

Analysis of Lululemon's Marketing Strategy in China

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Abstract: People are paying extra attention to the concept of health after the epidemic, and as the number of gyms continues to increase, the sports product market is seeing a whole new wave in China. At the same time, LuluLemon, which is a sports brand founded in Canada, has rapidly taken root in the Chinese market in recent years thanks to the comfort and distinctive concept of its products. In this paper, we analyze how the brand should use its product advantages in the Chinese market environment to discover the optimal strategy to ensure a foothold on the competitive plateau. Firstly, we use the SWOT analytical method to evaluate the optimization and enhancement strategies suitable for Lululemon by listing the internal and external environments as well as its competitive conditions to maintain the internal advantages of its products, channels, and concepts and to continue to take advantage of the opportunities in the external environment for development. Secondly, based on the SWOT analytical method, it is suggested that we apply the 4PS of Marketing for further study and analysis of the marketing strategy of Lululemon. Finally, this study found that integration led to a more complete marketing strategy.

Keywords: Sportswear Market, Marketing Strategy, SWOT analytical method, 4Ps of Marketing

1. Introduction

1.1. Research Subject Overview

Lululemon is a Canadian yoga and sportswear brand that became the dark horse in the fitness apparel industry in 2020, ranking second in the apparel market. Even in a dismal market due to the new coronary pneumonia outbreak, Lululemon has not suffered as much as other fitness apparel brands, but has seen a miraculous rise in sales [1]. 2020 saw Lululemon's stock rise by 59% to a market capitalization of approximately \$48 billion. Lululemon's global store count grew from February 2019 to February 2020 by Lululemon's global store count grew by 51 from February 2019 to February 2020, including 16 in China. Since Lululemon entered the Chinese market in 2013, the number of stores in China has reached 55. In the first half of this year, store sales in China grew by 30% year-on-year, e-commerce business grew by 175%, revenue in China grew by 350% year-on-year, and profit margins per square meter in new stores reached as high as \$15,000,000, which is higher than

profit margins of single stores in North America. From the opening of its first store in Vancouver in 2000 to its IPO in 2007, a big part of Lululemon's success has been in marketing. From 2007 to 2008, Lululemon's sales were \$4.5 billion, up from \$4.5 billion in 2007 and up from \$4.5 billion in 2008. Between 2007 and 2008, Lululemon generated \$350 million in sales and opened 113 stores. In the first half of 2022, Lululemon generated \$3.481 billion in revenue.

1.2. Research Question

This essay analyzes Lululemon's marketing strategy in the Chinese market, including its precise market segmentation and product positioning strategies. What are the advantages of positioning in the Chinese market? What is the analysis of Lululemon's marketing strategy and the optimization suggestions? In the research design of this paper, SWOT and 4P are used to analyze the problem. Analyze Lululemon's market effect through strengths, weaknesses, opportunities, and threats.

1.3. To similar companies

By studying Lululemon, we can better understand the garment industry and guide its practical application. In addition, it can also be used to promote the development and improvement of apparel enterprises, help apparel enterprises reduce the risk in marketing, and contribute to the development of related industries and the progress of society.

1.4. Significance of study

Through the study of the brand, we can point out the development direction for Lululemon, which is beneficial to brand managers and staff to grasp the overall marketing strategy, identify the current problems of brand management, to further improve the management of the brand. The study will help brand managers and staff grasp the overall marketing strategy, identify the current problems in brand management, and further improve brand management. At the same time, it helps to reflect the current consumer satisfaction with clothing products and other aspects of the situation so that operators can better formulate sales plans for Lululemon and optimize the brand image so that Lululemon can be a stable, long-term development.

1.5. Theoretical Value

The application of 4P marketing theory to the study of the marketing strategy of apparel enterprises enriches the application scope of 4P marketing theory. At the same time, it also enriches the relevant literature on the marketing of apparel enterprises and provides some theoretical references for further in-depth research on their marketing strategies. It also enriches the literature on the marketing of apparel enterprises and provides certain theoretical references for further in-depth research on their marketing strategies.

