



# UNDER ARMOUR

--- Sustainable Innovation

Product / Consumer / Application / Supply Chain /  
In-store Environment / Sustainable Fabric / Social Media

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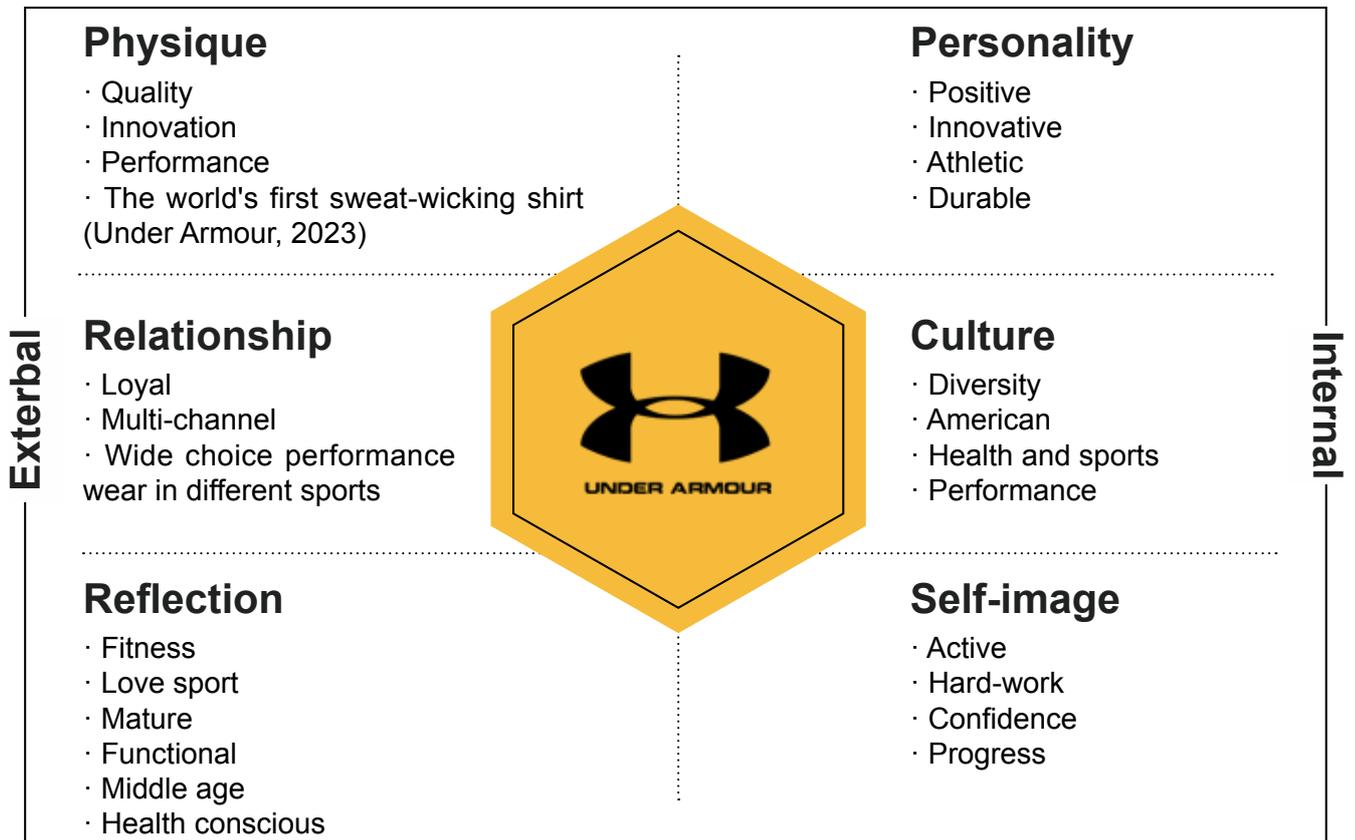
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## Executive Summary

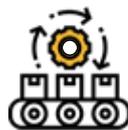
With the emergence of the hyper-competitive environment within the apparel industry, retailers are pushed to adapt **customer-centric innovations** to achieve sustainable **future growth** and reach a targeted level of **market share**. Women are a profitable extended market group to Under Armour while the development of the **new product line** and **digital skills** establish a **hyper-connection** between the brand and the intended market. Meanwhile, a well-managed supply chain is crucial to be harnessed to delivering an exclusive value to the customer. To deliver on its values and business philosophy, Under Armour needs to demonstrate **sustainable innovation**.



## 5 Pain Points



**01 High Risks of Supply Chain**



**03 Offering Limitations**



**05 Constrained Market Segmentation**



**02 Geographical Constraints**

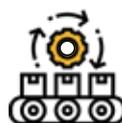


**04 Marketing Potential hasn't been fully leveraged**

## 3 Recommendations



**Developing a new product line**



**Investigating digitised marketing deeply**



**Improving supply chain management and efficiency**

# Strategic Development

## Customer Portrait



WORLDWIDE

MORE FEMALE CUSTOMER



INNOVATION



FUNCTIONALITY



GYM-LOVER

SPONSORSHIP



INFLUENCER



FASHION-SAVVY



EARLY ADOPTERS



18-35

## SWOT Analysis

### Strengths

1. Recycle Materials
2. Collaboration
3. High Brand Loyalty in US
4. Professional Sportswear
5. Large Social Media Fanbase

