To understand the best way to regain its momentum in the marketplace, it is important to establish lululemon’s characteristics and how it compares to its competitors. After assessing its current position, it can research possible marketing strategies and make changes in order to gain back the trust of its consumers and increase its popularity.

Table 1 lists the internal strengths and weaknesses that lululemon possesses, however, it is especially important to focus one of the greatest strength the company has. Lululemon chose its target market and knows it well. It recognizes that its customers have the money to spend at their store and that they enjoy keeping up with the trends that are constantly changing. They see all of their purchases as an investment, which is why they are willing to spend more money, but they expect only high quality products that help them maintain their identity in a certain sector of consumers, namely those with higher disposable income. The company recognizes the willingness of its customers to be loyal, but because lululemon worked an awful lot to earn that loyalty, it needs to maintain it. Looking at its performance in the marketplace over the past year, it is easy to tell that lululemon did not maintain a strong bond with consumers http://www.reuters.com/finance/stocks/chart?symbol=LULU.O). The recalled Luon propelled the company into a downward spiral and former CEO, Chip Wilson, only made it worse with his comments that offended not only lululemon’s customers, but also the public in general (O’Connor, 2014). It was clear to see that lululemon knew whom it wanted to sell to, but did know how to connect thoughtfully with them. Instead, the core values that lululemon became associated with made it an almost instant enemy. So, it saw the unique opportunity to completely overhaul itself. With a new all-star team, lululemon has entered a transition period full of opportunities to earn back the trust of its customers and gain the loyalty of new ones.

Before delving into these opportunities, it is important to first understand lululemon’s competitors, Under Armour and Athleta, in order to strengthen how lululemon
can better position itself. Establishing the similarities and differences can help isolate what specific offensive and defensive tactics the company can use to succeed. Athleta and Under Armour both sell comparable products for an average of ten dollars less than lululemon, but they do not have the same recognition as a luxury lifestyle brand and don’t hold the same esteem in the eyes of conspicuous consumers (underarmor.com, athleta.com, lululemon.com). Lululemon’s target market is mostly women who have a substantial disposable income to spend on their health & lifestyle activities, while Under Armour is still attempting to break into the women’s active wear market and Athleta has a broader target market. That being said, Under Armour’s share prices have sky rocketed since it announced it would focus more on the women’s active wear, which it had not previously not tapped into, causing it to surge in popularity. Their new “I Will What I Want” campaign has already proved to be a huge success. Featuring athletes like Misty Copeland and Lindsay Vonn alongside Gisele Bündchen, whom the company argues is just as much of an athlete as she is a model, implies the company is in support of athletic women being confident in their strength and ability (O’Connor, 2014). The videos inspire viewers with impactful messages and candid, intimate glimpses into the lives of such admirable women. The most popular video that Under Armour released on YouTube features Misty Copeland and has over six million views in just over three months (https://www.youtube.com/watch?v=ZY0cdXr_1MA). Athleta has barely any web presence to speak of because its target audience in mainly older women who do not use YouTube quite as often, and lululemon’s most popular YouTube video, released two years ago and featuring a playful take on the yogi’s vernacular, has only a third of Under Armour’s views (https://www.youtube.com/watch?v=IMC1_RH_b3k). The company could stand to create a more resonating video that incorporates the deep and spiritual feeling that someone feels when they practice yoga or other body-focused activities. Portraying an identity that viewers can easily understand and create empathic connections with will help the brand cement itself as being friendly, honest
and inspiring. Such a video can only come when lululemon can establish its new core values and what message it wants to send out. At a time when younger customers are rebirthing social activism, it’s important to recognize the importance of appealing to customer compassion and remember the strength of emotional ties and their impact on brand loyalty. A YouTube video made uploaded on its own as a narrative would be the best way to broadcast to viewers, but a condensed version as an advertising video would work well to supplement. Uploading a video to YouTube is free, which makes it a good option for advertising, but lululemon could pay to have their video seen by a more specific group of people either as a suggested video on the related video column or as an In-Stream display. The cost to advertise on YouTube is calculated on a cost-per-view basis of about $.10-$0.30. Targeting popular videos and related subject matter that interests the target demographic would help increase awareness of lululemon’s transition period and revamp. Starting by reaching 2,000,000 viewers would cost between $200,000-$600,000, which would supplement the freely uploaded video on lululemon’s YouTube channel.