2. Review

2.1. Current research status abroad

Xie Xiangxiang found through research that in terms of regional brands if it can effectively attract the attention of consumers in the region, explore the value of the product, convey the concept of special meanings to people, trigger emotional resonance, attract consumers through valuable and attractive content, create an interactive experience, and engage in online community interaction to create a favorable impression of the brand among consumers, So it can effectively strengthen the

effectiveness of brand building. From this, it can be concluded that in regional brand construction, the brand's attractiveness needs to be a key focus.

Philip Kotler, the father of modern marketing, believes that "differentiation is the key to achieving competitive advantage" and regards innovation as an important driving force for sustainable development and competitive advantage of enterprises. He emphasizes that enterprises should shape unique products or services through continuous innovation and excellent quality and establish customer recognition of products or services. Producing products based on market and consumer needs while setting reasonable prices and keeping up with changes in social situations and hot topics can help enterprises achieve their marketing goals. From this, it can be seen that the central point of enterprise marketing activities is to make reasonable use of the marketing mix and eliminate external social influences.

Suharto's research found that to successfully create a regional brand, it is necessary to fully leverage the support of the government and relevant functional departments so that government managers can take on corresponding responsibilities. At the same time, it is required that these management personnel have professional knowledge and rich experience and can optimize strategies based on the external environment. Utilize global market resources, better connect domestic and international markets, and cultivate new advantages in participating in international competition and cooperation. It can be seen that government support, adapting to market trends, and continuously optimizing the image of enterprises are of great help to their future development.

2.2. Current Research Status in China

Sun Lin, Vice President of the China Agricultural Economics Society, found through investigation and analysis of agricultural product brands that brand building is a continuous process, not a one-time task, and requires continuous monitoring of market changes and competitive dynamics. Long-term investment and support are needed, and brand-building needs to be further strengthened and carried out to the end. We should continue to pay attention to brand development, continuously optimize brand strategy, make necessary adjustments and improvements, adapt to market changes, and maintain brand vitality and competitiveness.

Hu Miaotan takes the arrival of the new media era as the background, which has had a huge impact on many industries. In this context, corporate brand building and marketing promotion also need to rely on the power of new media for transformation and innovation to promote better development of enterprises in the new media era. Enterprises should establish a suitable business system based on the current development laws, maintain a sharp perception of market trends and competitive environment, continuously adjust brand strategies, and improve the competitiveness of Pinsun Lin in building agricultural product brands. Expand sales channels according to circumstances, enabling enterprises to develop rapidly and steadily.

Qiu Lei believes in his research and analysis of internet brands that in brand building and design, the user experience should be fully considered and the user's dominant position should be respected. Deeply understand the characteristics, needs, and behaviors of the target audience, and develop clear promotion plans; Utilize market research and research to understand consumer preferences and habits. If a company can meet the needs of consumers, it can gain a market advantage.

3. Analysis

Based on SWOT analytical analysis, this paper systematically analyzes Lululemon's competitive environment and competitive conditions, and synthesizes the optimal strategies and recommendations. On this basis, it further applies 4P marketing theory to analyze its product, price, channel and communication in-depth strategies.

3.1. SWOT analytical method

3.1.1. Internal environment analysis of the enterprise

Lululemon is expanding its business territory in China with strong internal advantages. One of the major advantages is that Lululemon has a comprehensive channel coverage, mainly using the store vertical retail and online DTC model, multi-faceted coverage, and abbreviated intermediate channels accounted for, easing the brand's reliance on platforms and agents. It can provide a more comprehensive insight into customer needs and handle consumer feedback in a timely manner. Meanwhile, based on the core product concept of "touch science", the comfortable and thin fabrics and simple and smooth aesthetic design have built a good reputation for the brand. In terms of technical research and development, Lululemon mainly focuses on the functional needs of users during sports. There are twelve fabrics in all the series, of which nine are patented by the brand's high-quality R&D team.