### Weaknesses

1. Focus on the North American Market
2. Targeting the Market of Gender & Age
3. Supply Chain
4. Brand communication

### Opportunities

1. New Products Line
2. International Market
3. Products Diversity & Fashionability

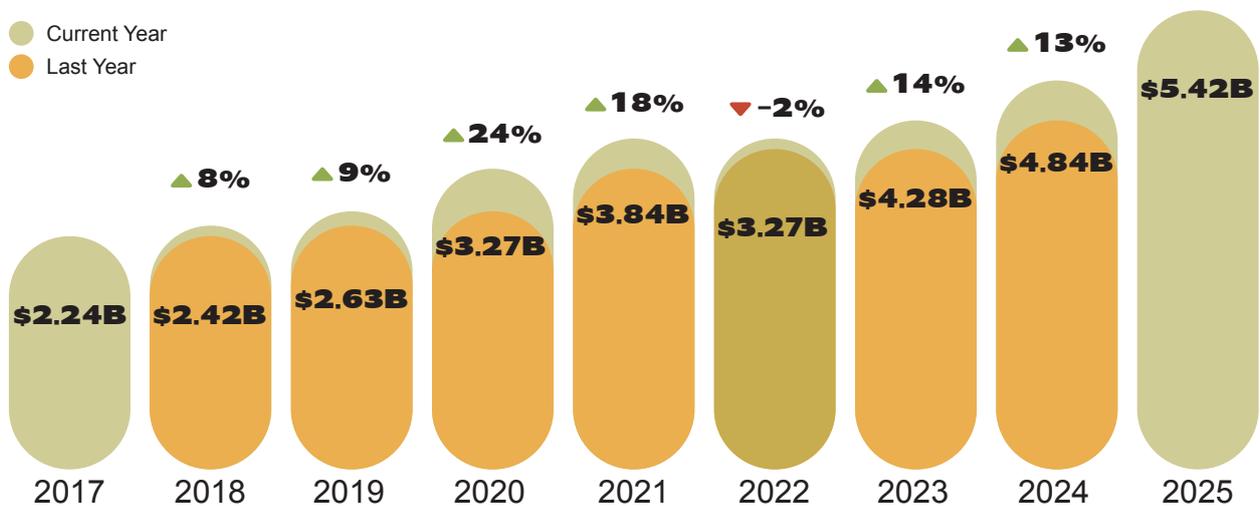
### Threats

1. Federal Investigations
2. Increased Competition

# Marketing Communication

## Background

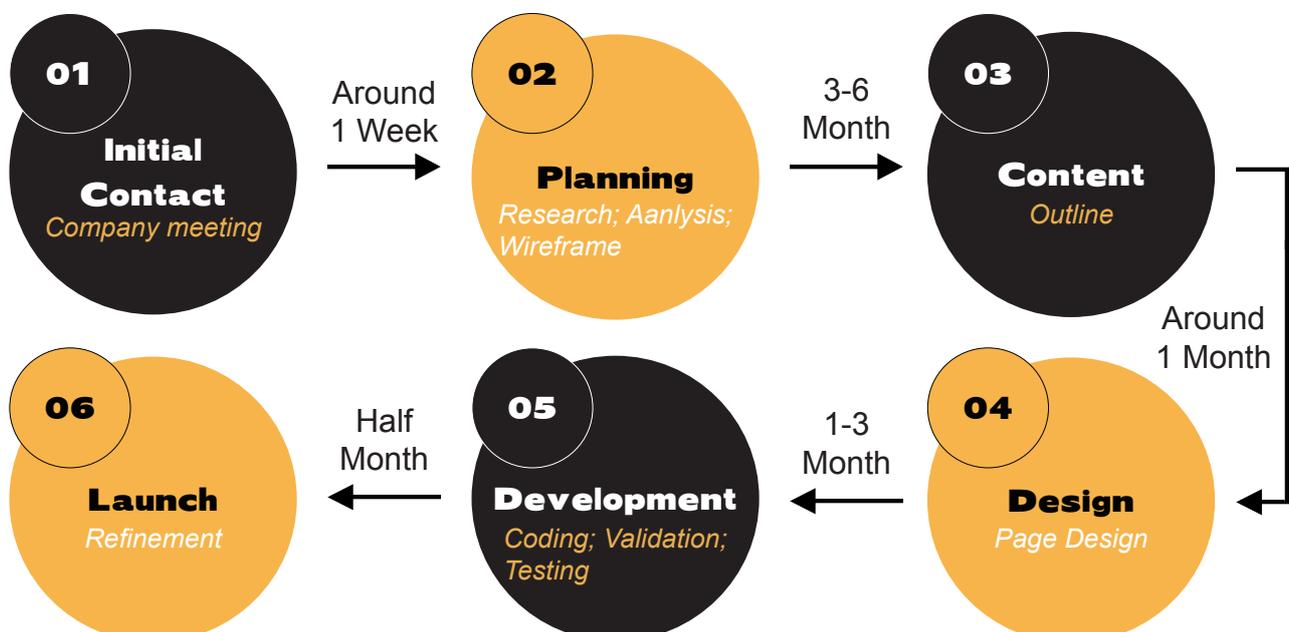
Some of Under Armour's weaknesses have been described in the previous pages. There is illustration about the use of AR technology in the app to **improve marketing communication** at Under Armour. By the year 2021, there will already be approximately 2.14 billion people shopping online worldwide. In addition, nearly 50% of customers preferred mobile shopping to in-store shopping (Mohsin, M., 2023). More and more about **Augmented Reality (AR) technology used in the app**. AR market forecast to **exceed \$97 billion** by 2028 (Rocketmakers, 2022). This also shows the potential of AR in the future, and the value of its **development and use**. So the strategy here is to suggest that UA can include the use of AR on the app in future developments to gain more benefits and revenue.



