-loser culture and values as well as the unique customer experience of its brand stores to draw in international customers. Investments in its celebrity endorsement and licensing of sports teams are expensive but necessary steps to secure international growth and establishing a firmer hold on global sports apparel, footwear and accessory markets.

Update:

Plank has recently announced new strategic initiatives in Asia, women's wear and its product mix. Asia has become the area where it has launched its basketball shoes and accessories. Also, Under Armour has clearly embraced the millennial customer experience in its brand stores and with its online apps. It does not yet have the social media presence of Nike, but it does have a base of approximately 200 million users of its technology to build on.

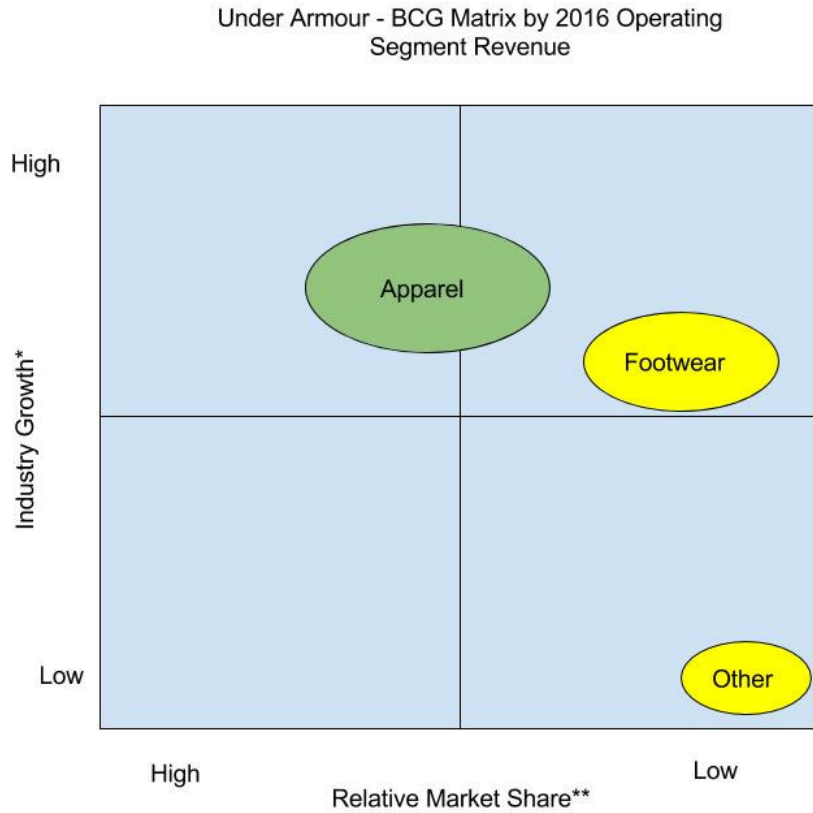
Under Armour hired Tim Coppens, an award-winning high-end fashion designer known for his men's clothing and sportswear. He will be in charge of a new line, Under Armour Sportswear (UAS).¹⁸ Coppens is a well-known designer who will add more of a fashion emphasis to this line, highlighting performance and the newer generations drive to go longer, harder, and faster, but with a more modern style. The new line is expected to launch in the fall of 2017. Whether or not Under Armour can find a unique position within the growing athleisure market, is yet to be determined.

In an attempt to replace the lost sales to Sports Authority and other closed distribution channels, UA added Kohls, whose largest clientele are women. It continues to diversify its third-party distributors, not making the mistake of relying too heavily on any one distributor.

Under Armour has used 3D printers to launch a new line of shoes called "Architect." This patented shoe is the first of a line of innovative soles that are both stylish and performance based. See product at <http://www.techinsider.io/under-armour-3d-prints-its-new-architech-shoes-2016-6> .

Under Armour continues to expand in its technology products. It is fully committed to Connected Fitness, Fitness apps, fitness apparel, and fitness accessories. Despite the fact that women tend to buy more fitness accessories than men, Under Armour still focuses its attention on male team sports.