In addition, Lululemon has constructed an extremely vivid and clear brand concept and proposition based on the inspiration of yoga, a sport that emerged globally after the 90's. Its core brand concept, "Hot Sweat Life," is more in line with the value sensation of young people. The core brand concept of "Hot Sweat Life" is more in line with the value sensibility of young people. The core brand concept and value are further deepened by the offline exercise classes organized for members.

Lululemon's location is mainly oriented to their core consumer group, so the stores in China are concentrated in the first and second-tier cities with strong consumption power and large customer base, mainly distributed in the Pearl River Delta and Yangtze River Delta region. The rest of the Northeast, Southwest, and other regions also have a small proportion, generally located in the city's core business district. Even so, Lululemon is not without some disadvantages. Although Lululemon's products are of high quality, the pricing range is still high, preventing some customers from purchasing or continuing to repurchase. The "Hermes of Yoga Pants" moniker given to the company by major media platforms suggests that the pricing of its products is not inexpensive for a large portion of the consumer base.

Lululemon Canada launched a new membership model in late 2022, but the membership model in China is still incomplete, and the membership benefits system is not well communicated. However, the membership model in China is still incomplete, and the benefits are not well communicated and the membership system in China is still complicated and opaque, with no sharing of purchases across channels and no way for members to view their purchases in detail.

3.1.2. Analysis of the external environment of the enterprise

Nowadays, Lululemon is facing many environmental opportunities. From the 20th century, foreign enterprises began to enter China one after another to invest in the 21st century after China formally joined the WTO, attracting more foreigners. Nowadays, the Chinese government is constantly deepening the regulation of macroeconomic policies to promote public consumption and support the development of the real economy. At the same time, thanks to the basic national policy of "reform and opening up", China is constantly increasing and attracting foreign enterprises, giving appropriate tax policy concessions. At the same time, China's huge population base is a benefit that cannot be ignored, which means there is a wider market and more consumer groups for Lululemon to tap into.

As the national economy continues to grow, consumerism is also changing. Generation Z has gradually become the core group of consumers, who are more driven by emotional resonance, hobbies, and self-identification, with the consumption of daily necessities taking up the theme of consumer goods. This provides a huge market.

Along with China's steady economic growth in the late twentieth century, the national standard of living continues to improve. Health and wellness began to take root in people's hearts, and products centered on the concept of health continued to develop. Among them, the sports industry is booming in China, which has also greatly driven the national demand for sports products.

At the same time, the apparel industry is becoming more competitive, which means that Lululemon has to face more and stronger threats. In addition to competition from international sports brands, cultural identity contributes to the rise of local sportswear brands in China, with the concept of "national wave" taking hold. In addition, many other ready-to-wear apparel brands are also venturing into more casual and comfortable sportswear. Despite the technical limitations, it should not be overlooked that these brands tend to have higher fashion standards and excellent pattern-making techniques, and with these two strengths, the products can be used in more diversified lifestyle scenarios. In the aftermath of the epidemic, consumer downgrading is commonplace despite the recovering economy. Consumers have been driven to lower their quality standards and look for more affordable products. Lululemon's success continues to inspire new brands with similar philosophies in the growing sports apparel industry.

3.2. Recommendation of corporate strategy based on environment analysis

Based on Lululemon's SWOT matrix in Table 1, it is found that the brand has a large advantage and industry foundation, so it is suggested that the enterprise choose a growth strategy. To effectively implement this strategy, the enterprise should fully utilize its internal advantages and external opportunities. Specifically, the firm can implement the following measures: maintain investment in research and development, uphold a good brand reputation, and retain customer loyalty. Sustain the core values and concepts of publicity, continue to strengthen the construction of the brand core, maintain publicity and community building in the streaming media platform, build a deeper level of positioning, and further deepen the customer base selection. In line with the policy and environmental winds, increase the development and investment in the country and gradually open multi-category stores.

