

Based on Brand Empowerment and customer Psychology: Lululemon Marketing Strategies Analysis

Siyang Jiang*

Dongchen School of Mianyang City, Sichuan Province, China

*Corresponding author: 2622790567@qq.com

Abstract. With the development of the economy and the advent of the post-pandemic era, people tend to choose healthier lifestyles. Lululemon has won the global sportswear market rapidly. It built excellent product power and brand power. Lululemon profound insight into market development trends and consumer needs then expand its products and services constantly. To stand out from many brands with excellent marketing models. However, there are also some problems like the relatively weak supply chain and potential users losing. Lululemon needs to improve in maintaining its own development and market competitiveness, to better conform to the trend of globalization. Therefore, this research adopts literature review and case analysis methods. Simultaneously, through the study of brand empowerment and consumer psychology. Under the theoretical frameworks of STP, SWOT, and 4P to analyze the reasons for Lululemon has successes in a short time. Meanwhile, this research also gives suggestions on Lululemon's existing challenges in order to increase the brand's anti-risk ability and sustainable development. Emerging brands can draw valuable insights from this research.

Keywords: Lululemon, Marketing communication, Consumer psychology, Brand strategies.

1. Introduction

With the development of the economy, people pursue a higher quality of life. McKinsey Company surveyed 7,500 consumers in six countries, showing a significant increase in the importance of people's health. Studies have estimated the global wellness market size at more than \$1.5 trillion, with an annual growth rate of 5 to 10 percent. In the post-epidemic era, health awareness has increased. The increase in consumer awareness and purchasing power represents a huge opportunity for the company [1]. Moreover, the improvement of women's education level and social influence has promoted her economic development. With the advent of the fast-paced era, everyone is eager for freedom, and their self-consciousness has developed in various aspects. Lululemon has an insight into the importance of health and people's daily needs, leading to the development of sportswear from the perspective of women and the yoga with social attributes.

At the theoretical level, this study fills the current research gap in using STP to analyze Lululemon's market positioning. This helps to understand the brand's target audience and differentiation. By reading a large amount of literature, this research injects new thinking dimensions into Lululemon's environment based on SWOT theory. Through the framework of 4P theory, this research promotes the analysis of brand marketing strategy, challenges, suggestions and other related issues. At the realistic level, the research has an in-depth analysis of Lululemon. This provides reference for emerging brands to develop themselves.

This research used the literature research method and case study method. The main part is based on the insight of brand empowerment and consumer psychology. To begin with a brand overview, the background and development of the brand are introduced. Then the brand positioning and target group are analyzed by STP theory, and the management situation is listed in detail by SWOT theory. The second part analyzes the brand's successful business model by combining the strengths and opportunities with the 4p framework. The third part combines weaknesses and threats to analyze challenges and give suggestions.

2. Brand Overview

2.1. Introduction and Development

Lululemon is a Canadian sportswear brand founded by Chip Wilson in 1998. The brand has gone through the initial period, expansion period, and difficult period. Since 2017, brand has entered the development period. Lululemon originally focusing on the design and development of yoga wear, the company has now shifted to a diversified range of sportswear which has broadened its market scope. The financial report shows that net revenue in 2022 increased by 30% to \$8.1 billion. The international business net revenue increased by 35%. Specific to the Chinese market, the revenue in the fourth quarter of fiscal year 22 increased by more than 30% which compared with the same period last year. And the three-year compound growth rate exceeded 50%.

2.2. STP Analysis

2.2.1. Segment

When some brands like Adidas and Nike stabilized popular sportswear such as ball games. Lululemon took root in the yoga market when it was still a blue ocean. Lululemon consumers are mainly divided into those who emphasize health, exercise and fashion. At the same time, they have requirements for life quality and also can consume the products.

2.2.2. Target

Lululemon aims to produce high-performance, high-tech, and trendy sportswear. Through refined market research and analysis, they target consumer group —Super Girls(founder Chip Wilson defined "women aged 24-35, unmarried and childless, with higher education and annual income, who enjoy sports and travel") Lululemon constantly innovates to provide products and services that meet the needs of such consumers, attracting and maintaining their loyalty.