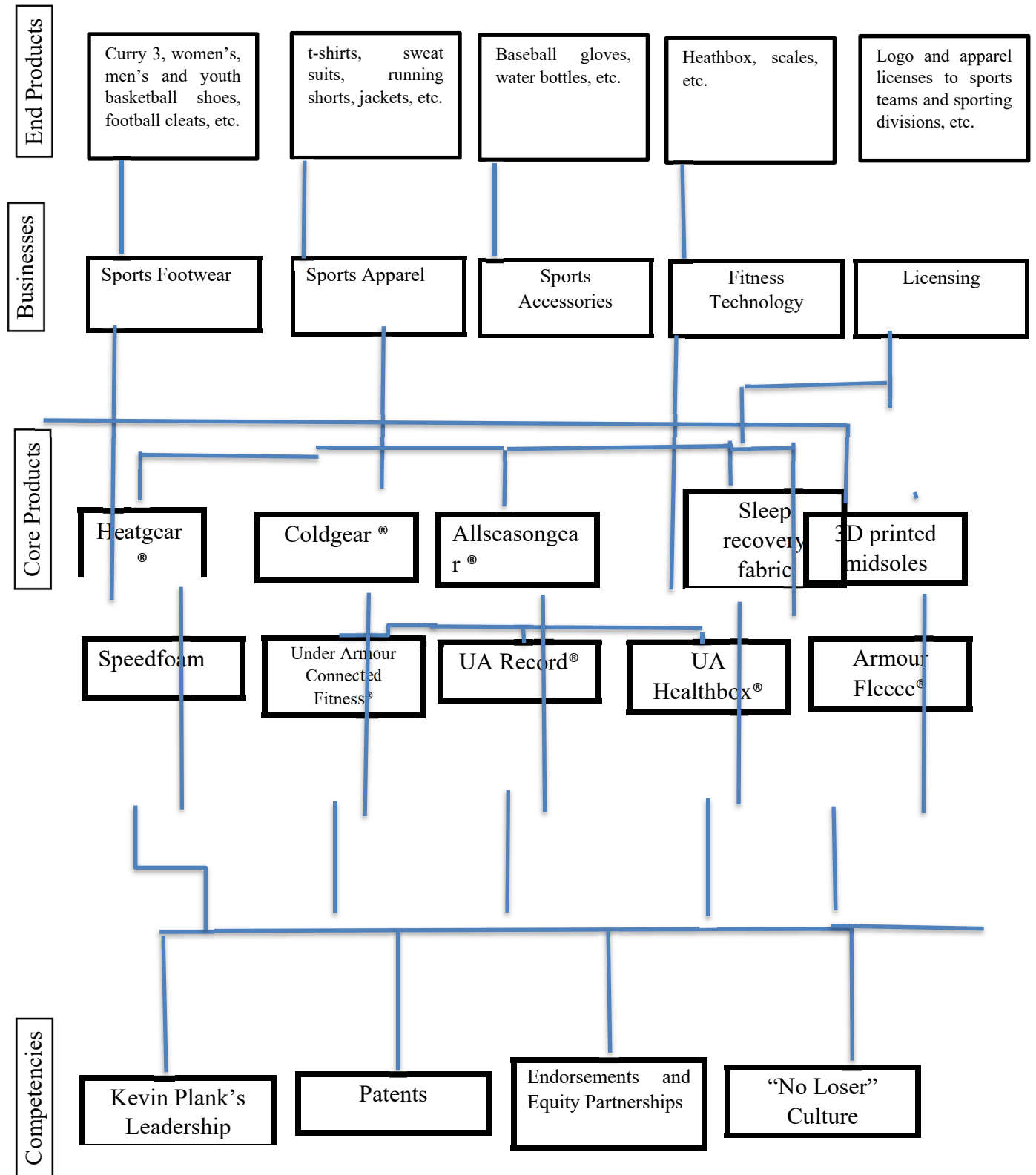
Exhibit A



	Industry Growth*	Relative Market Share**
Footwear	0.044	5.1%
Apparel	0.042	35.6%
Other	0.039	1.0%

*Global Apparel Manufacturing, Global Footwear Manufacturing and Global Sports Manufacturing, IBISWorld, accessed May 2017.
 **Under Armour sales relative to Nike sales taken from Under Armour, Inc., 2016 Form 10k and Nike, Inc. 2016 Form 10k.

