

Case study: Under Armour



Acquisitions propel Under Armour to App Economy leadership

Software is key to digital business transformation

Fast-growing Under Armour, Inc. has quickly become a major player in the sportswear business, trailing only mighty Nike in the huge US market. One element of its success is an aggressive acquisition strategy that has given it an industry-leading position in the application economy. This bold transformation, from apparel-maker to digital hub, will “certainly be the difference between winning and losing in the marketplace,” says Robin Thurston, chief digital officer at the Baltimore-based company.

Mr. Thurston himself is part of Under Armour’s M&A bounty, having come on board with the 2013 purchase of MapMyFitness, a business he co-founded. That deal gave Under Armour a suite of workout-tracking websites and mobile apps (e.g., MapMyRun, MapMyRide, and MapMyWalk), along with some 20 million registered users. It was quickly followed by two similar acquisitions: MyFitnessPal, which combines nutritional information with the ability to record exercise results, and had 80 million registered users; and Endomondo, an open fitness-tracking platform and social network with 20 million registered users, most of whom live outside the US.

These established brands are now part of a business unit known as Under Armour Connected Fitness, where the total number of registered users has risen by 17% to 140 million. Under Armour Connected Fitness is an open platform, integrating with more than 400 devices, including those not owned or made by Under Armour, like FitBit, Garmin, or Polar.

The suite of apps provides Under Armour with an incredible amount of data about a large group of potential customers. This information helps the company learn how athletes use its products and what works—or not—and then improve the shoes, jerseys, tank tops, and sport shorts it sells. The data also allows the company to market more effectively to its customers. This includes basic strategies like giving away gift cards for Under Armour apparel when users sign up for a premium digital membership, and more sophisticated methods like prompting runners to replace their shoes as they wear out.

The company is cautious about using this information carefully. “We don’t, for instance, see that someone has just come back from a run and try to sell them running shoes,” Mr. Thurston says. “But we do know that if we can just get you moving, then you are more likely to buy products in this category. It is 100% correlated.”

The effort to unify the different user-athlete communities that came with the acquisitions was no slam-dunk. Mr. Thurston and his boss, Under Armour CEO Kevin Plank, have made maintaining the quality of the user experience a top priority. “If you are very, very protective of the user experience, offering more, and not taking anything away, you build a lot of trust with customers,” Mr. Thurston says.

In an effort to extract more from the data it is collecting, Under Armour is beefing up its data analytics teams. It has seven PhDs on staff today, and plans to double or triple that number. Before the acquisitions began, Under Armour had fewer than 60 people working in digital. That number has grown to more than 400, and by year-end it will surpass 500.

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Robin Thurston, chief digital officer, Under Armour



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One measure of the priority Under Armour places on its digital strategy is that as chief digital officer, Mr. Thurston reports directly to the CEO, Mr. Plank. He also works closely with the entire senior executive team so that he can make sure the digital focus infuses every aspect of Under Armour. The idea is to make sure the app-centric strategy, like a good fitness regimen, becomes a regular part of life—for both the company and its customers.

“We have to keep building things that people love so much they use them every day. The customer has to feel like they can’t live without the product. If we can achieve that, then I have no doubt we will have a lot of success in the new digital age,” Mr. Thurston says.

About the research

This case study is based on a 2015 interview with Robin Thurston, chief digital officer at Under Armour. For more information about this research, read the full report, “[The Battle for Competitive Advantage in the App Economy](#).”

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