2017-2025 projected ecommerce revenue & growth rate worldwide (statista, 2022).

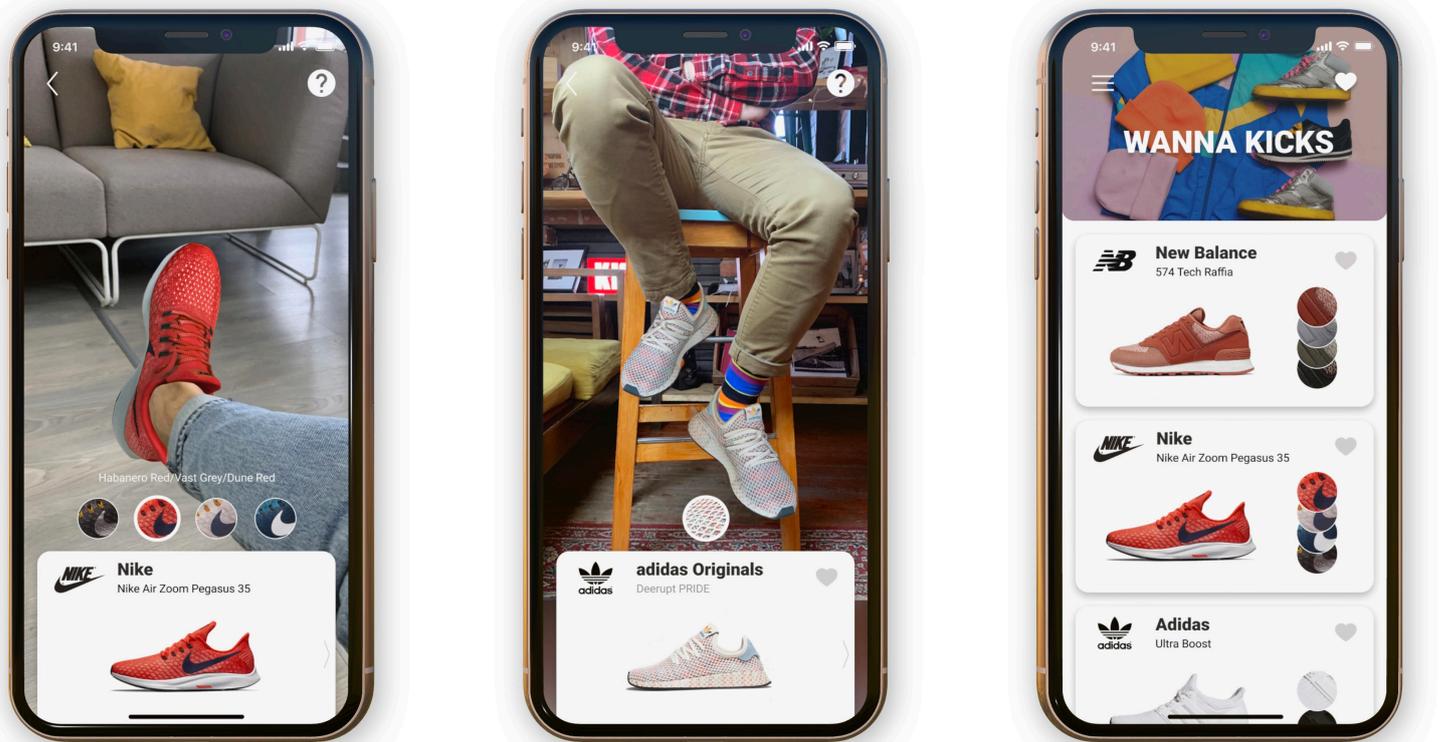
## Process Model

Doing with Main 6 steps



# APP with AR Tech

## Visual Output



Example of Wanna Kicks fitting (O'Hear, S., 2019).

Under Armour is a sports brand. Their shoes in particular are very well made. Trying to add AR technology to an app like Wanna Kicks (O'Hear, S., 2019), not only lets **customers experience** trying on their favourite shoes at home, but can also **reduce** some of the **costly waste** for the company. And the final visual output may look like the above pictures.

- Would shop more often with AR
- Wouldn't shop more often with AR



Most customers say they'd shop more often if they used AR (Threekit, 2023).