In terms of design, lululemon is in a good position. It has its own style that is noticeably more flattering and fashionable. Both Athleta and Under Armour are innovative brands, but they still lack the striking designs that lululemon has brought to the active wear niche. Lululemon needs to maintain a mix of fun new designs and timeless classics. Its new transitional line “&go” was a smart addition to offerings, but it can be pushed even more to be integrated with other active wear. Layered and matched with sporty designs, casual pieces will open up more opportunities for customers to want to buy more pieces to mix not only other lululemon apparel, but also with pieces they already own, creating a seamless segue between ready-to-wear and active wear. Athleta has already employed this concept, but it still lacks the strong design lines and color palettes that lululemon consistently offers. Lululemon can continue pushing designs and know that its style is meeting most of the customers’ needs.
Pushing the presence of these new pieces will be able to diversify products, so why not diversify the customers who buy them? Athleta and Under Armour will continue to close the competitive gap with lululemon as long as they offer plus-size option; something that lululemon has wrongfully neglected to do. That was in the past, however, and now that lululemon has the opportunity to reform its identity, it needs to make an effort to be more inclusive. Not only would it be a good image booster, but also it would present products to a target market previously untapped. Even if sizes only went up to 16, lululemon could stand to gain an enormous following from women who strive to be fit and fashionable like their peers (“The Funny Math of Clothing Sizes.”2013). It is a simple way to solidify the fact that the brand is changing and that it holds all women in the highest esteem no matter what her size. Producing a couple larger sizes would not take too much effort because knits are generally more flexible and therefore able to be less tailored than woven counterparts.

Offering products to a more diverse group of women will help lululemon shift its image as being exclusively for skinnier ladies as well as sell more of its goods. Capitalizing on this factor with new advertising will help start a cycle of positive feedback, nourishing more relationships than ever before. Under Armour and Athleta seek to also maintain their current relationships and forge new ones, but lululemon has a unique opportunity as a luxury item to directly compete with them. More details of external impacts on lululemon can be found in Table 2, while an expense sheet and timeline for proposed marketing ventures can be located in Table 3.
The client that I have designed for, whom I’ve named Melissa, is a Yoga teacher in Encinitas, CA who is looking for durable yogawear that extenuates her feminity while also suiting her need to be flexible. Her students follow her movements by watching her at the front of the class, so it is important to her that she looks professional, appealing, and inspirational. She runs from yoga classes to other errands and private lessons, so she needs to have gear that transitions well from one place to the next, while also accommodating the Southern Californian weather, which fluctuates throughout the day. She is an avid shopper at lululemon because they provide her with the durability and style that she likes, but she has voiced that she wants to see more flow and feminity in the yoga wear line.

“She Believed she could, so she did!”

New Hangtag

16 Materials: $110.00

created with love
The central image of Aboriginal Australian men inspired me to emulate aboriginal art, which features organic shapes, lines and patterns. I augmented the bright colors to fit lululemon’s identity, while also incorporating the color theory of the chakras. Blues, purples and pinks provide the highest vibrations, thus positively influencing attitude. Complimentary colors help to balance the palettes, creating a sense of meditative wellness.
Calm
Soothing and Gentle Cool Hues

Flying Kite Top
Sizes 0-16
Vitesse™

Winged Shorts
Sizes 0-16
swift™

&go After Class Skirt
Sizes 0-16
Vitesse™

restful gray
moon warrior light
clear mind white
dawn's sky
sun swirls
elevation
waterfall
Good Vibrations
Healthy High Frequency Colors

Peek-a-Boo Bra
Sizes 32A-38E
Luxtreme™, Mesh

Peek-a-Boo Pant
Sizes 0-16
Light Luon™

Colors:
- Deep Night
- Royal Ocean Blue
- Happy Baby Blue
- Violet Truth
- Sun Swirls
- Elevation
- Waterfall
LULULEMON: A POSITIVE OUTLOOK

