

# Analysis of Sports Brand Marketing Strategy Based on STP Theory: Lululemon as an Example

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**Abstract.** In the sports apparel market continues to slump, the global retail industry is in a weak state of the environment, Lululemon started with yoga clothing but the scenery is unique, and become a sports brand comparable to Adidas and Nike. This paper analyzes Lululemon's successful brand strategy from three aspects: STP strategy, sports brand management and DTC marketing, and puts forward constructive suggestions on Lululemon's current market sinking. In the operation of the Chinese market, lululemon's successful brand function positioning strategy plays a decisive role, which is divided into market segmentation, target and positioning. Market segmentation analyzes lululemon consumer groups from demographic factors and psychological factors. Lululemon is more optimistic about the sales situation in Chinese first-tier cities, and is planning the expansion of offline stores in second-tier cities. Taking Chengdu as an example, it analyzes its market share. Through unique selling points, lululemon has solved the pain points, and consumers' spending power has been improved.

**Keywords:** STP strategy; Sports brand management; Theory driven.

## 1. Introduction

Lululemon positions itself as a fashion and high-end brand positioning, portrays accurate consumer group images, and advocates high-quality sports and lifestyle. Now, Lululemon has entered the Chinese market by way of franchise, expanding from first-tier to second-tier cities, and is known by more and more sports enthusiasts, especially yoga enthusiasts. By utilizing community brand marketing, 2020's market worth surpassed 40 billion US dollars, making it the second largest sports brand in the world, behind only Nike and more than Adidas. The growth of the female sports consumer market, coupled with Lululemon's inventive strategy and distinctive community marketing idea, are inextricably linked to the company's remarkable brand jump. Therefore, the in-depth analysis of Lululemon brand marketing strategy can provide reference for domestic sports brands to innovate marketing models.

## 2. STP Analysis

STP analysis is the three basic elements of modern marketing theory, including segmentation, target and position. All marketing strategies are built on the basis of STP. This analytical framework can help enterprises accurately find target consumers and formulate effective marketing strategies.

### 2.1. Market Segmentation

Lululemon mainly produces yoga products, including yoga mats, yoga clothes, accessories and so forth. Lululemon has expanded from women's clothing as its main market to men's clothing, personal care and sports shoes. The practical usage scenarios include yoga, tennis, running, office and travel and the rest, depicting accurate consumer group images and adhering to the upscale line of sports fashion. Based on this product concept, Lululemon has carried out a detailed differentiation of the Chinese market.

### **2.1.1. Segmentation of Population Elements.**

Lululemon is primarily looking at revenue. In the development of the Chinese market, Beijing, Shanghai, Guangzhou, Shenzhen and other first-tier cities are designated as high-end consumer markets, while actively developing the second-tier cities represented by Chengdu as mid-end consumer markets. First-tier cities have the characteristics of large population, high income and strong consumption power, strong desire to spend on fitness and sports, and can accept luxury consumer goods [1]. With plenty of room for economic growth and significant purchasing power, the share of second-tier cities in the economy is rising annually. They can tolerate light luxury goods, and there is a growing desire to consume sports and fitness products. In order to satisfy the demands of many consumer groups, Lululemon uses differentiated pricing and introduces product levels depending on varying degrees of consumption.

### **2.1.2. Segmentation of Psychological Elements.**

From the perspective of purchasing motivation, purchasing users mainly value the following three aspects of goods, the largest proportion is beauty, users pay attention to the appearance of clothes, pay attention to the fashion factors of leisure sports clothing, followed by comfort, compared with clothing appearance.

## **2.2. Target Market Selection**

### **2.2.1. Evaluate Each Market Segment.**

Beijing, Shanghai, Guangzhou, and Shenzhen are examples of first-tier cities that share the trait of having a high population income. When the material needs are fully met, the proportion of investment in sports and fitness is relatively high, and the market size is large. First-tier cities have a sizable consumer base, but the market is more crowded with rival brands, increasing the risk of intense competition. Also, the majority of consumers have set consumption patterns, making it challenging for new businesses to capture a sizable portion of the market.

Chengdu is a representative of a second-tier city. While population income and market size are not as strong as in first-tier cities, per capita income growth and economic development will lead to a gradual increase in the share of residents spending on sports and fitness, and there is significant potential for market growth. In addition, there is still much space for improvement in the consumption habits of existing residents, and the difficulty of entering the market is relatively small compared with first-tier cities [1]. Entering second-tier cities in advance is conducive to the long-term operation and development of the brand. From the perspective of purchase motivation, comfort and shaping are the directions that Lululemon should focus on, because comfort and functionality are the main evaluation criteria for sports brands. In "lululemon's Yoga Kingdom - Based on the Sports Brand," the author mentioned that the company's ABC casual men's pants tailored for men's consumers take into account the crotch squeeze factor during exercise, which is widely praised [2]. It can be seen that for the consumer audience, comfort will greatly affect the consumption choice. Female consumers pay attention to the comfort at the same time will also pay attention to the shaping effect of yoga clothing, in this case, compared with the beauty, has not yet been included in the brand should focus on the consideration of factors. Consumer groups who exercise less than 10 times a month do not have lasting exercise habits and needs and will not choose to spend a lot of money to buy sports equipment. The consumer group whose exercise cycle is more than 10 times a month belongs to the sports population. Such consumers have a stable hobby and continuity for fitness sports. In order to obtain better exercise experience and effect, they will choose to buy professional and relatively expensive sports equipment.