Exhibit B – Under Armour’s Representative Core Competence Map



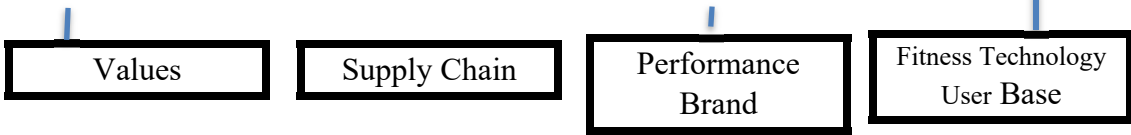


Exhibit C - Brief answers to pre-class questions:

1. What are Under Armour's core competencies and capabilities?

Performance brand

Authentic reputation

Strong culture – strong values, such as “no-loser” attitude

Underdog image

Key endorsements, Tom Brady, Steph Curry, Misty Copeland

League, sports teams, and now the MLB contracts

Technology – MyFitnessPal, etc.

Technical knowledge of performance products that keep athletes warm, cold, and performing at higher levels.

Kevin Plank's leadership

2. How did it become the number two sports apparel and footwear manufacturer in the United States?

Kevin Plank's background led him to build an unconventional company. Having played football, he understood the performance needs of football players who play in extreme conditions. Having made the first moisture-wicking fabric for cold and hot weather, he was able to secure some early endorsements. He was able to attract attention from prominent sports figures, such as Barry Bonds, a MLB MVP. The t-shirts were well regarded by athletes and helped launch both the performance brand and authentic reputation of the firm. While Nike and Adidas battled over soccer and basketball, Under Armour worked its way up through American football.

Not having as much free cash flow as some of the major sports apparel companies, forced Under Armour to be creative to secure endorsements. Under Armour is one of few companies to give its endorsements an equity stake in the firm and to make them ambassadors for the firm. Key endorsements from Tom Brady, Patriots' quarterback and Superbowl MVP, helped to further its image.

Nike's misfortune with Steph Curry in 2013 opened the door for Under Armour to transition in a major way into basketball shoes. In some ways, Steph Curry, an underdog and family man, represented the same authentic and readability that is reflected in Under Armour. While LeBron James, a more polarizing, seemingly unreachable NBA superstar and Serena Williams, tennis superstar, reflect Nike's dominance in elite athletes. Securing Curry before he led Golden State to an NBA title, and Jordan Speith before he secured his first win at the Masters, allowed Under Armour to gain broader recognition. Under Armour has also landed some key endorsements from Michael Phelps, Lindsay Vonn and Misty Copeland, for example.

The launch of Steph Curry basketball shoes was a big success in Japan and China as well as the United States. More recently, Kevin Plank is planning to take Tom Brady on an Asian tour as he did Steph Curry.

UA has long made accessories in Asia and is now opening new stores and distribution channels as it builds its brand abroad. UA sales growth abroad is outpacing its growth in the US. (See Exhibit H.)

3. In what markets or businesses does Under Armour operate? (See Exhibit I and H)

Product markets – men, women and children apparel, footwear and accessories

Geographic markets – North America, Europe, Latin America, Middle East

Other businesses – fitness and health technology and apps

4. Why did it enter into lower margin segments like Connected Fitness?

There are many possible reasons to enter into the fitness technology market. Connected Fitness allows Under Armour to enter into technology and potentially wearable tech. It also gives UA a platform with approximately 200 million users. This gives UA a powerful tool to analyze the health and fitness needs of its users. Data Analytics could become a new core competence. Finally, women tend to purchase fitness technology products, improving Under Armour reputation with women.

5. Are these core competencies and capabilities foundational to become a dominating global “sports” apparel, footwear and fitness company?

Under Armour is using its core competence of being an authentic brand in Asia, starting with the popularity of the NBA and basketball worldwide. Steph’s popularity in Japan and China also helped Under Armour to launch its global strategy. Roadshows with Kevin Plank and Steph Curry were a big hit in China and Japan. It also has a supply chain that can scale up quickly as it did with the Curry 3 basketball shoe. Still, UA has had more trouble with distribution, which is even more difficult abroad.

Kevin Plank has built a strong American brand, but has yet to show whether or not he can build a top global sports apparel and footwear company. His recent alignment with President Trump’s manufacture in America fit UA’s old strategy, but it is unclear whether or not it fits its global strategy. It also put at risks some of his endorsements, such as Steph Curry and Misty Copeland, who do not agree with some of the President’s policies.

