

Time coordinates change strategy - different strategies in different competition

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Abstract. As companies all have their specific strategies in order to develop their companies. Companies always make various decisions that is the most appropriate to the industries. This paper discusses about how companies decision and strategies are impacted by the status and the current stage of the companies. During the analyzation, the AAA Framework, Porters' Five Forces and SWOT Analysis are used. The research of three companies of Popmart, Lululemon and Pepsi has resulted in demonstrating the importance of diversify the company strategy in different stages. Companies like Popmart are the entrants of a market which need more customers attractors in building the brand fame. But for companies that has already been incumbents like Lululemon and Pepsi, more attention should be payed for maintain their current customers and brand fame, with the developing of the potential customer groups that have been ignored in the previous market strategy. Although disparate stages means different needs of strategy, all stages companies need to insure their brand fame and companies goal.

Keywords: Brand fame; stages; entrants; incumbents.

1. Introduction

Companies always have various selling strategies for developing their companies and increasing sales. When the company faces different dilemmas, an appropriate marketing strategy could help the company to be out of the woods. Meanwhile, timeline imparity should also bring differences to companies' decisions. When a company is in its very first stage, its goal will be attracting customers, however, a mature company, will pay more attention on maintain its current customers and start with the consumer groups they are currently missing.

To what extent, are companies in different stages expanding their businesses through various strategies?

2. Company Comparison

Popmart is a Chinese company started in 2010 for selling toys and fashion culture. During the period it developed, the blind box started to be one of the most important products which makes the most profit for Popmart. They use several selling techniques both online and offline which both have made an achievement. As for their blind box strategy, it has not come up as the company begins, but through their operation experience of selling toys, IP designs, and customer surveys, they use the blind box as their first progress toward success [1].

Lululemon is a company that started in 1998 in Vancouver [2]. In their first version, they set up a yoga clothes design room in the daytime, and a yoga classroom at nighttime, and as long as they were getting more popular, they build up themselves as an independent brand [3]. As Lululemon has already been a company making a big profit, they start to care about the problem of sustainability and the new class of customers. Like New is their recent strategy coming up with the idea of being environmentally friendly [4]. This has operated shortly until now, but has become a successful strategy that positively impacts the brand.

Pepsi has become a company that experienced many fluctuations in making success or failure. Since 1866, their establishment through their imitation of coco-cola has been succeed [5]. After years, Pepsi launched a product named Crystal Pepsi. New taste with new color, they failed. Few people were interested in this and they finally give up this product. However, they restarted this project this

summer with a connection of limited time. A new strategy makes this product becomes more popular and many people comment on Pepsi's official Facebook to prove the success of Crystal Pepsi [6].

3. Internal Analysis

For comparing the internal differences between these strategies, SWOT analysis is used and evaluated. For Lululemon, its strength in the blind box strategy is its corporation with IPs. The target population of Popmart is young people, they have a preference for the collection of toys and like the way of selling. Because Popmart is occupying the first market for blind boxes in China, people have brand awareness for the high quality and diversification of Popmart. However, the high price would be a weakness for this company, and because their strategy of the blind box is not hard to imitate, the learning of other companies will be rapid for their competitors. The opportunities of popmart are that they have more roboshops in malls and more word of mouths usage could help them attract more customers as they are the incumbents in this market. But because the blind box is epidemic, it might have a time limit for the success of using it. Especially when cheaper toys from other companies come out, Popmart will face the problem in the competition. (Appendix 1)

As for Lululemon, their strategy for Like New also has specific strengths that positively impact the company. The SWOT analysis (Appendix 2) includes and evaluates the exploration of an internal investigation. Due to the current strategy of Like New, several strengths come up with this idea. For Lululemon products, because of the nationwide debut, the price will increase to reduce the pressure on the supply chain [3]. Meanwhile, secondhand products with the same quality at a lower price have become popular among young people. As well as the sustainability field, Like New leads, reusing used clothes could help them recycle the materials for fiber-to-fiber [7]. However, there are also weaknesses of the Like New strategy. This strategy has only been started in the US, which limits the attraction from other countries.

Broadly, the opportunities of the Like New strategy are enormous. Because inflation lingers worldwide, the number of value-based shoppers looking for deals or discounts continuously rises [3]. More people have willing to buy secondhand clothes brings more benefits for Lululemon. Lululemon is not the first company that starts trade. Still, the Like New strategy is a priority worldwide, which brings an advantage for Lululemon to lead the trade-in market and has more possibilities for winning the future non-price war because of brand awareness.

Although the better authority of buying secondhand from the original retailer is a sort of opportunity, some companies already focus on trading in and selling secondhand products, which could threaten the strategy of Like New. Because the products in Lululemon might already represent those retail stores, the public knows their presence in those stores. People will prefer buying in those third-party resale sites to gain a lower price than Lululemon stores.