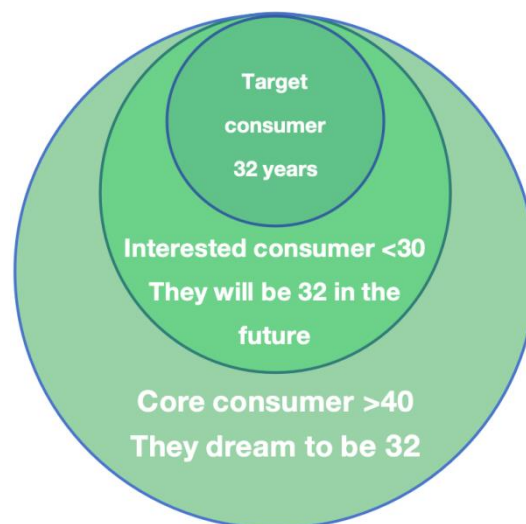
## **2.3. Target Consumer Group**

Wilson became interested in the social phenomena of women graduating from North American colleges at a rate of 60 percent in the 1990s, which had increased from roughly 20 percent. The increase in education has delayed the intention to have children, increased the average income of

women, and emerged a new demographic consumer portrait, that is, 24-35 years old, unmarried and childless, highly educated, annual income of 80,000 yuan, own their own apartment, such as sports, travel. Wilson calls the target demographic "Super Girls". Today, "Super Girls" expand to the "new middle class", they in addition to love life and sports, while not sensitive to price, but more care about quality, including fabric functionality and fashion design sense. These 22-year-olds have a great job after graduation, own their own apartment and a cat, love travel, fashion and are willing to pay for high quality. At 32, they will marry, have children as they wish, and still work full time or have a part-time job [2].

In the Chinese market, lululemon's marketing logic should be called "brand circle". The conventional idea of breaking the circle is to beat a precise crowd first, and then conquer the next potential. This results in the separation and weak connection between the different circles. Every time people hit a new crowd, they have to launch new products and marketing systems, and even launch sub-brands to adapt, and they will inevitably spend more money on advertising. The relationship between layers is more like "parallel superposition".

lululemon's various circles are constantly "nested" to the super girl, and the initial circle has a strong correlation with the extended circle, and the first circle naturally drives the consumption decisions of the following circle in daily life [3]. Although the circle has grown larger, a product and marketing system can accommodate everyone. Thanks to the "compound interest" associated with the circle, lululemon's marketing rate has been maintained at 2-5%, far lower than the 10% apparel industry (Fig 1).



**Figure 1.** "Brand circle" of Lululemon

### 3. Marketing Theory Driven

#### 3.1. Adopt the "DTC" Marketing Model and Decentralized Organizational Structure

##### 3.1.1. DTC (Direct to Consumer) Is a "Consumer-Centered" Marketing Model.

lululemon seized the advantages of DTC directly touch consumers when selling, and directly communicate with consumers through self-built official websites, offline stores, community marketing and other channels. "DTC" model is very significant for Lululemon to establish community and brand culture in the early stage. In the later stage, it learns Dyson's classic marketing and opens a pop-up store in China, the main purpose is to make the brand younger, improve consumer awareness, increase sales and test consumer response. When store staff sell products, they indirectly build community and spread brand culture. On this basis, Lululemon builds stores into interactive laboratories, where brand parties can directly receive feedback from consumers and make rapid adjustments to products, marketing and consumption experience based on consumer feedback data.

It helps brands improve operational efficiency and user retention. Additionally, the "DTC" model serves as the catalyst for its community marketing. Following the offline experience course, customers can immediately remove the brand's apparel to get ongoing feedback and experience, which can help to better preserve a tight link between the community and customers. The benefits of the "DTC" approach have become increasingly clear as the Internet has grown, and customers can now interact through public accounts, e-commerce sites, and other channels to create private traffic [4].

This model is now a crucial avenue for brand marketing and is becoming more and more significant in the process of developing a brand. Lululemon's "DTC" model leveraged the opportunity of "life on the cloud" to develop direct channels with more clients during the global COVID-19 epidemic, thereby highlighting the model's dominant advantages.

