

A Study of the Business Modes of Lululemon and Alo Yoga

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Abstract: Fitness brands are on the rise in recent days, with the increading demand of people's requirements of health. These fitness brands are further developed under the era of the pandemic. With their rapid development, the business modes of them are therefore of particular interest to the author. Furthermore, it is found that few research have been conducted in this area. Therefore, there existed a research gap in it. This research aims to take on this opportunity to build up on existing research in the business modes of fitness brands. It uses a comparative and case study approach to study two fitness brands, Lululemon and Alo yoga, to investigate their business modes and patterns. The result found that there are some similar modes and patterns while they remain unique in other asepts of their businesses.

Keywords: Lululemon, Alo Yoga, business modes and patterns, comparative study, case study

1. Introduction

In modern days, people start putting more attention on health, which also has led to the rapid rise of many health and fitness related brands. According to data collected from recent years: in 2021, the entire sports equipment market was valued at around 15 billion dollars; the value of fitness equipment for home use was estimated around 6.4 billion dollars in total, which is largely due to the outbreak of Covid-19 pandemic. It is very self-evident that the pandemic and its consequential quarantine has made a lot of sports brands as well as organic food brands the biggest beneficiaries and set up a solid foundation for their future development. Among this field, Lululemon and Alo yoga have been two great subjects to study and compare, as both of them first started as pure yoga brands with inspiring beliefs and core values, with shared target audience to a large extent and similar development paths. The case study will be specially focused on how those two influential brands came to their current position through different marketing strategies, and investigate, why Alo Yoga, which is younger than Lululemon with later entrance to the market, can also take a share while sharing some similarities with Lululemon, instead of being eliminated by this market.

2. Main Body

2.1. Lululemon's Business Mode

Lululemon was initially started in Vancouver, Canada, as a yoga retail store with a vision that it will be a community for people to share healthy lifestyles and help build up real relationships with customers as a friend [1]. Lululemon has now expanded with more athletic gears to fulfill people's sweaty pursuits not only just based on yoga, which was their first product for and only designed for women [2]. As a successful sports gear brand, lululemon has opened 574 stores globally, with 370 in North America, and the current stock price is 317.8\$. It can be seen from the stock summary below that since its initial public offering started in July, 2007, it was growing slowly and its unremarkable performance did not make it outstanding until 2018, when things started to take a turn. Its stock price went above 100\$ and was heading in a great direction. Although there was a decline when the pandemic hit in early 2020, it seemed to be a juncture as the stock price started to rise sharply from March, 2020 until now.

Due to the pandemic, a lot of industries were hit heavily, and a lot of people could only stay at home because of unemployment everywhere, and some countries' strict policies have made many outside activities restricted. In addition, because of the severity of the influence the rampant virus brought to us, people began to realize how important and precious our actual physical conditions and health are. With sufficient time and more flexibility, more people joined fitness and sports, especially the concepts of eating organic and getting fit are already turning into a trend potentially. What the author has seen around me is people working out whenever and wherever they want. What is more surprising is that Lululemon has actually become a part of a lot of people's daily outfits and it can literally be seen that the shiny symbols of "omega" are everywhere.