References


Table 1: Internal SWOT Analysis

<table>
<thead>
<tr>
<th>Internal SWOT Analysis</th>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management</td>
<td>Executive reorganization; hiring new leaders (e.g. CEO Laurent Potdevin, CPO Tara Poseley, Co-Chairmen Michael Casey and David Mussafer). Figures bring a lot of experience from a variety of sectors.</td>
<td>Remnant bad reputation from association with Chip Wilson.</td>
</tr>
<tr>
<td>Offerings/Products</td>
<td>Specialized in athletic wear means more focus on producing quality products; Innovative materials and unique design; Fashionable and trendy style; Well-designed retail experience.</td>
<td>Remnant reputation for bad quality after Luon recall; Does not offer plus-sizes; Not able to ensure correct quality at every factory.</td>
</tr>
<tr>
<td>Marketing/Price</td>
<td>Price reflects the reach of the primary target market (Women age 18-40 with high disposable incomes and an active lifestyle)</td>
<td>Too pricey for most consumers, but they are not who lululemon is targeting; Does not accommodate plus-size market; Strategy to supply fewer products leave customers feeling frustrated when it sells out too quickly.</td>
</tr>
<tr>
<td>Finance</td>
<td>Slowly making an upward trend in the marketplace after an unsatisfactory performance this year.</td>
<td>Struggling to make lasting and definitive positive gains.</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>Learned from mistakes and now focus on strict, high-quality product standards.</td>
<td>Continuing effort to supply enough products to please loyal customers might prove to be difficult.</td>
</tr>
<tr>
<td>Research and Innovation</td>
<td>New technological creations useful for activities such as hot yoga (Luon®, Silverescent®, X-TATIC®, Rulu™); Customers recognizes the brand as having unmatched quality.</td>
<td>Less emphasis on high impact performance could hinder perception of quality.</td>
</tr>
</tbody>
</table>
Table 2: External SWOT Analysis

<table>
<thead>
<tr>
<th>External SWOT Analysis</th>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social</td>
<td>Age of health and wellness; Yoga trend remains strong; Principles of yoga, such as mindfulness, mean target market is looking to make connections.</td>
<td>This demographic might seek to find brands that are more sustainable; The height of the yoga fad will pass eventually.</td>
</tr>
<tr>
<td>Competitive</td>
<td>No other brand offers the same level of style and performance simultaneously.</td>
<td>Under Armour might persuade women to buy their clothing to make a connection with high intensity athleticism over fashion.</td>
</tr>
<tr>
<td>Economic</td>
<td>Almost fully recovered from 2008 financial crisis; People will always feel the need to keep active, even if we’re moving to be a more sedentary population; Recognize that active wear is a niche market and expand &amp;go line.</td>
<td>People will always need clothes, but active wear is not an essential clothing purchase like tops are.</td>
</tr>
</tbody>
</table>
### Table 3: Marketing Timeline and Expenses

<table>
<thead>
<tr>
<th>Date</th>
<th>Strategy</th>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Early August 2015</td>
<td>Website Review</td>
<td>Search for correctness in spelling and augment phrases that could be made to be more compassionate; attempt to make website as transparent as possible without exposing weaknesses.</td>
<td>$0</td>
</tr>
</tbody>
</table>
| Mid August    | Video conveying new changes and sneak-peek of Fall 2015 Collection | Release a campaign that introduces the new size options that will be in stores soon. The goal will be to cause a stir in the media about the positive changes lululemon is making; Feature diverse selection of demographics to portray new inclusivity. Focus also on technology and the science of active wear. | Video Production: $300,000  
YouTube Ad: $200,000-$600,000 |
| Late August   | Release Collection                                | Focus attention to customers in stores equally, regardless of size. The key will be to subtly show the embrace of size diversification without placing too much pressure on size-consciousness. Giveaways at store release provide incentive. | Give-aways: 50 Headbands at 264 stores (Total number of stores as of June 12, 2014)  
Retail Price: $12 each  
$3,200                  |
<table>
<thead>
<tr>
<th>Date</th>
<th>Strategy</th>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
</table>
2. Nordstrom: Has one in-house activewear brand (Zella), but Nordstrom caters to target market well and would be a great retail location if Nordstrom were to allow it.  
3. Shopbop.com: Designer online retailer that caters to target markets womenswear demands. It would be a good place to market the less active wear brand, &go. | Buy inclusion into the other retailers advertising: Remaining funds ($496,832-$96.832). Expect most of this budget to be allotted to shopbop.com advertising space |

Total: $1,000,000