

# The Analysis of the Core Value and Marketing Strategy of Lululemon

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**Abstract.** Lululemon holds offline activities designed for different types of activities for sports lovers to communicate with each other and acquire professional information from specialists in the sports field. This paper is going to discuss Lululemon's actions on promotion of sales, representative marketing strategies, and an additional assessment of all strengths, weaknesses, opportunities and threats aspects. In order to obtain a relatively objective perception of the core values of the brand and the effectiveness of the strategies used by Lululemon, a questionnaire is conducted to collect quantitative data on these points. Despite the original and utility designs of its products, the commitments such as sustainability and realization of racially diverse representation contribute to the purchase of products and the irreplaceable status taken up by the brand in the market, especially yoga apparel and equipment. It is also evident that Lululemon has succeeded in receiving stable revenue with the help of directly operated websites after the pandemic outbreak, which can be considered a threat to other competitors. During the SWOT analysis, the great potential of the firm activated by factors including its solid relationship with customers and the interpretation of the brand's core values while promoting products are shown, accompanied by its existing weaknesses and the threats posed to the brand by its competitors in the industry. Recommendations, including using big data to analyze detailed characteristics of targeted customers, are also introduced.

**Keywords:** Lululemon; Marketing Strategy; SWOT model.

## 1. Introduction

As more people are pursuing life with higher quality by integrating athleisure into daily life and a healthier lifestyle with a more dominant awareness of fitness, leading to an increasing number of people demanding professional sports equipment, the development sportswear industry seems to be more prosperous. Professional apparel has vastly superior functions such as air permeability, enabling people to enjoy a superlative experience and protecting them from severe injuries. Mentally, wearing professional apparel also upgrades their performance since they tend to feel more confident with participation in sports activities with supportive wearing.

The brand chosen as an object of study is Lululemon, a renowned sports apparel originating for yoga. Due to the fierce competition in the industry, proper and efficient marketing strategies are core propellers to a company's growth. Lululemon, establishing the brand influences on environment and people, founding community as a hub and activities for customers to experience and interact, and promoting sales by advertising on social media from different dimensions, is admittedly an ideal and typical objective to be conducted research on. During the analysis of 41 sets of quantitative data collected from a questionnaire created by the author, several conclusions can be extracted. It turns out that people are not only aware of price levels when they make purchasing decisions, but also of the responsibility and core values of the brand, a view given by 78.05% of participants in the questionnaire. 6 participants reveal that they categorize Lululemon into the luxury level of sportswear market and they feel using its products is a symbol for financial status.

This paper focuses on researching the validity of marketing strategies adopted by Lululemon by constructing a questionnaire among randomly chosen Lululemon customers. The results have shown that the core values of the brand attract them and customers are willing to pay for the products even though the price level of Lululemon products is relatively high; however, their decision might also be influenced by some extraneous variables such as the quality of products.

In the following sections, this paper first offers a brief description of Lululemon’s history and business, followed by an illustration of the financial status of the brand. Then the marketing strategies adopted by this firm are covered in 4 sections, analysing how this brand successfully forms a solid relationship with customers as an assistant for persuasion during the purchasing process. Afterward, the prospects of the brand are examined with a SWOT analysis at last.