For Crystal Pepsi, their global brand fame is their biggest strength for their new market. Due to their long history, their global brand fame is their main strength. The strong global presence of the company could enhance its company status. As they occupy a high market share in the market for soda drinks, they have high market dominance. However, the characteristics of Pepsi coke have the label unhealthy. This brings them negative comments from society. Meanwhile, as they have failed to advertise the crystal Pepsi before, the re-selling of this product may lead to a situation of less attention from society. Because of its attractive product, it is not hard for Pepsi to enlarge its market share through the strategy of limiting selling. But the threat in this company is the drastic competition. They have continuing face competition with other coke companies, and their failure of the crystal Pepsi might give customers an impression of failed product that will impact the attractiveness. (Appendix 3)

Through the SWOT analysis, the main strength and weaknesses of a company could be demonstrated. In a new company like Popmart, their advantage could be their creation in a new market. They have time to develop themselves rather than compete with other companies as soon as they enter the market. However, if the very first strategy is not appropriate for a new company, it might lead the

company to bankrupt. In Lululemon and Pepsi, they build a new strategy to make them more competitive in the market, but if their strategy has failed, it will not bring them bankruptcy but some unprofitable finance. However, because of their brand fame, a bad strategy might result in a decrease in brand loyalty. Customers may have a negative impression of this company that might finally bring the company to fail.

4. External Analysis

The AAA Framework helps to evaluate the competitive advantage of these strategies. For Popmart, their asset in the company is their developing products [8]. They have continued to develop their toy categories and create more designs to spread the field of target customers. They use their advantage of having unique IPs to maintain their current customers [9]. Meanwhile, their brand fame helps them to build brand loyalty to their customers who will stay with this brand when Popmart facing competition. The advantage of their diverse distribution chain helps them to gain customers who have not known about the brand. For example, the brand website could display information on products and brands, and roboshops could attract potential customers in shopping centers. (Appendix 4)

As for Lululemon, the main advantage is that their brand has already been known worldwide which means they have enough advertisement for different fields of customers. Their customers have stability in choosing their brand because of their high quality and post-sale services. Similarly, Lululemon also has both an online shopping website and an offline shopping mall. As Lululemon has been a mature brand, they got their shops in some places. These assets of Lululemon prove that this brand has a mature system for its marketing process starting from advertisement to the post-sale part. In this way, the company could continue to increase its sales volume and could enlarge its fields with more strategies. (Appendix 5)

Pepsi as an old-line company also uses its specific selling advantage to enhance its company status. As their company has been built for a long, their brand fame obtains even higher status in their market. They sell similar products since the company was established their long-time selling gives customers a guarantee for high-quality goods. With their experience in marketing, they can accommodate entry to further enlarge their brand. This is because Pepsi as an incumbent has its barriers to overcome in the competition with new entrants. Also, their controlling inventory is different from their current competitors like Canada Dry. Pepsi has market superiority which makes them occupy higher status during the competition. (Appendix 6)

5. Strategy for Entrants and Incumbents

As an entrant in the market, companies follow the porters 'five forces that impact their successful entry. Popmart is currently an entrant in the market of blind box toys.

Their competition in the future will continue increasing as their blind box strategy becomes successful. But this problem is not faced by Lululemon because of their high brand fame. The competitors of Lululemon like Adidas and Nike have already launched similar services of the trade earlier, but the brand loyalty of Lululemon is the reason for the reduction of threat. Similarly, Pepsi's biggest competitor Coca-Cola also has a new product in the market, but because other companies have more horizontal categories of the product like more tastes in the same product or more types of products other than coke, it will be a medium threat to Crystal Pepsi [10]. As Popmart in this new field makes big success, blind box, a not hard strategy for imitation, will attract numbers of competitors entering this market. This is the opposite for Lululemon. Like New strategy is not new in its field, and many of the companies already have similar services even individual trade-in shops which means Lululemon will not face the problem when new entrants are in. Crystal Pepsi with the brand loyalty from Pepsi will also save them from the dangers of competition with new brands as Pepsi have more guarantee in food safety than new brands.

Oppositely Lululemon has the highest bargaining power of suppliers in these three projects. Popmart has its IPs that could reduce the stress of having enough supplies. Meanwhile, Crystal Pepsi has already launched before which means they have experience for produce this product line. Whereas Lululemon does not have a resale system and they need to corporate with other companies for trade-in which cause instability. For the bargaining power of customers, popmart face a medium threat because this strategy is working nowadays, but as the blind box is epidemical when more attractive strategies come out or cheaper toys from other companies are selling, Popmart will lose their customers if they cannot have enough brand loyalty. But for Lululemon, this problem will be much lower. Their Like New strategy means reselling old clothes, that will be cheaper than their regular clothes. This makes their products more affordable for the public. Pepsi is facing the highest risk in these three because the concept of Crystal Pepsi has already been launched before with the result of being replaced [10]. This might lead to an impression to their customers of a failed product that will negatively impact their advertisement. (Appendix 7)

In this way, Popmart is facing a high risk for the strategy of the blind box because of the repeatability. This strategy is easy for imitation from their competitors, and when competitors also have numbers of IPs, Popmart will lose their potential customers. As for Lululemon, due to the concerns of quality, more customers will choose the brand because of its authenticity. Similarly, Pepsi has already a leading role in this market which means their brand loyalty will gain them enough customers when a new product is launched.