Lululemon's marketing strategies have undoubtedly succeeded, especially the 4P's marketing mix that includes products, place, price, and promotions [1]. Lululemon has very specifically classified leggings, shorts, pants, accessories for both women and men, and the diverse arrangements actually make the brand more professional and appealing to fulfill all kinds of needs [3]. Even the sports bras are divided into so many sections based on different intensities and sizes. In addition, in order to not to be easily replaced, Lululemon has had 31 patents for its own exclusive products and materials that cause less competition. For example, its most famous material is luon, which is "breathable and cottony soft" (as described by the website) and composed of 86% nylon and 14% lycra. It perfectly possesses abilities that make people's exercise experience better, such as light, stretchy, absorbing sweat, etc. Lululemon not only has influence domestically, being super popular in North America, but also internationally, prevailing in the rest of the world too. There are always stores set in large/medium-sized shopping centers or downtown that provide convenience to a large degree and could easily get people's attention with its noticeable red logo. Plus at every location, there are well trained employees helping the customers find the best fit and discussing personal workout goals that help them become the better version of themselves. Because of its high quality and stylish products, it attracts the ones who really care about health issues and often exercise, which helps the brand locate precisely on their targets, upper-middle class who have a secured money source and value the quality more than the price. This helps with the adoption of premium pricing strategy with its qualitative products. Also, due to the fact that the price will not really fluctuate because of any holidays or big sales that other stores always have, its consistent pricing strategy makes it stand out more among the rest. Furthermore, although Lululemon barely has any discounts or promotions, its word of mouth reputation and easy-to-access online web pages, all help create a great environment for the customers with better shopping experience. Besides, the 4P's, Lululemon has been devoted to creating a community that makes people more connected and helps spread its core values. With such engagements, people gain not only advantages brought by the actual products, but also mental

satisfaction and elevation from its positive and attaching atmosphere [4]. Most importantly, in the author's opinion, since it is already a well-known and customary brand to a lot of people, existing customers will purchase again and again, and more potential customers will be attracted to try out as long as its high quality and fundamental concepts remain.

2.2. Alo Yoga's Business Mode

However, in spite of the huge success Lululemon has achieved, Alo yoga, as a rising star, also has taken a place in this extremely competitive market. Based on the concept of "spreading good by bringing yoga to the world", Alo first started in Los Angeles in 2007 and was hoped to not only elevate people's yoga experience but also be a stylish brand that people can wear besides on the yoga mat [5]. Although its annual revenue is only about \$250 million [6], which seems it still has a long way to go compared to Lululemon's \$7 billion, as an unlisted subsidiary company, its rising reputation and popularity already foresees its huge potential in the future.

According to Stylophane, a digital marketing agency, Alo Yoga was ranked #46 among Instagram Most Engaged Brands, even higher than luxury brands Alexander Wang (49), Tom Ford (62), and its direct competitor Lululemon (86). 2017 was also the time when Kendall Jenner, one of the most influential fashion icons in the world, was introduced to this brand and started actively wearing this brand on social media posts.

Unlike Lululemon, Alo yoga knows how to drive traffic to its website and new items through the active interaction and use on social media as its brand ambassadors or social media influencers (especially on instagram) have contributed a lot to the popularity and brought people's attention to this fashion yoga brand. For example, high-waist moto leggings, has been worn by Gigi Hadid, Hailey Bieber, Kendall Jenner (who had officially became an ambassador for alo yoga in March, 2021), Taylor Swift, etc, and the high exposure has made the leggings one of the best sellers. Knowing the importance of influencers in marketing, Alo yoga has been utilizing the impact and influence an internet celebrity has to advertise its products, which could be proven by its \$1,627.88 average cost per post.

Because of its most publicity on social media, another example of successful combination between bringing up awareness and building good reputation is its famous #AloGivesWater [7]. It was created for 2022 Earth Day, and with every single post with this hashtag, collaborated with Water.org, Alo Yoga will give out access to clean and safe water to 1 person for 1 year, mostly women and children in developing countries.

As stated in Alo Yoga's Website [8], the founders' intention was to make the world a better place by bringing out the concept of yoga to everyone, such as people who are experiencing the power and beauty of yoga, to yogis who can benefit from the professional clothing and have a better experience, to celebrities, fashionista, and the ones who care about fashion as "it's the perfect street brand, comfortable, contemporary," and designed not just for the mat. In order to achieve its goal to be "mindfully modern", Alo has been dedicated to create garments that can be blended into every aspect of life, largely extended from its original purpose. "Luxury meets performance" can be seen in its collections for both women and men that are combined with the contemporary trendings.