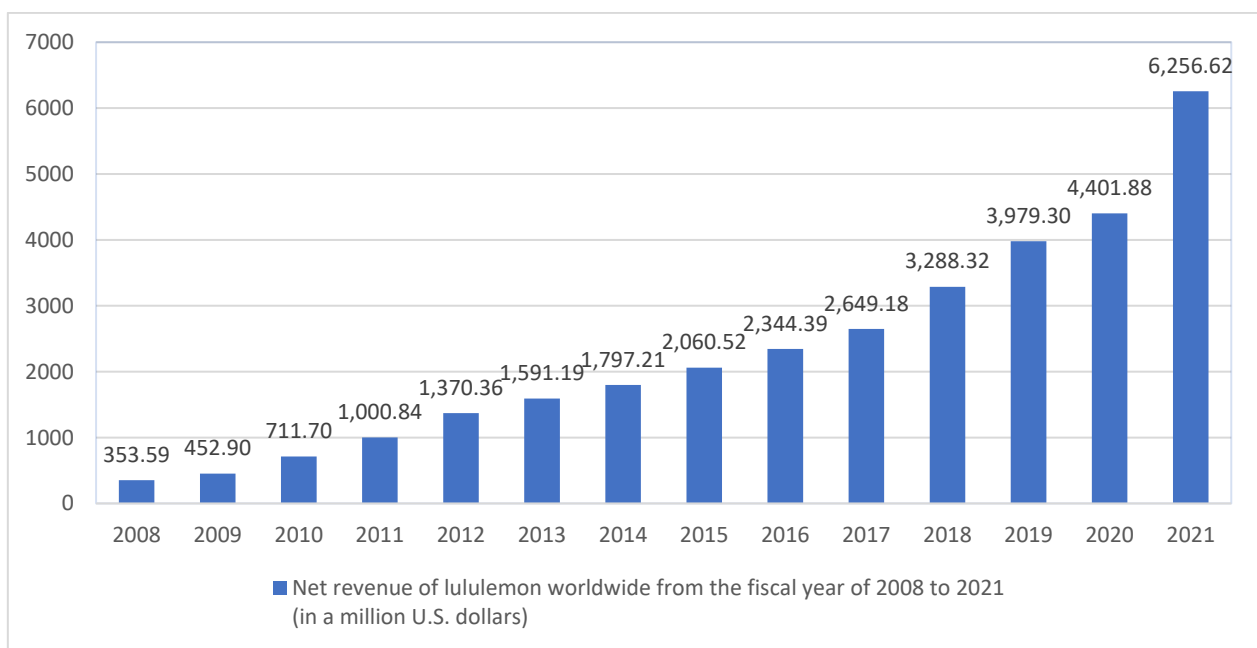
## 2. Lululemon the brand

### 2.1 Overview

Lululemon Athletica inc., founded by Chip Wilson in Vancouver, Canada, in 1998, initially aimed to produce professional and technical yoga apparel since the founder came up with the idea of innovating a special fabric to create clothing with outstanding stretching and sweat-absorbing ability when attending yoga lessons [1]. The first retail space in a local yoga studio was opened in Kitsilano, Vancouver, Canada, in the same year. Two years later, the first official store was opened in Vancouver; afterward, stores were continuously established in the U.S. and the Asia Pacific. In 2009, the global e-commerce site of this brand was launched. Since 2018, the brand has started focusing more on individuals' rights and equality. Noticeably, the company achieved 100% global gender pay equity, followed by the realization of expanding investments in Inclusion, Diversity, Equity, and Action in 2020. [2] In 2022, the number of offline stores reached 574 worldwide, steadily increasing in the past five years [3].

Lululemon has expanded its business, covering a broad spectrum of products, including athletic clothes for yoga, running, working out, and other sweaty pursuits [4]. Lululemon focuses on assisting and enhancing the well-being of its customers and collectives physically, mentally, and socially, [5] which symbolises the core of how it offers products and experiences to customers. Concentrating on personal responsibility, entrepreneurship, honesty, courage, connection, fun, and inclusion, Lululemon struggles to create better tools and resources for people with the wiliness to explore sports by supporting and empowering them to discover their potential and pursue excellence.

### 2.2 Finance



**Figure 1.** Net revenue of lululemon worldwide from the fiscal year of 2008 to 2021 (In a million U.S. dollars) [6]

According to the data shown in the figure 1, [6] the net revenue received by Lululemon continuously rose during the past 14 years. From 2008 to 2017, what stands out in the graph is that the revenue increased each year steadily with a relatively stable pattern. In the recent two years, from 2020 to 2021, the net revenue experienced a dramatic soar from 4401.88 million U.S. dollars to 6256.62 million U.S. dollars, an increase of approximately 42.1%.



**Figure 2.** Lululemon Stock Graph (Source: Yahoo! Finance. (2022, September 10))

As illustrated in the graph, in the period during which the global economy was negatively affected by the pandemic, the stock price of Lululemon has not fluctuated to a large extent, reaching a peak at approximately 480 U.S. dollars in November 2021. Since June 2022, the stock price of Lululemon has been on a slightly upward trend, which reveals the potential of this company in the near future. (figure 2)