### **3.1.2. Unique Advantages of Decentralization.**

Lululemon monitored the private community and the public channel, realized that the content system is the key, the need to digitize the shopping guide ability, with the help of content to link consumers and the global retail scene through decentralized production and distribution of content, and then through centralized management supervision, so as to solve the contradiction between personality and scale. After investigation, a set of "combination" of online and offline, public and private linkage was restored: relying on store shopping guides to create KOS, disseminating content and draining offline through many social media and using enterprise wechat to pull online increment. This not only retains the personalized elements of shopping guides, but also enables online dissemination in a large-scale way, while reducing risks and improving operational efficiency under the management of headquarters.

### **3.2. Service Concept Driven -Adhering to the Purpose of Consumer First**

Lululemon targets middle-class women who have sufficient disposable income, starting with yoga and female customers. Using the service quality of customer value perception as a factor, objectively drive consumers to complete the transaction. This is also the first time that the service aspect has been focused in the study of drivers of value perception. Meeting user demands and generating service value are the cornerstones of service supremacy, an interactive activity of value transfer between service providers and users.

The concept of service first is reflected in many aspects of brand operation, and its core focuses on the expansion and upgrading of products. The development and growth of the brand cannot be separated from the continuous upgrading of products and gradually rich product lines. Lululemon was established at the beginning to create a hedgehog brand, in the early brand development, Lululemon with durable fabrics, simple design, innovative fashion style unique, and cultivate a large number of early loyal customers, thus establishing a brand community. In the subsequent development process, Lululemon pays attention to the continuous updating and upgrading of products and constantly improves product performance, so that the key output content of community operation keeps changing and the scope of community members gradually expands. In terms of the innovation of sports apparel, in an effort to address genuine product pain points, Lululemon has been designing ergonomic, useful products, incorporating humanistic features into the design of yoga pants, solving numerous challenges in the field of apparel design, and optimizing to satisfy customer needs. Currently, the Lululemon brand has grown to offer a wide range of products. This includes both specialized and more categorized items, demonstrating the brand's ongoing efforts to broaden and deepen its product offering. Initially focused only on female yoga, the brand has gradually expanded to include sports apparel for running, cycling, training, swimming, and boxing. Additionally, in response to community members' recommendations, keep upping the individualized and varied product creation in order to meet the demand for sports consumers and grow the brand's influence.

### **3.3. Unique Selling Points (USP) -Solve Product Pain Points**

In 1998, the lululemon core fabric Luon was introduced. The main material is high elasticity, high permeability, soft and comfortable. It is understood that the fabric is composed of 86% nylon and 14% lycra, which solves the problem of transparency of yoga pants; Through the seamless crotch cutting and diamond lining design, the yoga pants Camel Toe problem is solved, making lululemon products can be applied to outdoor scenes. In addition, lululemon has also done a lot of "wire work" to increase users' Aha Moments [5]. Such as increasing invisibility Pocket, thumb hole, trouser bottom reflection and other invisible cool point design.

## **4. Current Challenges and Proposals for Future Development**

### **4.1. Market Selective Sinking Coexists with Brand Crisis**

lululemon, which opens an average of 30 new stores in China every year, began to enter second-tier and third-tier cities in the first half of this year, including Fuzhou, Haikou, Qingdao and Xian. The high-end consumption power of secondary cities has enough room for growth, and the disposable proportion of clothing is actually higher than that of first-tier and second-tier cities. However, lululemon, as a Canadian brand, also faces geopolitical uncertainties like Nike, Adidas and other international brands.

### **4.2. Coping Strategies**

As the target strategy of the enterprise gradually shifts from the first line to the second line, its audience users should also change from simple yoga enthusiasts to all groups interested in yoga and want to try or exercise. Not only focus on the top consumer groups, but also pay attention to mid-end consumers, position the audience as the new middle class, adhere to the high-end route, and try to develop areas such as "star products". Lululemon should flexibly adjust the proportion of female and male product line research and development at each stage, actively explore the male market, and provide the same high-end sportswear for urban male white-collar workers.

The current price of Lululemon is generally high, and the target consumer group is high income and high consumption group. However, with the change of target strategy, its price should also be adjusted and changed accordingly. The overall income and consumption level of second-tier cities is lower than that of first-tier cities, so in terms of market pricing, products and pricing suitable for the target audience should be launched. When entering and developing the second-tier city market, you can refer to the development target market of the first-tier city market, and choose whether the region is orderly, depending on sound rules and their effective implementation.

## **5. Conclusion**

Lululemon's new brand approach in the Chinese market has created a distinct brand positioning. In order to give customers a feeling of identification and belonging to the brand, it leverages the powerful communication channel of emotional marketing. This creates a positive cultural milieu, draws customers together through culture, and builds brand communities both online and offline. The success of Lululemon has much to learn from China's sports brand. Li Ning, Anta and a series of domestic sports brands are now facing difficulties in the development of the urgent need to rebuild brand memory, the establishment of consumer pain points. While reshaping the brand, it clarifies the core values of brand communication and strengthens the marketing strategy of brand culture. Not only with the advantages of popular social media, but also with word-of-mouth marketing, play the integration effect of communication, and then enhance the competitiveness of the brand, promote the development of the brand and market success.

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