## Benefits of using AR in Fashion



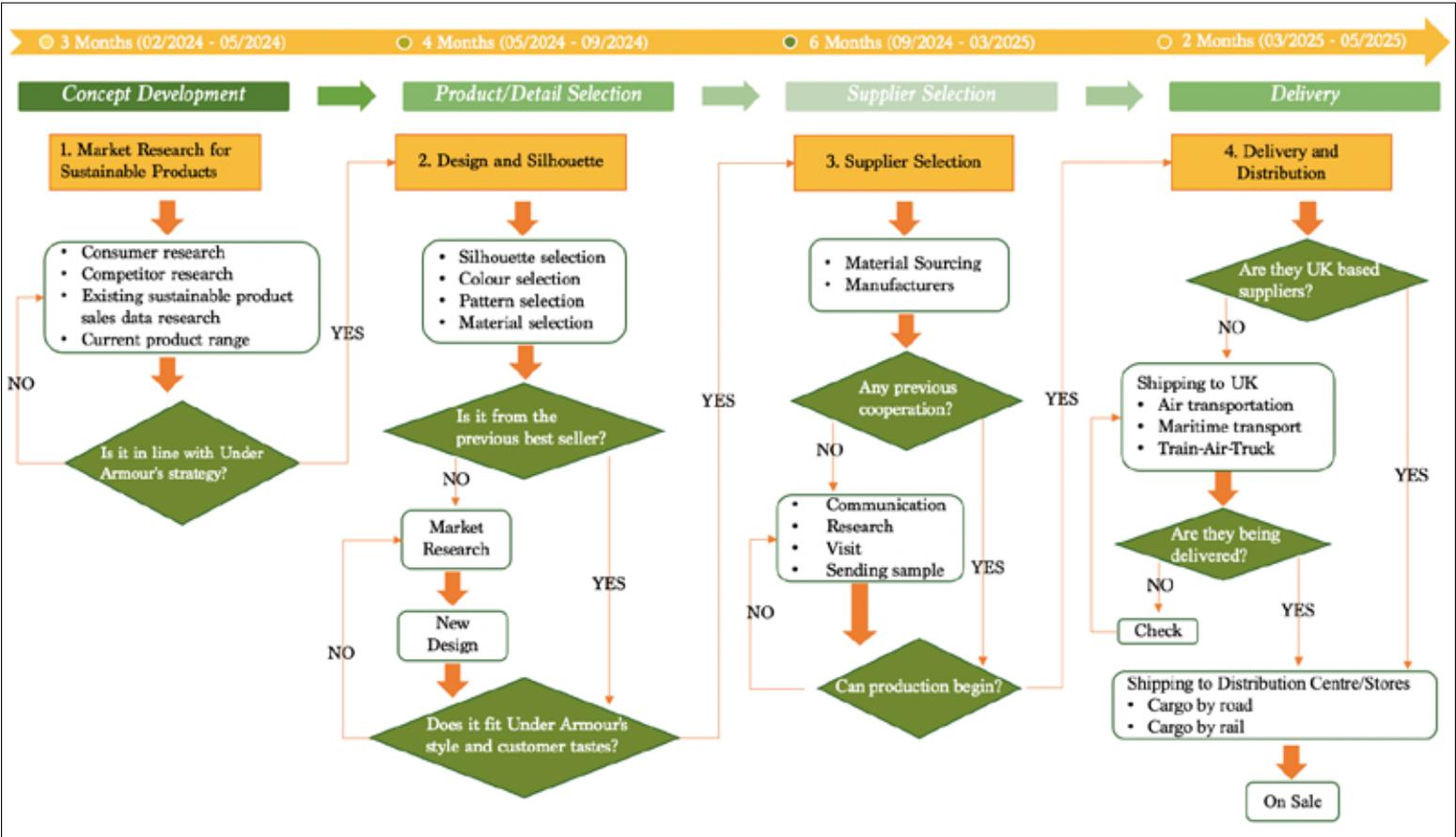


# Sustainable Fabrics in Product



**Sustainability** is an environmental term originally proposed by ecologists to describe the exploitation of existing renewable resources or the rate and extent of environmental pollution without affecting ecosystem cycles (Vos, 2007).

**Sustainable fashion**, the opposite of fast fashion, refers to an environmentally friendly fashion industry that optimises ecological, economic, social and cultural aspects. Global supply chains, highly polluting production processes and rapidly changing consumption processes make the fashion industry one of the most resource-consuming industries (Hur and Cassidy, 2019). As more companies and brands become aware of the importance of **environmentally friendly products**, consumers are increasingly demanding that companies undergo sustainability testing at every stage from design to manufacture to distribution. Influenced by the mega fashion trend and its competitors like Adidas, Patagonia; Under Armour will introduce products made from **fully sustainable materials** (e.g. organic cotton, recycled polyester) in its 2025 Spring/Summer collection to meet **the needs of its customers** and uphold its **social responsibility**. Unlike previous sustainable collections, some of the items in the new range will be sewn and pieced together from **leftover fabrics** to maximise recyclability and reuse.



Processing Map for sustainable product innovation. (Author's Own, 2023)

**Cotton**



Organic cotton is cotton grown in a natural way and grown without the use of pesticides, insecticides and other chemical products that pollute the environment.

**Vegan Leather**

Vegan leather is a leather fabric made from artificial or plant-based materials, which is a special environmentally and animal-friendly material.



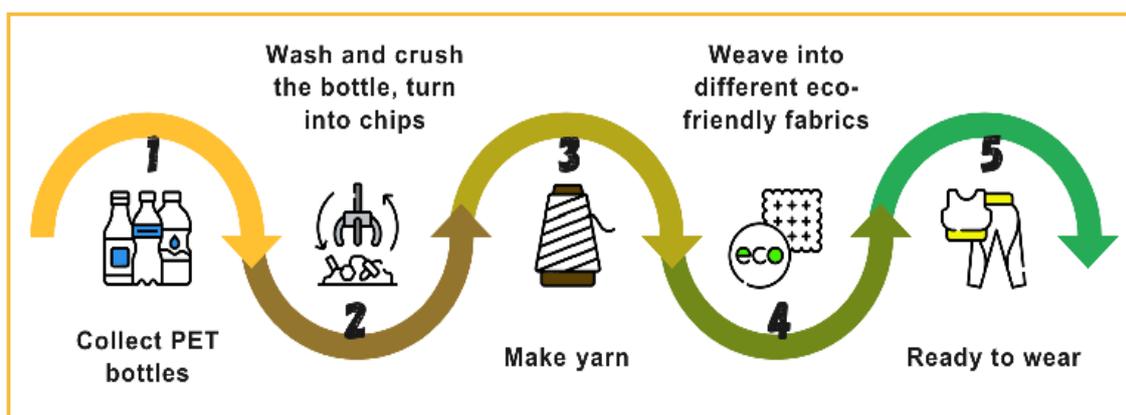
**Recycled Polyester**



Recycled polyester, which is also known as rPET, is derived by melting or crushing existing plastic or PET material and re-spinning it into new textile fibres of polyester.

