Priyanka Reddy

Washington University in St. Louis
Majors in Fashion Design and Marketing
Lululemon Case Study

Lululemon Athletica was at one point the market leader in upscale yoga and athletic apparel, bringing in a stock price of upwards of $123 in mid-2011. However, in the last few years, several missteps in the company’s branding and customer service, as well as increasing competition from emerging active wear brands like Athleta, have resulted in declining growth for the company.

**SWOT analysis**

**Strengths:** Lululemon historically had a strong brand identity grounded in yoga culture. In-store yoga classes and sponsorships of local races and other events added to that mentality. Their famous “Wunder Under” pants and other signature products brought in a demand for high-end yoga apparel and the now ubiquitous yoga pant. From the beginning, the company was known for quality, durable products that would last through exercise and daily wear. The brand started out as catering to only women, but has recently moved into men’s and children’s active wear as well. The brand has a cult following among certain groups of women, and the clothes have transcended simply being used for exercise into daily, casual wear. One of Lululemon’s main competitors at the moment, Athleta, has the main strength of being a part of parent company Gap, Inc. Being part of such a large corporation provides strengths in terms of resources and infrastructure, allowing widespread distribution from the start and a large amount of financial backing. Coming from an apparel company also gives the brand a fundamental knowledge of casual clothing, which has translated well into Athleta’s active wear vision. The brand has also been able to sell their products at slightly cheaper price points and for a wider range of sizes. Under Armour, historically a men’s active wear brand, has recently been pushing into the women’s sector with marketing campaigns featuring big names like Gisele Bundchen. Their main strength is perceived performance quality, since their
branding emphasizes durability and performance under the stress of extreme activity and professional athletics. They are known for their signature compression products and have only recently been moving into the “athleisure” sector that both Lululemon and Athleta occupy.

**Weaknesses:** Lululemon has come into heat recently for not catering to all sizes of women, with critics saying that the pants become too sheer on women who aren’t sample size. The apparel itself only comes in sizes 2-12, which some say is limiting. Lululemon’s price point is high as well, which could be alienating some of their potential customers. The company is struggling with their brand perception as a whole, in light of controversy surrounding their former CEO Chip Wilson and quality control mistakes. Athleta’s main strength is also a weakness, namely their association with Gap. Their products are not perceived as the same high quality as companies like Lululemon, and they do not have as strong of a brand identity. Under Armour has not historically catered to the women’s sector as strongly as they have with men, so this is a new foray for them. It will require key marketing tactics for the brand to step away from their core branding and into the market for more casual womenswear.

**Opportunities:** Exercising and healthy lifestyles have recently become very trendy, and athletic-inspired clothing has even infiltrated the high-fashion runways. This is a high-growth time for athletic wear and companies within the sector need to take advantage of it. Another opportunity lies within the need for more body-positive active wear, especially after the recent debate surrounding Lululemon. Women of all sizes want to exercise and can benefit from the positive attributes of yoga. There is a room for the key players in the active wear industry to move into a more inclusive and welcoming environment for all women.

**Threats:** Lululemon’s main obstacle at this point is coming back into favor in the consumer’s eyes after plenty of corporate restructuring and public scrutiny. Quality has
become an issue that needs to be addressed. In addition, the growth of competing companies such as Athleta could steal market share and threaten the company as a whole.

**Marketing Plan**

In order to recapture Lululemon’s core customer and bring the brand back to its former reputation, the company should focus on emphasizing their core values and quality. The plan will be to run a print ad campaign backed by social media. Each ad will feature a different woman, all of subtly different sizes (not explicitly plus sized or sample sized) in the new collection, doing yoga in a scenic location. The tagline would read, “ATHENA” or “APHRODITE” or “ARTEMIS” or “ASTERIA” in large letters, with smaller copy underneath reading “Introducing the Goddess collection by Lululemon. Because you’re beautiful, powerful, and strong.” A social media campaign will go alongside it, with people encouraged to post photos of themselves with the hashtag “#IAmAGoddess.”

The campaign would run over six months, on a variety of print and online platforms. The ad would run in the August issue of Women’s Health, Fitness, Shape, and Health magazines, in order to generate initial buzz about the brand and to direct people to the online campaign. The ad would run in Yoga Journal all six months since their readership most closely matches the target demographic, and advertising space in Yoga Journal is more affordable than the others. In addition to the print efforts will be a big push through social media, namely through Facebook, Twitter, and Instagram. They can use their established Twitter and Instagram following to showcase the new campaign and to create a dialogue between the customers and the company. A budget of $8,000 will be allocated to Facebook promotion each month for the six-month duration, in order to boost posts and drive more people to the Facebook page. See Figure 1 for a breakdown of the allocated budget for each month.

**Retailers**
Lululemon should continue to have their own stores and website, since it is a great place not only to emphasize their brand identity, but also to hold yoga classes and cultivate the Lululemon experience. Another retailer that Lululemon could partner with is Nordstrom, where they could create a store-within-a-store experience similar to that of Topshop for Nordstrom. This allows Lululemon to keep the same branding and experience while opening up distribution to a large, national department store chain. Nordstrom also already carries merchandise at similar price points to Lululemon’s products, so it would be a good fit for both companies. Finally, Lululemon could sell on Net-A-Porter’s offshoot Net-A-Sporter, an online retailer committed to showcasing luxury sportswear on an already established online retail giant. Net-A-Sporter would allow Lululemon to be alongside other upscale activewear brands such as Ballet Beautiful and Adidas by Stella McCartney, further cementing the new collection as beautiful, luxurious clothing. Net-A-Sporter does not sell at high volumes, so the focus could still be on the Lululemon retail stores and Nordstrom collaboration.
References