In addition to that, by sharing and spreading the belief in "mindful movements and transformative, healing power" of yoga, Alo has gathered many of the most influential yogis in the world at its headquarters in California to teach yoga. And in order to make Alo culture a real and authentic yoga living style, Alo has a solar-powered office, yoga twice a day at its studio, an advanced recycling program, and meetings in nature, etc. All those display an uplifting and motivated image of this company.

Only having great concepts and ideas are not enough, Alo Yoga also has its own signature fabrics: Airlift, Airbrush, Alosoft, Seamless, Vapor, Alolux. Airlift specializes in lightweight, help lift and

sculpt shapes, and as a double-knit and fully opaque material, it is perfect for high-intensity workout, pilates and yoga. Airbrush focuses more on breathable material with a strong cottony texture and matte finish, and its soft and cotton-like feeling make it a great choice for daily outfit, which could be a great example of “studio-to-street.” Alosoft is ultra sketchy compared to others, and its velvety finish and breathable material all fit hot yoga pretty well. Seamless can be the go-to for everything, as it is lightweight and airy, more importantly, it works perfectly both inside and outside of the studio and is a great street outfit. Vapor, as it can tell from its name, its performance on quick-dry and lightweight is amazing. When working out in high intensity, this line works the best by cooling in the high heat. Last but not least, Alolux, its cashmere and plushy feel is the best for giving a soft and chilling feeling, as well as being the best transition from workout to work. It is a great option for fall and winter while providing warmth but not super heavy.

Alo also has very fresh colors which is another characteristic that makes it outstanding among the athleisure. Not only has the basic and traditional bright colors, like the ones Lululemon has, Alo Yoga now has its new color drop almost every season which fits its new theme and season perfectly. Take Chalk Blue, the newest color drop as an example, its keywords are “fresh, cool, icy, bringing on the chill,” and its organized web page on Chalk Blue products all make it refreshing and unique, especially when compared to the traditional color filtering.

2.3. Comparison of the Two Brands

Unlike Lululemon, Alo Yoga’s main target audience still focuses on the North American continent, while the United States occupies around 80.19% and Canada occupies around 4.98%. The current gender distribution is 72.69% female and 27.21% male, while among Lululemon, female consumers is around 66.39% and male consumers is around 33.61%. This could be partially due to the fact that on Alo Yoga’s main page, there are way more items and categories for women, while for men, it is just basic clothes without fancy propaganda and titles, and the bright and special colors that other brands do not have are probably not as attractive to them as to female customers. While on Lululemon’s website, although there are still different focuses and categories on female’s and male’s products, there is no obvious blank on either one’s intro page, and a more compact page with fewer pop-ups could probably explain the extra 8% male customers for Lululemon. However, there is no distinction between the age distribution of the two brands. The only difference is within the 35-44 group for Lululemon, it is 2% higher than Alo’s, and among the 18-24 age group, the percentage for Alo is slightly higher, from which it can be concluded that Alo Yoga is slightly more popular among teenagers and younger people, and people who are more mature age wise have a higher chance to choose Lululemon.

3. Conclusion

This research investigates two fitness brands, Lululemon and Alo Yoga. It is found out that the two brands have developed successfully with a series of characteristics in their business modes. They as a result benefit from the successful business mode and are in the significant rise. A comparison was made roughly with regards to the geographical and age distribution of the audiences from the two companies. In light of the limitations of this research, there are some points to mention. First, the reliability of the source needs further investigation. Some of the sources are from the internet and the author needs to check if they are reliable and proven. Second, the research lacks a comprehensive comparison of the business modes of the two brands. This is again linked to the literature gathered, and if the methodology of the research is further improved, such as setting up one or two dimensions to compare, it would be more clear as they are categorised. In the future research, the researcher can

build upon this existing work, and improve the literature part and the methodology designed. In this way, the research could be more convincing in guiding the research direction moving in this area.

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