**Modal**

Modal fabric is a bio-based fabric, spun from the cellulose of the beech tree and is usually considered to be a more environmentally friendly alternative compared to cotton.



Clothing from the PET bottles. (Authur's Own)

**Greenwashing** is a way for companies to misrepresent the actions they make for the environment, or to emphasise only the beneficial parts of their actions and hide the harm caused by the **negative effects**. Although Under Armour has strived for a high degree of transparency in its production chain, updating its sustainability goals annually and accepting public scrutiny, there is still much potential for improvement in its sustainable process, such as the **choice of materials**, **labour condition**, **animal welfare**.



Under Armour Greenwashing. (Authur's Own, 2023)

# DIGITAL SUPPLY CHAIN STRATEGY



Created by Yi Zhou

Under Armour has leave the slump in 2020, the revenue has increased continuously in 2021 and 2022. However, Gross profit from \$ 628,641 decreased to \$ 605,164 (Under Armour, 2023). Due to **strategic constraints and supply chain disruption**, the inventory in 2021 is low. However, this year's increase in inventory has exceeded expectations that causes surplus (Unglesbee, 2023).

Therefore, it is reasonable and important for Under Armour to enhance the **efficiency, resilience and transparency** of the supply chain. The strategy will mainly focus on two parts to build the **digital supply chain** for Under Armour: Blockchain and forecasting and decision-making through 4 technologies: blockchain, RFID, AI and digital twins which will work together to make evolution of supply chain.

Concept

## Tier 1, 2 and 3 suppliers:

1. Quality issues
2. Leading time and total quantity
3. Environmental impact
4. Ethical and social responsibility
5. Governance
6. Transport
7. Finance (sievo, 2022)

## Regulators:

Smart contract can automatically performs required operations based on the contract reduces paperwork, improves efficiency, and makes transactions traceable throughout the process

## Logistics:

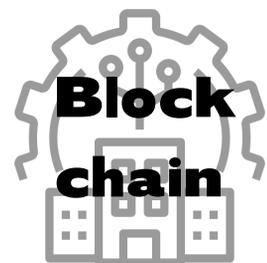
1. File information
2. Transportation process and management
3. Time information
4. Tracking and location
5. Customs assistance
6. Trade finance (DHL, 2018)

## Distribution:

1. Delivery time and receipt of goods
2. Inventory payment
3. Transportation, warehouse environment, and product monitoring
4. Time, quantity and location of outdoor logistics
5. Connect respective banks ease the transactions (Foley, 2022).

## Retailers and customers:

1. Delivery time
  2. Order information
  3. Promotion
  5. Inventory management
  6. Products performance
  7. Revenue
- Give company insight for products development and supply chain management.



# RFID

## Manufacturing:

Can monitor and record information on time, cost, quality, distance, priority, and quantity, reducing human errors and costs (ChunTan and Sidhu, 2022).

## Shipping and distribution:

1. Vehicle routes
2. Road conditions
3. Logistics resources
4. Any other emergency to reduce inefficient logistics and errors (Lam and IP, 2019).

## In the distribution centre,

1. Inventory levels
2. Product location
3. Orders and reorders

## Inventory and retailing:

1. The sale, return, and exchange of products can be understood to improve inventory visibility.
2. Real-time data can be used to understand consumers' preferences at different times
3. RFID readers on the ceiling can also prevent theft (nedap, 2022)

# Timeline (year)

Choose **one series** of products, find the reliable **partner** and hire necessary employees. Build the **blockchain** supply chain system with **RFID** for these products, mainly focus on **tier 1 suppliers**.

If last year is successful, Under Armour can put some other products and resolve initial issues. Then start to connect **tier 2 suppliers** and apply **RFID** to increase the traceability. Also, using **AI forecasting** to making better decision.

Underpin the systems and let **more products** join in. Using AI to analysis the **historical data** for new products and products life cycle. Consider to add **tier 3** suppliers in blockchain and launch the **passport** for the products have transferred in digital supply chain.

Apply **digital twins** for planning and monitoring. Add **1/3** of the products to the blockchain, use RDIF tracking, and use hybrid forecasting methods to improve automated decision-making. Work for **product passport** to increase transparency.

Establish the digital supply chain for about **half** products. Moreover, increase the transparency for public. Maintain, consolidate and improve existing systems, and continue to expand.

# AI

Hybrid forecasting methods can maximize the benefits. For example:

1. ELM and adaptive metrics that combine the AI and statistical methods to control prediction errors caused by excessive differences between training data and input data (Xia et al., 2012).
2. ANN, GM and auto-regressive technique separate the impact factors into both long term and short term (Laaziz, 2020).

Using digital twins make the copy for the overall supply chain to monitor every stage of supply chain which can simulate events that have not yet occurred, predict the future, and make timely decisions. Six tier architecture required:

1. Real-time data
2. Local data
3. Local database
4. IoT interface,
5. Cloud and emulation
6. Simulation platform (Saucedo, 2020).