6. Conclusion

Through the comparison of three companies in three different stages, Popmart as a new entrant needs to continue to enlarge its group of customers and build brand loyalty. This needs characteristic and attractive strategies like blind box to make their market share rise rapidly before the entry of their competitors. But as the company is still in its beginning stage, if the strategy cannot help them to maintain its current customers, the rapid spread of the company will bring them to result in bankruptcy due to the big expenditure. But the situation for Lululemon and Pepsi which has already been mature companies is different. These companies as incumbents of the market have the leading role in the existing market, the importance of maintaining current customers and bringing barriers to their competitors is more important for them. In this way, their strategies have to be both profitable and build brand loyalty. For example, Lululemon was always aimed at people of high consumption, Like New strategy turns their face to both higher and lower-income people, which the company buys from their current customers and sells to a new group of people. Also, Lululemon changed its categories of customers to a group of people with the idea of environmental protection. With their concept of sustainability, they also earned more brand loyalty from these people. For Pepsi, the strategy of limiting time selling Crystal Pepsi seems to bring less income for them superficially, however, the restart of this project makes them up from the last failed strategy of selling the same product. A company with the fame of a failed product in history brings more difficulties for starting a new project in the future. Although the product is the same, a different advertisement makes the result different. This also proves the importance of an appropriate strategy. Although some customers will try the product due to brand loyalty, the psychology of resistance to the new product will finally lead to failure.

All three companies have their barriers and advantages when exploiting new markets such as the new group of customers or new product markets. The importance to make a strategy succeed is to make the strategy more suitable for the company. A company with enough capital can try the project with a huge manufacturing process. Similarly, a company without brand fame cannot last for long.

7. Appendix

Appendix 1 — SWOT Analysis of Blind Box in Popmart.

Strengths - corporate with IPs - Target population like the way of blind box - Brand awareness	Weaknesses - Price - Not hard to imitate
Opportunities - More roboshops in malls - More word of mouths usage	Threats - Epidemicity - Cheaper toys from other companies

Appendix 2 — SWOT Analysis of Like New in Lululemon.

Strengths - attract value-based customers - Higher price from next week - Sustainability	Weaknesses - only develop in US - Difficulties in supply chain
Opportunities - inflation linger (more people like second-hand) - Better authenticity - Priority in market for second-hand	Threats - third- parties resale sites

Appendix 3 — SWOT Analysis of Crystal Pepsi in Pepsi.

Strengths - Global brand - Strong global presence - Market dominance	Weaknesses - unhealthy product - Failed advertise
Opportunities - attractive products - Limit time selling	Threats - Competition - Failed impression

Appendix 4 — AAA Framework of Popmart.

Assets	Activities	Advantages
Developing products	Toys categories innovation and creative design	Attract more customers interested in different field
Unique IPs	Using various IPs for toys design	Increase their potential customers who interested in IPs
Distribution chain	Online website selling, offline malls and roboshops	Spread all over from customer
Brand Fame	Current customers have brand loyalty	Brand loyalty will bring customers to stay in this brand when competing

Appendix 5 — AAA Framework of Lululemon.

Assets	Activities	Advantages
Brand Fame	Brand representations	Famous worldwide
Distribution chain	Enlarge fields	Mature system for marketing
Postsale services	Increase sales volume	Brand stability

Appendix 6 — AAA Framework of Pepsi.

Assets	Activities	Advantages
Brand fame	Similar product as Coco-cola	Warranty for quality goods
Experience	Accommodate entry	incumbents have own barriers in competitions
Controlling inventory	New inventory differs from competitors	have market superiority

Appendix 7 — Porters' Five Forces.

Porters' five forces	level of threats	In-depth Analysis
Competition among competitors	Popmart: high Lululemon: low Pepsi: medium	Popmart: a new market, high possibility to have more competitors Lululemon: brand fame Pepsi: other brand with similar product may have more horizontal enhancement of product categories
Threat of new entrants	Popmart: high Lululemon: medium Pepsi: low	Popmart: Popmart's success will attract many competitors Lululemon: the strategy of like new is already an entrant in this field Pepsi: brand loyalty makes the product in the company have more guarantee than new brands
Bargaining power of suppliers	Popmart: low Lululemon: high Pepsi: low	Popmart: unique IPs decrease the stress of supply Lululemon: brand have no resale system and need to corporate with others Pepsi: Crystal Pepsi have been launched before
Bargaining power of customers	Popmart: medium Lululemon: low Pepsi: high	Popmart: Blind box is epidemical; this selling strategy will face problem in the future Lululemon: used clothes are cheaper, makes the products more affordable for public Pepsi: a used strategy may have impression of failed product
The threat of substitute products	Popmart: high Lululemon: medium Pepsi: low	Popmart: strategy is easy for imitations, more IPs Lululemon: due to quality concerns, customers have authenticity of brand Pepsi: leading role in the market

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