Some of UA’s core competencies, including its brand, supply chain, team building, endorsement strategy, and leadership will help it expand abroad, but other aspects of the company including distribution, rising costs, negative free cash flow, and strong ties to a polarizing president may limit its global expansion. Moreover, it has yet to capture the hearts of women, while it has made some inroads into this target market group with its MyFitnessPal app.

6. What other competencies might be needed to be a dominating “sports” apparel, footwear and fitness company?

It is still unclear how Under Armour will address manufacturing and distribution on a global scale. While Under Armour had manufactured accessories in Asia, it had maintained a strong presence in manufacturing and distribution in the United States.

Exhibit D - Brief timeline

Year	Event	Location
1996	Kevin Plank found Under Armour	Grandmother's basement (Washington, DC)
1996	Kevin Plank develops first Heatgear® t-shirt	Washington DC
1996	First sale to Georgia Tech's football team	Atlanta, GA
1998	Sales to two dozen NFL teams, moves headquarters to MD	Baltimore, MD
1999	Featured in movie "Any Given Sunday", first print ad (ESPN Magazine)	
2003	First TV commercial with slogan "Protect This House."	
2003	Plank puts himself on the payroll. Releases first women's sports apparel line	
2004	Releases first children's sports apparel line	
2005	UA goes public	
2006	UA enters footwear market with "Click-Clack" football cleats	
2010	Signs Tom Brady	
2014	Launches Steph Curry basketball shoes	
2014	Surpasses Adidas as the #2 sports apparel brand in the US	
2014-2016	Signs Michael Phelps, Misty Copeland, Lindsay Vonn, Jordan Speith, etc.	
2019	Expected launch of MLB contract	

¹ Sullivan, J. (2016). "Can Under Armour, Inc. Meet Its CEO Kevin Plank's Ambitious Goal?" *The Motley Fool*. March 2, 2016, <https://www.fool.com/investing/general/2016/03/02/can-under-armour-inc-meet-ceo-kevin-planks-goal.aspx>, accessed May 27, 2017.

² Bartlett, C.A. and Ghoshal, S. (1988). "Organizing for Worldwide Effectiveness: The Transnational Solution," *California Management Review*. pp. 54-74.

-
- ³ Mintzberg, Henry. (1994). *The Rise and Fall of Strategic Planning: Reconceiving Roles for Planning, Plans, Planners*. Free Press: New York, NY.
- ⁴ Porter, M.E. (2011). "What is Strategy?," *Harvard Business Review Press*: Boston, MA., p. 4.
- ⁵ Barney, J.B. (1981). "Firm Resources and Sustained Competitive Advantage," *Journal of Management*, 17, 99-120. B. Wernerfelt, "The Resource-Based View of the Firm," *Strategic Management Journal*, 5, 171-180. Jay B. Barney, 2001, "Is the Resource-Based 'View' a Useful Perspective for Strategic Management Research? Yes," *Academy of Management Review*, 20, 41-56.
- ⁶ Senge, P.M. (1990, 2006). *The Fifth Discipline: The Art and Practice of the Learning Organization*, Random House, Currency, NY.
- ⁷ Nelson, R.R. and Winter, S.G. (1982) *An Evolutionary Theory of Economic Change*, Harvard University Press, Cambridge, MA., Zollo, M. and Winter, S.G. (2002). "Deliberate Learning and the Evolution of Dynamic Capabilities," *Organization Science*, 13, 339-351.
- ⁸ Op cit., Porter.
- ⁹ Barney, J.B. and Hesterly, W.S. (2016). *Strategic Management and Competitive Advantage Concepts*, Pearson, Upper Saddle River, NJ, p. 4.
- ¹⁰ Welch, J. with Welch, S. (2005). *Winning*, Harper Business: New York, NY.
- ¹¹ Hambrick, D.C. and Fredrickson, J.W. (2005). "Are You Sure You Have a Strategy?," *Academy of Management Executive*, p.53.
- ¹²McIntyre, D. and Ssrinvasan, A. (2017). "Networks, Platforms and Strategy: Emerging Views and Next Steps," *Strategic Management Journal*.
- ¹³ Porter, M.E. (1987). "From Competitive Advantage to Corporate Strategy." *Harvard Business Review*, Cambridge, MA., pp. 1-11.
- ¹⁴ Op cit., Prahalad and Hamel.
- ¹⁵ Yahoo Finance. Retrieved from <http://finance.yahoo.com/quote/UA/key-statistics>, accessed July 2016.
- ¹⁶ Op cit., Prahalad and Hamel, p. 82.
- ¹⁷ Kell, J. (2016). "Under Armour debuts First-Ever 3D-Printed Shoes." *Fortune.com*. May 08, 2016. <http://fortune.com/2015/03/08/under-armour-3d-printing/>, accessed June 2017.
- ¹⁸ Kell, J. (2016). "Why Under Armour Just Hired A High-End Designer," *Fortune.com*, <http://Jun 02, 2016http://fortune.com/2016/06/02/under-armour-hires-tim-coppens/>, accessed May 2017.