# Digital twins

## Justification

Using these digital technologies to create more **forward-looking, end-to-end, diversified, sustainable and digitalized** supply chain is the industry trend (Akoojee, 2023). Also, the enhanced digital supply chain can be more **customer-centric, higher speed and personalized** that can better meet customers' needs (Jenkins, 2022). There already are good examples that how these to use digital supply chain to gather the competitive advantages, such as Nike. Although, the cost will be high and it is difficult development, it will really help Under Armour to improve the efficiency, resilience and transparency to decrease the **long term** cost (pwc, 2017).



# Strategic Visualisation

## Brand Concept Development

Impressive and professional, is the superior chase for Under Armour (Under Armour,2023).

### Key Tactics for the Past Success



**Professional Manufacturing Team**



**On-time Investment in Ad Campaign**



**Multi- and Omni-channel Operations**



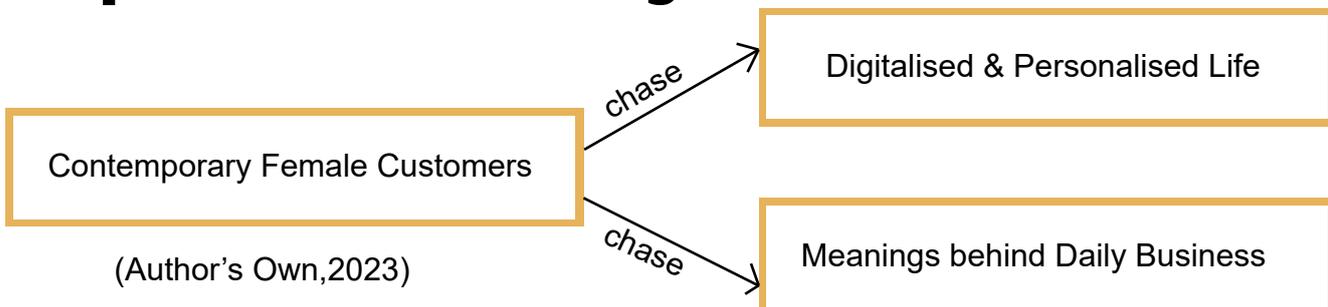
**International Logistics**

### Current Brand Barriers

1. Laggard for contemporary digital promotion to some extent.
2. Cost-ineffective, i.g. low inventory capacity.
3. Public requirements of high sustainability.
4. High spare capacity on marketing.
5. Relatively less emotional connection with customers.

## Strategic Growth

### Proposed Market Segment



However, Under Armour still offers products & services to all ages in order to attain **high inclusivity**.

# Current Drivers and Goals for Growth

Four groups of stakeholders are **superior** to be concerned because they're related to **corporate finance** directly. Value transformation is also a value exchange process as the retailer can have returns once the demands have been fulfilled. Value exchange identifies the current drivers to Under Armour. The **total** value exchange implies that the organisation has gained profit as maximum as possible.

Profitable Group	New Target Market	Employees	Shareholder	Competitor
Desires (General)	Emotional Resonance	Fair Working Conditions	High Level of Market Share	Low Barriers to Entry
Value Exchanged from the Groups	Money Inflow & High Loyalty	Stable Relationship	Financial Support	Distinctive values
Implication to Under Armour	Profit Maximisation - The Deep Motivation to Under Armour			

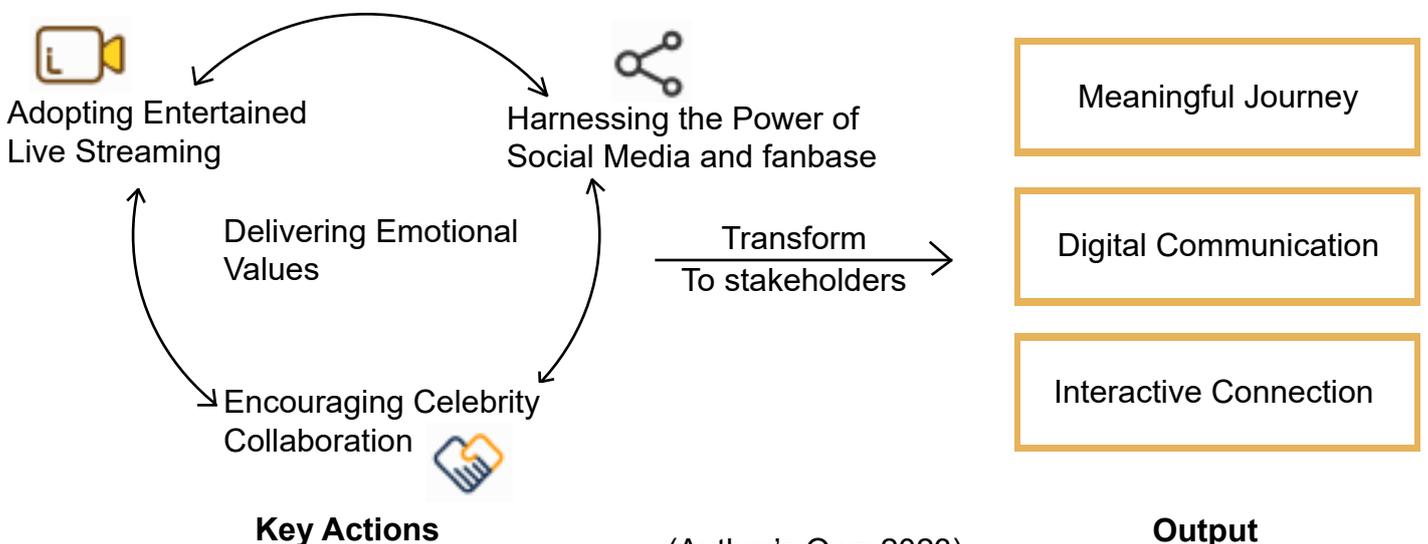
Current Drivers (Author's Own,2023)