### 3. Marketing strategy analysis

#### 3.1 Consumers Analysis

Since the establishment of this brand, Lululemon has been publicly recognized as a brand for females, and yoga sport is primarily thought to be favoured by women. Lululemon focuses on the customer group known as “Super Girls”, who are generally highly educated and have stable career life and pursue a high-quality life and working out habits. However, these are just general characteristics of its main customer group; thus, Lululemon can develop a more pertinent marketing strategy by utilizing big data to collect the customers’ information. Undoubtedly, Lululemon has successfully released a considerable amount of apparel designed for female customers, ranging from Align™ yoga leggings to sweatshirts, featured with designs to show the body curve of women as well as high tensile strength and comfortableness due to the breathable fabric used, which are highly attractive points to them. In March 2022, Blissfeel, the first specially designed running shoe for women, was released by Lululemon. Lululemon analyses the structure of the feet of over a million women to create this pair of shoes born for women. Female customers can always feel they are valued and cherished by this brand; they feel this brand supports their gender identity; they think the brand is standing on their side and supporting the women's group. Not ignoring the male customers, Lululemon attracts male customers by equipping trousers with ABC™ technology, alleviating the tension from the crotch part of pants experienced by men users, bringing alone a 16% increase in same-store sales [7].

### 3.2 Formation of brand community

Lululemon emphasizes the establishment, operation, and maintenance of the brand community. In different cities in China, Lululemon offers a variety of sports events and activities regularly, which cover outdoor and indoor ones for customers to participate in. Lululemon offline stores are not only characterized as retailing and promoting but also as venues for yoga lessons. Instead of cooperating with celebrities or pop stars for advertisement like its competitors Nike and Adidas, Lululemon utilizes the power of both professional figures in the sports field and its existing customers for promotion, installing a closer relationship between the brand and potential customers. Lululemon has already signed ten global ambassadors and 505 store ambassadors worldwide who specialize in divergent sporting areas. The lessons conducted by store ambassadors attract new potential customers but also enhance the brand loyalty of Lululemon fans, who are already customers owning Lululemon products. By attending those yoga lessons, people unfamiliar with this brand but have a relatively strong passion for sports are exposed to a hypothesis that Lululemon is the most professional and reliable sports-wearing brand. Gradually become actual purchasers of its products through interaction with existing customers. Furthermore, the stores encourage the old customers with similarities to interact and communicate with each other, building up a sense of belonging to this unique community and forming a commitment to the brand, which makes it easier for further persuasion to succeed during sales. By constructing the brand community, Lululemon successfully creates a lifestyle, provides like-minded customers with hubs for communication, satisfies customers' demand for professional sports training led by specialists, persuades more customers to stay in the community, and brings in more fresh blood.

### 3.3 DTC strategy

The brand significantly benefited from the Direct-to-Customer strategy, which is realized by the operation of both offline retail stores and the official online website. The direct-to-customer revenue earned by Lululemon doubled from \$1.14 billion in 2019 to \$2.28 billion in 2020 [8]. Due to the travel limitation during the pandemic, more orders are placed via e-commerce platforms. Lululemon, having already developed combined sales channels with offline retailers and direct-operating online stores, which enables the brand to own the relationship with customers all by itself without the inference of dealers, becomes more competitive in the market.

### 3.4 Social media promotion

A great number of firms have realized that social media is a crucial platform for them to collect information about their customers through big data analysis and an effective medium for them to stay connected with customers. Adidas, a leading company in the sportswear industry and a large competitor for Lululemon, successfully associates Yeezy, a popular shoe, with Kanye West, who is an Internet influencer, designer, and musical artist. By using social listening to monitor the most-frequently-appearing word in Adidas's topic cloud, it is discovered that Yeezy successfully occupied the first place in the common word ranking, [9] which indicates that Adidas successfully promoting their stylish products by advertising on social media with the help of public figures. Lululemon has mainly concentrated on advertising on social media with a combination of BGC, PGC, and UGC. The brand-generated content is produced by the official team, created by both the local and global advertising teams of the brand, showing the description of products themselves, inspiring short videos, and even delivering knowledge related to doing exercises. The ambassadors and KOL in the sports field signed by Lululemon are responsible for the professional-generated content, covering persuasive recommendations for the brand's products. Lululemon encourages users to send posters after participating in activities held by ambassadors with a specific tag such as #thesweatlife on some platforms such as Instagram. The user-generated content invokes more potential customers' consensus as they tend to follow the group similar to them while making decisions.