Exhibit E - Under Armour Summary of Historical Accounting Statements

Under Armour (NYSE UAA)*

(\$s in 000s)

Summary of Accounting Statements

Selected Balance Sheet Items

as of December 31st	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Cash & cash equivalents	40,588	102,042	187,297	203,870	175,384	341,841	347,489	593,175	129,852	250,470
Accounts receivable, net	93,515	81,302	79,356	102,034	134,043	175,524	209,952	279,835	433,638	622,685
Inventories	166,082	182,232	148,488	215,355	324,409	319,286	469,006	536,714	783,031	917,491
Income taxes receivable	614			-						
Prepaid expenses & other current assets	11,028	18,023	19,989	19,326	39,643	43,896	63,987	87,177	152,242	174,507
Deferred income taxes	10,418	12,824	12,870	15,265	16,184	23,051	38,377	52,498		
Total current assets	322,245	396,423	448,000	555,850	689,663	903,598	1,128,811	1,549,399	1,498,763	1,965,153
Property & equipment, net	52,332	73,548	72,926	76,127	159,135	180,850	223,952	305,564	538,531	804,211
Goodwill							122,244	123,256	585,181	563,591
Intangible assets, net	6,470	5,470	5,681	3,914	5,535	4,483	24,097	26,230	75,686	64,310
Deferred income taxes	8,173	8,687	13,908	21,275	15,885	22,606	31,094	33,570	92,157	136,862
Other long term assets	1,393	3,427	5,073	18,212	48,992	45,546	47,543	57,064	78,582	110,204
Total assets	390,613	487,555	545,588	675,378	919,210	1,157,083	1,577,741	2,095,083	2,868,900	3,644,331
Revolving credit facility		25,000					100,000			
Accounts payable	55,012	72,435	68,710	84,679	100,527	143,689	165,456	210,432	200,460	409,679
Accrued expenses	36,111	25,905	40,885	55,138	69,285	85,077	133,729	147,681	192,935	208,750
Current maturities of long term debt	4,111	7,072	9,178	6,865	6,882	9,132	4,972	28,951	42,000	27,000
Current maturities of capital lease oblig.	465	361	97							
Other current liabilities		2,337	1,292	2,465	6,913	14,330	22,473	34,563	43,415	40,387
Total current liabilities	95,699	133,110	120,162	149,147	183,607	252,228	426,630	421,627	478,810	685,816
Long term debt, net of current maturities	9,298	13,061	10,948	9,077	70,842	52,757	47,951	255,250	352,000	790,388

LT Revolving credit & LT Cap Lease Oblig	458	97							275,000	
Other long term liabilities	4,673	10,190	14,481	20,188	28,329	35,176	49,806	67,906	94,868	137,227
Total liabilities	110,128	156,458	145,591	178,412	282,778	340,161	524,387	744,783	1,200,678	1,613,431
Mandatorily redeemable series A pref. stock										
Class A common stock	12	12	13	13	13	28	28	59	61	61
Class B convertible common stock	4	4	4	4	4	7	7	12	11	11
Class C common stock										73
Additional paid-in capital	162,362	174,725	197,342	224,887	268,223	321,338	397,283	508,350	636,630	823,484
Retained earnings	117,782	156,011	202,188	270,021	366,164	493,181	653,842	856,687	1,076,533	1,259,414
Unearned compensation	182	60	14							
Accum. other comprehensive income (loss)	507	405	464	2,041	2,028	2,368	2,194	-14,808	-45,013	-52,143
Total stockholders' equity (deficit)	280,485	331,097	399,997	496,966	636,432	816,922	1,053,354	1,350,300	1,668,222	2,030,900