The objectives setted were ranked based on the above and the detailed environmental factors assessed in this project:

Primary Objectives (Emergent)	High investment in digital domain	Creating a high-efficient marketing plan about live commerce
	Promoting brand values	Improving customer satisfaction
Secondary Objectives (Medium to Long term)	Product diversification	Full digitalisation of supply chain
	High transparency	Phygitalisation

New Goals (Author's Own,2023)

## Strategic Justification



# UNDER ARMOUR EXPERIENTIAL IN-STORE ENVIRONMENT DESIGN

The emergence of the **experience economy** has become an opportunity for Under Armour to leverage its marketing potential by creating an experiential in-store environment.

“An experiential retail atmosphere not only attracts a wider range of consumers but also serves as a marketing tool” (Kolter, 1973).

To align with the context of the experience economy and enhance the **customer experience**, it suggested that Under Armour launch a new **experiential flagship store** in Manchester. The store will feature strong and innovative **visual merchandising** and multiple **experiential elements**, especially a brand culture gallery space.

## TARGET SEGMENT

1. Focused on the shopping experience and are easily emotionally motivated.
2. Interested in sport and willing to try it out.
3. Manchester residents and visitors.
4. Both genders, younger consumers between 18-35.
5. Desire for comfortable and lightweight garments.



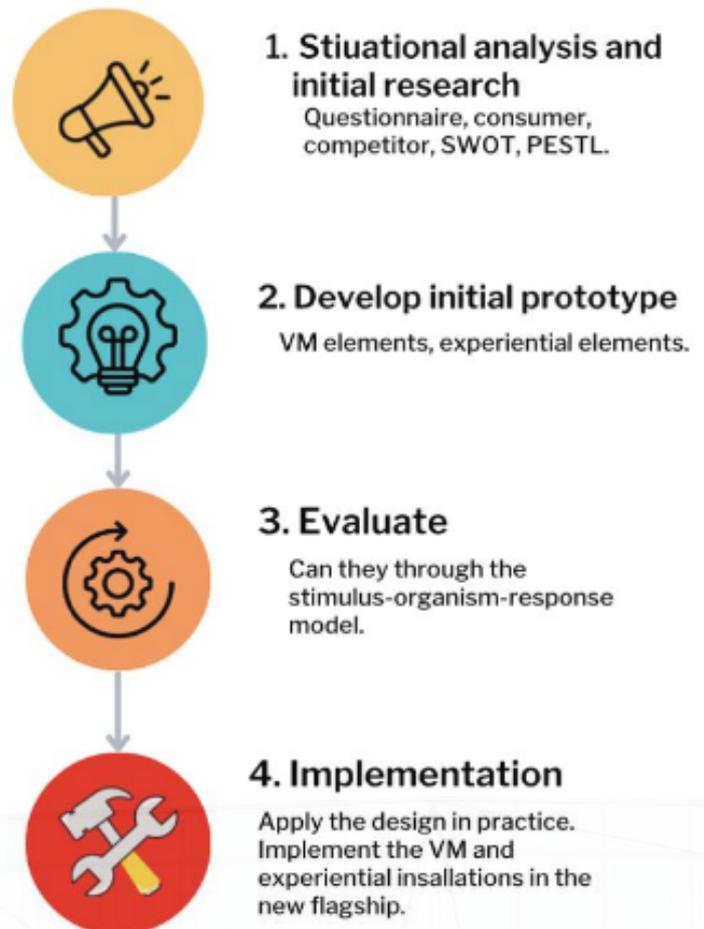
Customers Characteristics of the new flagship (Author's Own, 2023).

## VISUAL MERCHANDISING ELEMENTS

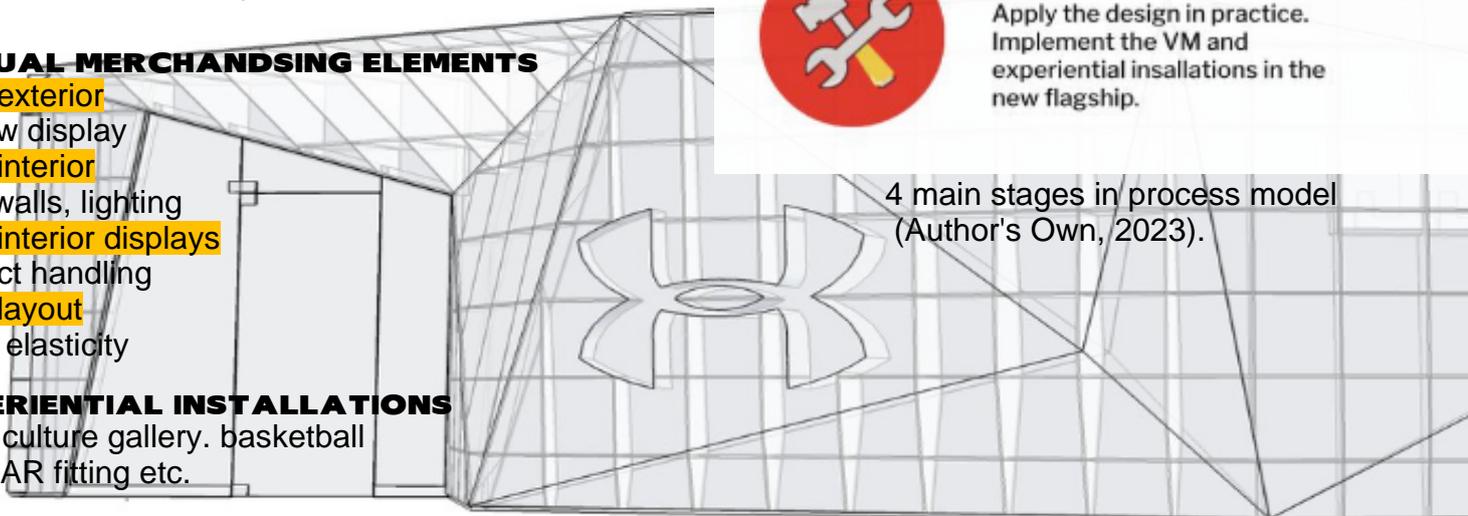
- Store exterior window display
- Store interior floor, walls, lighting
- Store interior displays Product handling
- Store layout space elasticity