2.2.3. Position

Product technology in the field of sports is constantly innovating, but many brands do not yet have a strong identity [2]. Lululemon uses emotional marketing to create brand differentiation. The professional technical support product differentiation. The community marketing strategies build a scene differentiation. Lululemon positioned itself as a high-end sportswear brand successfully. Therefore, Lululemon effectively distinguishes other brands and establishes strong brand awareness in the target market.

2.3. SWOT Analysis

2.3.1. Strengths

Lululemon has strong product development technology. The concept implements the "science of feel". The brand emphasize the research and development of patented fabrics, selection of raw materials and technological advancement in sports apparel.

Lululemon has built excellent brand power through emotional marketing. By increasing community activities and store experiences, they have conformed to the concept of "Sweat life" and established a good image and reputation for the brand.

2.3.2. Weaknesses

Lululemon focuses on product technology upgrading and maintaining the high-end positioning of the brand, which results in a relatively high price. It limits the promotion to a wider audience.

Lululemon's supply chain is relatively weak. So it is currently unable to meet the growth in sales well.

Due to the limited space of the North American headquarters, Lululemon is lack of local independent invent technology and innovation cannot better meet the Asian consumer group.

Lululemon's digital capabilities have yet to be beefed up. In the Chinese market, it relies on e-commerce platforms, so strengthening the development of applet is important which achieve more refined user operations.

2.3.3. Opportunities

Yoga is in the blue ocean market, and Lululemon chooses to segment vertical tracks to fill the market gap.

Under her economic development, women's education level and economic status continue to improve. Women's consumption concepts are upgraded. They are more focused on pleasing themselves.

Affected by the post-epidemic era, people's concept of healthy life is also rising. The increased emphasis on fitness has provided more potential customers for Lululemon's market. The mental distress issue has multiplied globally, and mindfulness has gained mainstream consumer acceptance [1].

The popularity of the athleisure fashion style has also enabled Lululemon to expand its market and engage in more fashionable designs.

2.3.4. Threats

Emerging brands such as Maia Active and Particle Fever as well as traditional giants such as Nike and Adidas, are further seizing market share by relying on lower prices, producing more comprehensive products, or have a wider consumer base.

People face downward economic pressure, the middle class and low-income people have less money to spend freely on high-end goods. So the company is vulnerable to the economic cycles [3].

3. Analysis Lululemon's marketing strategies by 4P Theory

3.1. Product

Lululemon has expanded from the initial category of yoga pants to multi-scenario categories such as jogging and golf to maintain the brand's innovation. The product materials are sustainably and innovatively. Lululemon as a clothing brand is also a technology company. It uses different fabrics to meet sports functionality and applies for patents such as Nulu, Nulux, Everlux. The shaping of the brand's Intellectual Property raises the level of professionalism to provide solid support for the long-term development of the brand and strengthen consumer trust. At the same time, Lululemon focuses on ecosystem, cooperative invents environmental-friendly products to conform the green development.

Lululemon designs high-performance sports products that meet the physical and emotional needs of consumers. To stimulate people to live a healthy lifestyle. Lululemon identifies consumer pain points and designs yoga pants to overcome issues such as improper fit, Camel Toe, transparency, rash caused by internal seam friction, and unsanitary and inconvenient cleaning. Lululemon aims to use the design concept of "tactile science" to create a zero-wearing feel, and reduce clothing constraints so that consumers can put aside distractions and be more focused during exercise.

Lululemon emphasizes product functionality and keeps up with fashion trends to add a stylish look. It adds some innovative designs such as invisible pockets, external seam design, and reflective cuffs. It adapts to different occasions with a more slim fit or diverse color styles to enhance the aesthetic and comfort of wearing. Fitness enthusiasts and sports participants require greater convenience, socialization, product quality, and affordability products. Lululemon's products combine functionality and fashion to balance fitness and the pursuit of work-life [4].

3.2. Price

Lululemon is known as “the Hermes of yoga”. It adopts a high premium strategy to reflect product quality and brand value. Thus attracting specific consumer groups to establish a high-end brand image. The high profitability has provided the company with financial support, enabling it to steadily develop its business and continuously expand its market share.