Figure 1. Allocated Marketing Budget

<table>
<thead>
<tr>
<th>Print Ads</th>
<th>August</th>
<th>September</th>
<th>October</th>
<th>November</th>
<th>December</th>
<th>January</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yoga Journal</td>
<td>$43,285.00</td>
<td>$43,285.00</td>
<td>$43,285.00</td>
<td>$43,285.00</td>
<td>$43,285.00</td>
<td>$259,710.00</td>
</tr>
<tr>
<td>Women’s Health</td>
<td>$195,810.00</td>
<td>$195,810.00</td>
<td>$195,810.00</td>
<td>$195,810.00</td>
<td>$195,810.00</td>
<td>$195,810.00</td>
</tr>
<tr>
<td>Fitness</td>
<td>$160,080.00</td>
<td>$160,080.00</td>
<td>$160,080.00</td>
<td>$160,080.00</td>
<td>$160,080.00</td>
<td>$160,080.00</td>
</tr>
<tr>
<td>Shape</td>
<td>$198,733.00</td>
<td>$198,733.00</td>
<td>$198,733.00</td>
<td>$198,733.00</td>
<td>$198,733.00</td>
<td>$198,733.00</td>
</tr>
<tr>
<td>Health</td>
<td>$136,700.00</td>
<td>$136,700.00</td>
<td>$136,700.00</td>
<td>$136,700.00</td>
<td>$136,700.00</td>
<td>$136,700.00</td>
</tr>
<tr>
<td>Total</td>
<td>$951,033.00</td>
<td>$951,033.00</td>
<td>$951,033.00</td>
<td>$951,033.00</td>
<td>$951,033.00</td>
<td>$951,033.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Online Ads</th>
<th>August</th>
<th>September</th>
<th>October</th>
<th>November</th>
<th>December</th>
<th>January</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facebook</td>
<td>$8,000</td>
<td>$8,000</td>
<td>$8,000</td>
<td>$8,000</td>
<td>$8,000</td>
<td>$8,000</td>
</tr>
<tr>
<td>Twitter</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Instagram</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Total</td>
<td>$48,000</td>
<td>$48,000</td>
<td>$48,000</td>
<td>$48,000</td>
<td>$48,000</td>
<td>$48,000</td>
</tr>
</tbody>
</table>

**Total Cost**: $999,033.00
A focus on flattering cuts, comfortable materials, and pretty detailing emphasize the new brand vision. Bold prints and colors add an element of fun and excitement. Activewear should make women feel strong, beautiful, and powerful, like the inspiration for the new collection: antique sculpture of Greek goddesses. The four detailing groups are named after four powerful goddesses: Athena, goddess of war and wisdom, represented by sharp lines; Artemis, goddess of nature, represented by strong seaming; Asteria, goddess of the stars, represented by pleating; and Aphrodite, goddess of love, represented by draping.

The abstract foliage print, seen throughout the collection and as a part of the new hangtag, exemplifies the rebranding through a modern treatment of the natural.
LOOK ONE
featuring the Artemis Seamed Bra + Artemis High-Waisted Pant + Aphrodite Draped Sweater

LOOK TWO
featuring the Aphrodite Draped Tank + Asteria Pleated Short
LOOK THREE
featuring the Asteria Long Sleeve + Asteria Sweatpant

LOOK FOUR
featuring the Athena Arrow Tank + Athena Arrow Pant
APHRODITE DRAPED TANK
A cool, flowy tank in Vitasea™ with a built-in Luxtreme™ bra, easy gathers, and a flattering ruffled hem. Available in:

- Eggplant/Dusty Violet
- Marine Blue/Light Beige
- Muted Lime/Dark Moss

ASTERIA PLEATED SHORT
A high-performing pair of Full-On Luon™ yoga shorts with a feminine twist: bands of delicate pleating wrapped around the legs. Available in:

- Abstract Foliage/Apple Sour
- Cracked Marble/Sand
- Geometric Roses/Oatmeal

APHRODITE DRAPED SWEATER
A super-soft, subtly draped open cardigan in a luxurious merino wool. Available in:

- Vibrant Orchid/Sparkling Wine
- Marine Blue/Slate
- Dark Moss/Pear Green

ARTEMIS HIGH-WAISTED PANT
A high-waisted, strategically seamed yoga legging in sturdy Full-On Luon™. Available in:

- Vibrant Orchid
- Cracked Marble
- Evergreen

ARTEMIS SEAMED BRA
A highly supportive sports bra in breathable Luxtreme™ with a figure-flattering sweatheart neckline and strategic seaming. Available in:

- Vibrant Orchid
- Cracked Marble
- Evergreen
ATHENA ARROW TANK
An easygoing, Vitasea™ draped tank juxtaposed with a strong, pointed waistband. Available in:
- DUSKY VIOLET/PALE LAVENDER
- SLATE/LIGHT BEIGE
- DARK MOSS/PEAR GREEN

ATHENA ARROW PANT
A performance legging in hard-working Full-On Luon™ with powerful, colorblocked details. Available in:
- ABSTRACT FOLIAGE/EGGPLANT
- CRACKED MARBLE/MARINE BLUE
- GEOMETRIC ROSES/PEAR GREEN

ASTERIA SWEATPANT
A comfortable yet statement-making Cotton Fleece sweatpant with bold pleating down the sides. Available in:
- CREAM
- WARM GREY
- DARK MOSS

ASTERIA LONG SLEEVE
A cozy long-sleeved tee with pretty pleated detailing in the softest Pima cotton. Available in:
- PALE LAVENDER
- SAND
- MUTED LIME