Table 1: The SWOT analytical method matrix diagram of Lululemon.

	Strengths 1.Multi-dimensional coverage of sales channels 2.Quality R&D and design 3.Excellent concepts 4.Geographic location	Weakness 1.Price range is on the high side 2.Membership system still needs to be improved
Opportunities 1.Policy support 2.Changes in consumer concepts 3.Health concept spread to develop the market 4.Large customer base	OS Cater to the policy winds and readily capture the shifts in life philosophy and economy. Utilizing its own technical advantages to maintain a good reputation for the establishment.	OW Improve the membership system, continue to give the customer base a good consumer experience and welfare mechanism

Table 1: (continued)

Threats 1.Fierce competition in the industry 2.Alternative brands continue to be derived	TS Seek brand cooperation to expand own limitations and weaken competition. Timely understanding of customer needs through channels.	TW Seek more differentiation and focus on technology development to reduce brand replication possibilities.
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3.3. Marketing strategy based on corporate strategy

3.3.1.Product

Lululemon was born in 1998, with different sports backgrounds as the blueprint for creation, with mix-and-match and trendy culture as elements, inheriting the trend of yoga sports; the industry involves yoga and sportswear and other fields and constantly launches its supporting equipment.

Lululemon is known as the "LV of the yoga world" because of its high price of yoga pants, and even so, countless people still pay for it. The reason is that the yoga pants designed by the founder of Lululemon are close and comfortable, fashionable and stylish, visually realize the leg-pulling and hip lift, and solve the most embarrassing problem of women at that time - there were no special clothes and poor ductility and easy to walk. Gathering many female consumers [2], the yoga trend created by the founder laid the foundation for Lululemon to go from sports items to fashion items.

Lululemon pursues high quality and performance, constantly carries out technological innovation, and uses high-quality fabrics to match its superb craftsmanship to improve the quality and performance of its products. Famous in the yoga world for its seamless crotch cut and diamond lining design, it solves the problem that yoga pants cannot be worn outside. The nudity, thinness, and comfort of Lululemon yoga pants have beaten countless peers and become the favorite clothing brand of the high-class class [3].

Lululemon's products, with only one and countless items, are the degree to which buying one item cannot stop, and it is the transition of countless consumers from understanding the product to liking it. Lululemon has never relied on advertising marketing but rather on word of mouth. Through crowd penetration, Lululemon has built a systematic user community and spread the brand layer by layer through 'product educators brand ambassadors user groups'[4]. Relying on product quality assurance, continuous soft marketing is carried out to form a consensus among consumers, with minimal traces of commercialization and significant results achieved.

3.3.2.Promotion

Lululemon's approach to marketing is different from that of other brands. Most sportswear advertisements seen on the market are endorsed by burly athletes. Such advertisements are all over the place. If there is no text, consumers can't tell which brand it is, the similarity is very high, and the marketing methods are similar. At the same time, such advertisements will also give consumers some psychological hints, such as people wearing sportswear should be well-built, fit, and youthful. This will make some people have a psychological burden after wearing it, and they will be afraid to go to exercise for fear that others will laugh at them. Lululemon captures this point very well; Lululemon will not advertise a lot but create super advertisements through value output. The characters in Lululemon's advertisements are the opposite of other sportswear advertisements; Lululemon

advertisements feature senior women, women of all sizes, and men doing yoga [5]. This kind of advertisement can motivate people and let them know that they can try to exercise even if they don't have a perfect body shape. Lululemon also conducts free yoga classes to bring traffic into its territory, so Lululemon has turned "selling products" into "selling a lifestyle." Lululemon has transformed "selling products" into "selling a lifestyle." At the same time, Lululemon's marketing combines online and offline activities [6]. Lululemon makes good use of new media, such as China's Xiaohongshu, Jieyin, and Weibo, and implanted its products through real-time online exposure, marketing, and online celebrities' grass-raising, as well as some more fashionable wearing guides. Directly-managed stores increase sales by attracting more users to offline stores through these online promotions. Consumers can experience the brand's culture and philosophy while trying on and experiencing the products in the store.