## 4. SWOT Analysis

### 4.1 Strength

Lululemon is competitive in the sports-wearing market due to the creation of a brand community and close relationships with customers. It effectively uses the power of current customer resources and influential and powerful people in the sports field, rather than devoting a massive amount of funds to signing pop stars or internet influencers to promote sales, reducing the cost, and magnifying the positive effect on increasing sales. In offline retailers, sales assistants act a role more like advisors instead of persuaders, offering a friendly and approachable service to customers, [10] fulfilling the shopping experience with joy, and indirectly gaining more sales revenue owing to the positive mood of customers while making purchasing decisions. A belief that “Lululemon is the prior choice for athleisure” is gradually implanted into customers’ minds as they are involved in a community for the long term and interact with kindred spirits who share common views.

### 4.2 Weakness

In general, Lululemon focuses on the high-end sportswear market and has not sunken into the lower section of the market. Other brands in the market may provide products of different price levels to cater to different groups of targeted customers. Thus, it must seek ways to earn more profits and take up a higher market share from the value of the products rather than the sales volume. Meanwhile, Lululemon was originally known as a Yoga-related brand, resulting in a smaller targeted audience and limiting its development.

### 4.3 Opportunity

More peoples’ lifestyles are turning from simply fast-paced to healthier, more active, and energetic, integrating sports into their routine. This popular trend boosts the demand for professional sports equipment and simultaneously enables athleisure industries to thrive. Lululemon, devoting itself to the provision and innovation of sportswear according to customers’ needs, can grow faster.

The brand is never satisfied with its own profits; it has already made commitments to sustainability and fulfils the obligation to protect the environment. Lululemon continuously innovates sustainable materials and designs apparel for circularity. Some notable examples are the claim by the brand of launching 100% renewable or recycled content nylon for products by 2030 and sourcing at least 75% recycled polyester by 2025.

Not stopped by achievements in environmental aspects, Lululemon integrated inclusion, diversity, equity, and action into its brand profile and personality. Lululemon offers a wide range of sizes of garments made to fit people with different figures. While shooting photos to show their products, Lululemon invites obese models and even those with disabilities, whom the public usually poses stereotypes, hoping to eliminate or at least alleviate figure or appearance discrimination. Lululemon aims to achieve a 40% racially diverse representation of all employees for their stores with a goal to reflect the diversity of communities served and operated by the brand itself by 2025. Ambitions on the impacts on both well-being of people and the environment support the brand to move forward and stand out in this industry.

### 4.4 Threat

Fierce competition exists in the sportswear industry. Brands with their own attractive features, such as Adidas, Under Armour, and Nike, compete with Lululemon to grab market shares. Price competition or external factors such as the consumers’ higher sensitivity to the price may threaten Lululemon. Lululemon faces the internal challenges brought by companies existing in the industry as they have more renowned international presences and sell products at lower and more affordable prices. Since competitor brands such as Gap and Nike also produce children’s sportswear at the same time, which leads to another considerable threat to Lululemon as they have a larger group of potential customers.

## 5. Conclusion

In the research conducted in this paper, quantitative data collected from the closed question enables the author to analyse which marketing strategies adopted by Lululemon are more effective and which impacts or core values of the brand are more valued by consumers.

The results have shown that consumers who are not familiar with this brand or those dwelling in small cities may not consider the brand community formed by Lululemon charming and influential to their purchasing behaviours, which might be resulted from the information failure about this brand since they may not realise the benefits they can gain from this community and are unwilling and unable to access. Over half of the participants believe that the practical designs of the products are more important than factors; 24.39% of the participants deem that the core values of the brand revealed by Lululemon, including inclusion and diversity, are determinants of their choice of products; it is also worth mentioning that 58.54% of the participants consider the commitments of focusing on the rights and well-being of people ranging from gender equality to elimination of racial discrimination done by Lululemon are key attraction of this brand.

A significant deficiency of the research in the form of the questionnaire mentioned in the first section of this paper is the small sample size of 41 individuals. And the participants who filled out the questionnaire were mainly international school students aged 15 to 20. Therefore, the data collected lacks generalizability and representativeness and may not reveal the thoughts of consumers of other age levels and occupations. In the future, the studies carried out should be available to a larger sample of participants and may include different ways of data collection, such as structured interviews given to a random and large sample of Lululemon customers purchasing products in offline stores. Moreover, the study can focus more on collecting and analysing qualitative data in an in-depth and descriptive way for a more reliable and comprehensive conclusion.

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