## EXPERIENTIAL INSTALLATIONS

- brand culture gallery. basketball hoop, AR fitting etc.



4 main stages in process model (Author's Own, 2023).



# OUTPUT VISUALISATION

## 100 KG DeadLift Challenge

Consumers are encouraged to participate in fitness challenges, and those who succeed can be rewarded with vouchers.



## Open Window Displays

With open windows and sporty pose mannequins without background, consumers can see various experiential elements inside the store through the glass.



## Basketball Hoop

The special-effect backboard with LED display and luminous light strips leads consumers to experience the fusion of sports and technology in an immersive experience.



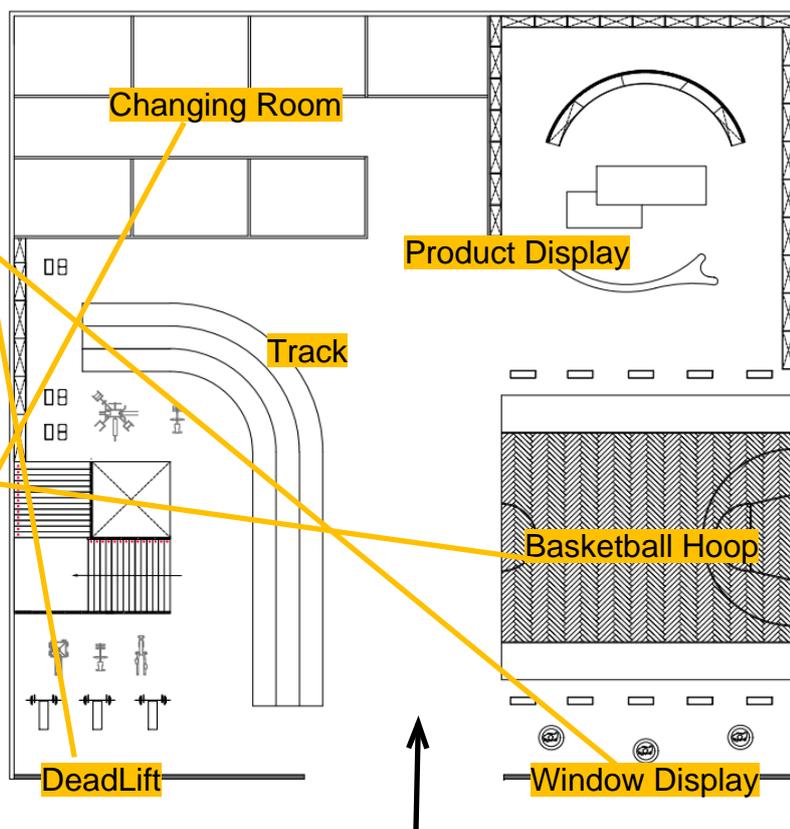
## AR Fitting

With AR fitting mirrors in the fitting room of the store. Consumers can obtain immersive AR try-on experience and detailed product data and supplementary product recommendations.



## Self-order APP

In order to leave more space for experiential installations and selected merchandise displays, consumers can purchase common products on the self-order APP by scanning the QR code in store.



Layout of ground floor. (Author's Own, 2023).

## Layout

The flaship has two floors, totalling 1,300 square metres, divided into different spaces according to different sporting themes.

The ground floor is a fitness space and a basketball space. On the first floor is the football space and the brand culture gallery.

## Brand Culture Gallery

The special space, located on the first floor of the flagship store, was created by designer Marc (2013). It could be adopted to coincide with the launch of the brand in Manchester.

# JUSTIFICATION

The new Manchester flagship store combines innovative **visual merchandising elements** with **experiential installations**. Tech-savvy visual stimuli and experiential engagement will affect consumers' sensory organisation and ultimately lead to consumers' responses. The possibility of **consumer purchasing decisions** increased with the **retail performance** of brands.

In addition, the Under Armor **cultural gallery space** leads consumers to experience the brand culture and helps the brand promote locally in Manchester. These designed visual merchandising and experiential elements will eventually contribute to Under Armour's **consumer shopping experience, brand image, brand culture** and ultimately **marketing performance**.



Rendering image. (Marc, 2013)



In the future, more opportunities are available to Under Armour since the pandemic unwind and new government policies are encouraging economic resilience. Brand recognition and image will be reinforced as Under Armour's prospect is still positive. Moreover, the integration of Product Lifecycle Management and Enterprise Resource Planning might make the internal communication more efficient than ever.



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