3.3.3. Price

Lululemon's global revenue is an impressive \$3.98 billion. The company is known for its high-quality and stylish clothing, so it targets middle-class people from urban areas who are aware of health issues and want to exercise or play sports regularly. These people usually have a steady source of income and can easily afford sportswear as part of their monthly routine [7]. By creating its own materials, Lululemon can achieve a high brand status and does not have many serious competitors. High value equals high price, so Lululemon has a premium pricing for its premium products strategy for its premium products. This suits high-end customers who value brand quality over money. It also has a special pricing policy that offers discounts, incentives, and free shipping to maintain a loyal customer base. Over the years, Lululemon's pricing strategy has remained consistent to maintain its premium product status, and as a result, its products continue to gain attention from buyers.

3.3.4. Place

As a reputable brand, Lululemon has always used exclusive marketing to promote its brand and products. Word of mouth is actually one of the most important advertising tools for the company. Sales representatives provide personalized recommendations and encourage customers to visit the stores and try the products. Through the experience and leisure offered in stores, Lululemon can provide excellent customer service and allow customers to spread the word about the brand. On the official website, visitors receive many educational videos and tutorials about fabrics, activities, and lifestyle. It also has a user-friendly interface that helps in easily accessing relevant information. Without any promotional activities, the physical experience can keep visitors on the site and increase the chances of a sale. Lululemon also participates in many public relations activities. Each year, companies donate an eighth charity product to build a positive brand image [8]. Athletes and influencers are chosen as brand ambassadors to build positive brand awareness and expand the community of fitness enthusiasts.

3.4. Suggestions for Marketing Strategy Improvement

Based on the above analysis, this study finds that Lululemon's price and promotion mechanism can still be optimized. The discount mechanism for yoga instructors has further deepened its community connection and has greatly stimulated customers' interest through word-of-mouth and excellent products [9]. However, if you want to further expand the market, more cost-effective price strategy repair and promotion methods should not be ignored. Price, the improvement of the membership system is necessary to expand the membership benefits mechanism, no longer limited to the usual discounts on ordinary days, will expand a broader customer base and can further pull up customer loyalty. In addition, Lululemon can do some activities by cooperating with online sales platforms

like Taobao or Jingdong, which are well-known in China [10]. In addition, Lululemon can also co-brand with some movies or games, such as the recently released Barbie movie. For example, Xicha co-branded with the recently released game "Original God", and after the co-branding, the cumulative sales of 3 million cups in the first three days of the new release, and the maximum one-day sales of a single store could reach 3,600 cups.

4. Conclusion

This study analyzes Lululemon, a popular sportswear brand in the Chinese market in recent years, through SWOT analysis and 4PS of marketing and discusses how Lululemon can use more reasonable marketing strategies to occupy the market high ground in the Chinese environment. After reviewing the excellent literature in the past and analyzing the internal and external environments faced by Lululemon in China as well as the existing strategies, the author found that Lululemon still has problems in the application of marketing in terms of high pricing strategy and many difficulties in customer communication, etc. Therefore, in addition to adopting specific and useful management measures in response to the gap between Lululemon and the other competing companies, Lululemon should also adopt specific and useful management measures. Therefore, in addition to taking specific and useful management measures to address the gap between Lululemon and other competitors, Lululemon needs to improve its communication with customers according to its current situation to make it more suitable for the Chinese market environment. At the same time, unfortunately, there are still some shortcomings in this study. For example, due to the limitation of the timeliness of some data and regional differences, this paper cannot conduct a complete, timely, and accurate analysis. In the future, we expect to obtain more effective analysis. In short, through this study, I have a deeper understanding of Lululemon's marketing strategy in the Chinese market. This also provides a reference for foreign sportswear brands to enter the Chinese market.

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All authors contributed equally to this work and should be considered co-first authors.

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