Under Armour and the Election of 2016: The Intersection of Politics and Business

Teaching Notes

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A supplemental PowerPoint for teaching this case can be found here.

Purpose of the Case Study

1. To highlight the problems that can arise when a high-profile executive makes a political statement supporting a polarizing candidate or position;
2. To provide an example of how various stakeholders and interested parties will react to such statements;
3. To demonstrate that even in the academic community, there are divergent viewpoints on whether executives should use their position to effect political change;
4. To illustrate how public and media perceptions of companies can impact a brand when a high-profile executive takes a controversial position on a politician; and
5. To demonstrate the pitfalls that can occur when responding to a press interview question without a clear strategy beforehand.

The Business Problem

On February 7, 2017, Kevin Plank appeared on Fast Money Halftime Report, a television show on CNBC, an American cable news channel with programming focused on business and markets. Plank’s comment expressed support for the newly-elected President Trump, fresh off the inauguration and following the most polarizing election in modern history.

This created a firestorm on social media with many users vowing to boycott Under Armour. The hashtag #boycottundearmour began appearing on various platforms. Many of Under Armour’s paid endorsers (Under Armour refers to them as “ambassadors”) quickly made public comments.

During an exclusive interview with the San Jose Mercury News, Stephen Curry said, “I agree with that description, if you remove the ‘et’ from asset.” Curry’s jersey sales and shoe sales led the nation. According to Plank, Curry is Under Armour’s most important ambassador, saying, “the footwear division represents 17 percent of our business, with $700 Million in revenues and a growth rate of 95 percent over the fourth quarter of last year.” The reason, Plank said simply, was “Curry’s popularity.”

On February 9, 2017, Misty Copeland, a world-renowned ballet dancer and the first African-American Female Principal Dancer with the prestigious American Ballet Theatre, tweeted that she “strongly” disagreed with Mr. Plank and that she spoke with him “at length” about the issue.

Further exacerbating Under Armour’s public relations problem, Dwayne “The Rock” Johnson, an American actor, producer and professional wrestler, issued a lengthy Twitter statement saying that “his [Plank’s] words were divisive and lacking perspective.” Furthermore, Johnson added that Plank “inadvertently created a situation where the personal political opinions of Under Armour’s partners and employees were overshadowed by the comment of its CEO.” Johnson is arguably one of Under Armour’s most famous ambassadors.

Critical Stakeholder and Interested Parties

Under Armour Shareholders: Clearly, Under Armour does not want to risk alienating its shareholders by a self-inflicted wound to their brand that could lead to a boycott or any decline in sales.
**Ambassadors:** Under Armour’s brand ambassadors are highly compensated people who are supposed to act as an asset to the brand. Given those ambassadors are high-profile athletes and entertainers who have their own personal brands to protect, Under Armour is in an apparent conflict with these people.

**Under Armour Employees:** Similar to the shareholders, Under Armour risks offending many of its employees who may quit or disengage from work.

**Competitors:** Nike and Adidas may use this public relations crisis to attack Under Armour or otherwise capture some of the market share currently held by Under Armour.

**Customers:** Some customers may no longer purchase goods made by Under Armour because of Plank’s political statement.

**Media:** Members of the news media are interested parties because (1) it involves the President and (2) it involves a high-profile CEO of a famous company.

**Most Desired Outcome**

- Extinguish this story as soon as possible so as to not cause any unneeded harm to the company moving forward.
- Learn from this experience and develop a detailed strategy and protocol for responding to press questions that are political in nature.
- Make amends with brand ambassadors and restore those persons as assets to the company rather than potential liabilities.
- Assure the public, customers, and potential customers that Under Armour is welcoming, inclusive, and eager to sell its products to all people regardless of political affiliation.

**Discussion Questions**

1. What do you make of Kevin Plank’s response to the CNBC question asking for his thoughts on the newly elected President Trump? How would you have responded to the question?
2. How do you recommend that Under Armour respond to the criticisms lodged by Stephen Curry, Dwayne “The Rock” Johnson, and other brand ambassadors? Do you think Under Armour should publicly respond to these criticisms?
3. Who are the key stakeholders in this case? Who are the interested parties?
4. Moving forward, what lesson(s) should Under Armour and other customer-facing apparel manufacturers learn from this incident?
5. Given the substantial difference in opinion offered by Professor Sonnenfeld, Professor Elson, and Francisco Codina, what do you think are the costs and benefits of each? Do you agree strongly with any of these views? Do you disagree strongly with any of these views?

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