Selected Annual Income Statement Items

As of December 31 st	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
(\$s in 000s)										
Net sales	582,545	695,282	823,080	1,024,550	1,436,115	1,790,140	2,277,073	2,997,932	3,825,691	
Licensing & other revenues	24,016	29,962	33,331	39,377	36,569	44,781	54,978	86,438	84,207	
Connected Fitness revenues									53,415	
Net revenues	606,561	725,244	856,411	1,063,927	1,472,684	1,834,921	2,332,051	3,084,370	3,963,313	4,825,335
Cost of goods sold	301,517	370,296	443,386	533,420	759,848	955,624	1,195,381	1,572,164	2,057,766	2,584,724
Gross profit	305,044	354,948	413,025	530,507	712,836	879,297	1,136,670	1,512,206	1,905,547	2,240,611
Selling, general & administrative expenses	218,779	278,023	327,752	418,152	550,069	670,602	871,572	1,158,251	1,497,000	1,823,140
Income (loss) from operations	86,265	76,925	85,273	112,355	162,767	208,695	265,098	353,955	408,547	417,471
Interest income (expense), net	749	-850	-2,344	-2,258	-3,841	-5,183	-2,933	-5,335	-14,628	-26,434
Other income (expense), net	2,778	-6,175	-511	-1,178	-2,064	-73	-1,172	-6,410	-7,234	-2,755
Income (loss) before income taxes – US			86,752	96,179	122,774	155,514	196,558	269,503	272,739	251,321
Income (loss) before income taxes – foreign			-4,334	12,740	34,088	47,925	64,435	72,707	113,946	136,961
Income (loss) before income taxes	89,043	69,900	82,418	108,919	156,862	203,439	260,993	342,210	386,685	388,282
Provision for income taxes	36,485	31,671	35,633	40,442	59,943	74,661	98,663	134,168	154,112	131,303
Net income	52,558	38,229	46,785	68,477	96,919	128,778	162,330	208,042	232,573	256,979

Net income (loss) available to common stockholders	52,558	38,229	46,785							197,979
Weighted average common shares outstanding – basic	384,168	388,552	398,784	406,384	412,560	417,372	421,392	426,454	430,996	
Weighted average common shares outstanding – diluted	399,672	399,120	405,200	410,256	420,208	425,520	431,916	438,760	441,736	
Year end common shares outstanding	389,517	394,470	401,981	409,283	413,969	419,044	423,257	427,792	432,193	438,439

Selected Cash Flow Statements Items

As of December 31st	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
(\$s in 000s)										
Net income	52,558	38,229	46,785	68,477	96,919	128,778	162,330	208,042	232,573	256,979
Depreciation & amortization	14,622	21,347	28,249	31,321	36,301	43,082	50,549	72,093	100,940	144,770
Net cash flows from operating activities	-14,628	69,516	119,041	50,114	15,218	199,761	120,070	219,033	-44,104	304,487
Purchases of property & equipment	-33,959	-38,594	-19,845	-30,182	-56,228	-50,650	-87,830	-140,528	-298,928	-316,458
Purchases of prop. & equip. from related parties										-70,288
Net cash flows from investing activities	-34,084	-42,066	-19,880	-41,785	-89,436	-46,931	-238,102	-152,312	-847,475	-381,139
Net cash flows from financing activities	18,148	35,381	-16,467	7,243	45,807	12,297	126,795	182,306	440,078	205,995
Net increase (decrease) in cash & cash equivalents	-30,067	61,454	85,255	16,573	-28,486	166,457	5,648	245,686	-463,323	120,618
Cash & cash equivalents, beginning of period	70,655	40,588	102,042	187,297	203,870	175,384	341,841	347,489	593,175	129,852
Cash & cash equivalents, end of period	40,588	102,042	187,297	203,870	175,384	341,841	347,489	593,175	129,852	250,470

*Source: Mergent Online, accessed May 30, 2017.