Lululemon also used customer value-based pricing. It provides functional value through high-performance products. The product design implements brand philosophy in which provide customers with high-quality experiences and emotional value like respect, confidence, and surprise. Lululemon also represents a group of people who share common values and life pursuits. Some activities organize people to communicate and exercise together, which provides social value.

3.3. Place

Lululemon's offline store is divided into regular stores, flagship stores, showrooms, and Labs. The main place selection is in high-traffic and high-end commercial district. Therefore, it enhances brand awareness and brings it closer to the target consumer group. The vertical management mode of offline direct stores beneficially cultivates high-end brand image to facilitate product market layout.

It implements digital strategies online. Consumers can reach information directly through personalized recommendations and customer management. The private domain uses the applet and official account and the public domain uses the official website flagship store or third-party e-commerce platform. The online DTC mode supports "Online purchase, offline delivery or pickup", while also increasing offline sales. The combination of online and offline has formed a closed loop of private and public domains, greatly improving the overall customer experience through all channels.

3.4. Promotion

Lululemon uses emotional marketing. Yoga offers a conscious luxury experience. People pursue freedom, liberation of the self, or emancipation from social class [5]. Brand's slogan is "Be all in", and the brand's concept is "Sweat life". Some athletes, fitness bloggers sharing the product use sense. Their influence conveys the concept and advantages of the brand, so that it make consumers believe that after purchasing products will achieve meaningful life goals. The layout of yoga, swimming, commuting and other scenes covering people's daily life. Countless brands can provide similar products and services of high quality. Only by establishing the emotional connection between brands and customers can we obtain true brand loyalty. Lululemon uses the emotional connection with target consumers to provide consumers with the opportunity to personally identify with brand products, and it connects brand stories with personal lives [6]. It pulled the distance between the brand and users besides establishing an emotional link with the consumer.

Lululemon uses community marketing. The management of the brand community and the cultivation of members' sense of community identity can improve the brand business performance, and the positive relationship between customers and enterprises can be strengthened. Therefore, the brand needs to drive customers to participate in community activities [7]. Lululemon has ditched traditional marketing tactics such as using celebrity endorsers. By redefining the ecological role of people in the community, Lululemon activated the community cohesion through people. Lululemon adopts various online and offline activities, committed to making the brand a part of people's lives. Lululemon has a special store service. In-store sales are defined as "educators" rather than "salespeople." Product educators recommend the most suitable clothing. They share brand culture and stories with consumers. Good service enables customers to obtain a better purchasing experience that maintains the brand tonality and builds a close relationship between the brand and the fans. According to the survey, people are more inclined to choose the products advertised by their favorite influencers or stars, and the sense of experience is an important criterion for people to choose to buy, and consumers are turning to services that meet the needs of physical and mental health [1]. Lululemon used a KOL

marketing strategy. Lululemon recruits yoga or fitness instructors to become brand ambassadors. The brand ambassadors represent the product image, also representative closely related to the brand culture and manifesto [8]. As leaders among fitness enthusiasts, they share using experiences and feelings with their communities to make product soft implantation. People use the consumers' perspective to respread and influence more people. Lululemon has held a variety of themed activities online and offline, such as group yoga and offline music festivals. Promote subliminally, Lululemon brought consumers together. Offline activities create brand addiction, to enhance the connection between the brand and users. Similarly, it increased the number of long-term loyal and high repurchase rate user groups.

4. Challenge

More brands joining the sportswear market, Lululemon is facing many problems. Here are some possible challenges and suggestions for brand development.

4.1. High-end Brand Positioning

The brand uses a high pricing strategy. However, people's rational consumption downgrade reduces the frequency of impulse purchases. People prefer to choose higher-cost performance product. So Lululemon's cheaper substitutes or fake products have also appeared in the market. Lululemon stores are mostly located in first - and second-tier cities. It is in accord with the high-end brand positioning, but it also loses potential users in third - and fourth-tier cities to a certain extent.

Lululemon may appropriately increase membership promotions. It can make the goods' price more affordable to attract more customers to buy. On the other hand, exclusive status and value benefits can increase the enthusiasm of customers to apply for membership. In the information age, Lululemon should improve its member registration system on network platforms. The complete member system opens up the whole region and promotes brand awareness and customer stickiness.