Exhibit F - Under Armour Summary of Historical Financial Ratios

Under Armour Inc (NYS: UAA)*

As of Year End December 31st

Profitability Ratios	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
ROA % (Net)	12.53	15.81	15.46	8.68	9.06	11.22	12.16	12.37	11.87	11.33	9.37	7.87
ROE % (Net)	22.06	21.35	21.24	12.47	12.8	15.27	17.1	17.67	17.36	17.31	15.41	13.86
ROI % (Operating)	30.9	30.16	33.47	22.85	21.4	24.08	26.53	26.13	25.43	24.92	20.57	16.06
EBITDA Margin %	14.98	15.81	16.68	12.46	12.85	13.15	13.13	13.54	13.39	13.33	12.32	11.3
Calculated Tax Rate %	40.2	34.03	40.97	45.31	43.23	37.13	38.21	36.7	37.8	39.21	39.85	33.82
Revenue per Employee	460743	439927	433258	328756	285470	272802	272719	310154	298981	288259	295770	511931
Liquidity Ratios	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Quick Ratio	2.28	1.88	1.32	1.32	2.16	2	1.64	2.02	1.29	2.05	1.16	1.26
Current Ratio	3.81	3.42	3.37	2.98	3.73	3.73	3.76	3.58	2.65	3.67	3.13	2.87
Net Current Assets % TA	65.85	59.92	58	54.01	60.09	60.22	55.05	56.29	44.51	53.83	35.55	35.1
Debt Management	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
LT Debt to Equity	0.03	0.01	0.03	0.04	0.03	0.02	0.11	0.06	0.05	0.19	0.38	0.39
Total Debt to Equity	0.06	0.03	0.05	0.14	0.05	0.03	0.12	0.08	0.15	0.21	0.4	0.4
Interest Coverage	12.31	7.48	-	90.5	36.38	49.76	42.38	40.27	90.38	66.35	27.93	15.79
Asset Management	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total Asset Turnover	1.79	1.75	1.78	1.65	1.66	1.74	1.85	1.76	1.71	1.68	1.6	1.48
Receivables Turnover	6.03	6.89	7.34	8.27	10.66	11.73	12.48	11.82	12.1	12.59	11.11	9.11
Inventory Turnover	2.86	3.2	2.44	2.13	2.68	2.93	2.82	2.97	3.03	3.13	3.12	3.04
Accounts Payable Turnover	10.74	11.58	12.41	11.35	12.14	13.87	15.9	14.99	15.09	16.41	19.29	15.77
Accrued Expenses Turnover	21.64	23.37	19.72	23.33	25.64	22.16	23.67	23.71	21.32	21.92	23.27	23.96
Property Plant & Equip Turnover	16.03	16.96	14.75	11.49	11.69	14.28	12.52	10.76	11.52	11.65	9.39	7.17
Cash & Equivalents Turnover	8.77	6.45	10.91	10.14	5.92	5.44	7.77	7.08	6.77	6.56	10.96	25.31

Per Share	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Cash Flow per Share	0.05	0.03	-0.04	0.18	0.3	0.12	0.04	0.48	0.28	0.51	-0.1	1.39
Book Value per Share	0.41	0.56	0.72	0.84	1	1.21	1.54	1.95	2.49	3.16	3.86	4.63

*Source: Mergent Online, accessed May 30, 2017

Exhibit G - Under Armour Historical Stock Prices

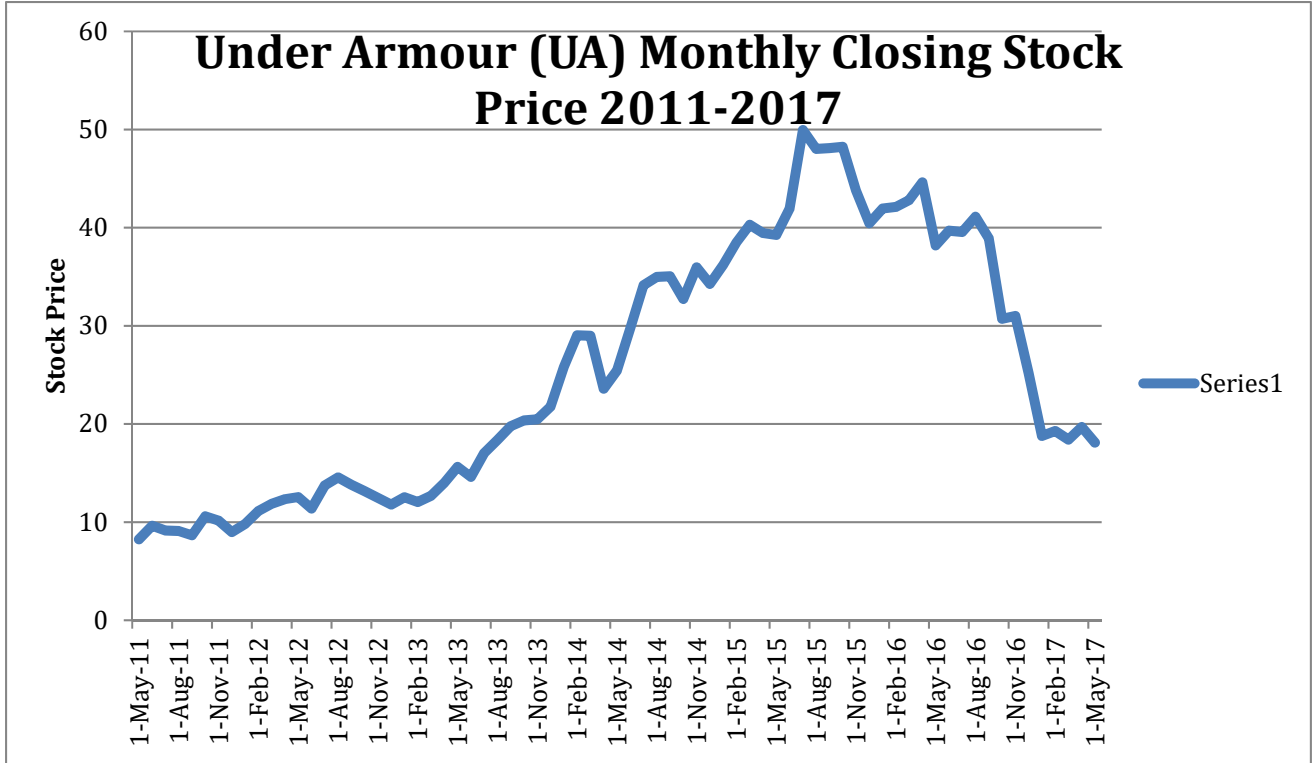


Exhibit H – Yearly Revenue by Operating Segment*

(\$s in 000s)

	2015	2016	Inc/(Dec)	% Change
Apparel	\$2,801,062	\$3,229,142	\$428,080	15.3
Footwear	677,744	1,010,693	332,949	49.1
Accessories	346,885	406,614	59,729	17.2
Total net sales	3,825,691	4,646,449	820,758	21.5
License	84,207	99,849	15,642	18.6
Connected Fitness	53,415	80,447	27,032	50.6
Intersegment Eliminations		-1,410	- 1,410	NA
Total net revenues	\$3,963,313	\$4,825,335	\$862,022	21.8

*Under Armour, December 31, 2016, Form 10k, February 23, 2017, p. 30.

*

Exhibit I:A - Under Armour Yearly Sales by Region* (\$s in 000s)

	2015	2016	Inc/(Dec)	% Change
North America	\$3,455,737	\$4,005,314	\$549,577	15.9
EMEA	203,109	330,584	127,475	62.8
Asia-Pacific	144,877	268,607	123,730	85.4
Latin America	106,175	141,793	35,618	33.5
Connected Fitness	53,415	80,447	27,032	50.6
Intersegment Eliminations		-1,410	NM	NM
Total net revenues	\$3,963,313	\$4,825,335	\$862,022	21.8

*Under Armour December 31, 2016 Form 10k, February 23, 2017, p.33

Exhibit IB - Under Armour Operating Income by Region* (\$s in 000s)

	2015	2016	Inc/(Dec)	% Change
North America	\$460,961	\$408,424	\$-52,537	-11.4
EMEA	3,122	11,420	8,298	265.8
Asia-Pacific	36,358	68,338	31,980	88.0
Latin America	-30,593	-33,891	3,298	-10.8
Connected Fitness	-61,301	-36,820	24,481	-39.9
Total operating income	\$408,547	\$417,471	\$8,924	2.2

*Under Armour, December 31, 2016 Form 10k, February 23, 2017, p.33