Lululemon can develop regional brands and discount stores with more affordable prices. However, the extension of the brand has certain risks. Enterprise needs to fully evaluate their own strength and market environment. The branch brand explanation should conform to the company's concept and which can support the development of the total brand.

4.2. Maintain Brand Image

The rise of raw materials and labor costs led production costs increased. Although this situation has an impact on the company's profitability, it must also ensure product quality. Lululemon has been questioned by consumers in quality and design issues. It may have tarnished the company's reputation. Some yoga clothing brands have deceptive propaganda on social media under traditional patriarchal notions of beauty. The larger sizes are available but rarely promoted, which has a certain effect on the inclusiveness of the brand [9].

Lululemon should improve after-sales service and be strict with product quality control and text. It is highly desirable to collect and deal with customer feedback timely and ensure the problems have been solved effectively. Lululemon ought to design more emotional links to make the product be a part of people's lives which enhances brand reputation and establishes a positive and healthy brand image. Lululemon could promote in a more community way, so that customers can gain mental health in brand and create a more inclusive and confident atmosphere [10].

4.3. Market Competition

The new brands' emergence and the traditional brands' expansion have led to stronger competition for Lululemon. Compared with other traditional international brands, Lululemon's supply chain capabilities are lacking. The product supply time is long, and the products need to be ordered to the factory more than half a year in advance. It may cause the product development speed cannot comply

with the market trend. It is easy to cause a certain type of product backlog while some other products are out of stock.

The special circumstances and contingencies have great impact on companies that rely on global supply chains, so the brand should pay attention to supply shocks [11]. Lululemon could optimize and coordinate its supply chain. It is advisable to strengthen the digital control of raw material procurement, production, and logistics. For example, the company builds its processing plants to adjust different products production with market demand timely and strengthen digital capabilities to realize intelligent supply chain management. Moreover, Lululemon needs to strengthen the control of the working conditions and fair wages of workers in the supply chain to protect labor rights and increase ethical concerns [12].

It is crucial to maintain the brand's three major differences to improve brand competitiveness. The product invention must implement the brand philosophy. Lululemon had better to increasing the activities and scenes to maintain the original customers and explore potential customers. It might pay attention to market trends and strengthen communication with consumers to innovate product categories based on feedback.

4.4. Globalization Development

With the Lululemon market expansion, it gradually developed into a global enterprise. In this process, there are differences in culture, aesthetics, needs and lifestyle in diverse regions. It has an impact on Lululemon's product design and marketing strategies.

Lululemon has designed both Asian and international versions of clothes. In the future, Lululemon could deeply investigate the local market and cooperate with local brands to add the brand's integration into the local market. It is better to develop ideas in line with local culture and connect festival customs to enrich the brand connotation. Lululemon should continue to use environmentally friendly materials and production processes to promote the sustainable development of the circular economy.

5. Conclusion

Lululemon has full insight into market trends and consumer needs to create outstanding products and brand strength. With DTC channel model, combined with unique community, emotional and scene marketing. In just 24 years, it has surpassed Adidas and become the world's second-largest sports brand with a market value of 37.2 billion US dollars. There are also some challenges. Lululemon should improve its brand building according to consumers' feedback and continue understand the trends of the market and globalization. It is necessary to improve brand competitiveness to increase the loyalty of existing customers and attract potential ones.

Emerging brands should first analyze the environment and find their target consumer groups through market segmentation then develop high-quality products as well. The product design should implement the brand concept and the product pricing strategy should be consistent with the cost and positioning situation. The key for a brand to stand out is finding the brand's differences to increase recognition. It is better to learn the unique marketing methods of other successful brands as well as explore their drawback and market trends to promote sustainable development with innovation constantly.

This research fills the gap in Lululemon's market segmentation and positioning based on STP. It is conducive to providing an analysis of Lululemon's environment, marketing methods, challenges and suggestions based on brand empowerment and consumer psychology. The theoretical framework is more designed but the content needs to be supplemented in more detail. In the future, the research will continue to investigate the development of the brand and times.

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