

SWOT

Analysis



Strength

Differentiated portfolio in *premium positioning*

Lululemon's brand image as a fashionable and innovative athletic clothing provider has been globally recognized, attracting a loyal fan base to the brand. Lululemon also owns staple items in various categories: lululemon Aligns for women, ABC pants for men, and the bag assortment such as the Everyday Bag. Lululemon's recently introduced shoe collection(2020) helps the brand to become a full-coverage sportswear brand. Meanwhile, the company's selected **ambassadors**² include elite athletes, local entrepreneurs and business owners who have an established profile of health and wellness, solidifying lululemon's premium image in health and wellness. Leveraging these identities' influence and connecting to their belonging communities, lululemon continuously extends its premium image and maintains their loyal consumer base.

High-impact *experiential retail*

Lululemon's immersive shopping experience enhances its community-based marketing. The company's four primary pillars of **sales channels**¹ include Wholesale, Campus, Corporate, and Team Program provides multiple triggers to reach new customers. Shopping at lululemon may start from: a yoga class trail taught by yoga ambassadors from the company, a glance to an **ambassador**² and/or **influencer**³'s social content, or visiting your favorite local fitness studio. A particular focus in brick-and-mortar sales and experiential marketing, including curating offline pop-up shops and activities, offers the brand more opportunities to outreach to various customer demographics.

¹ Online resource. Retrieved from: <https://info.lululemon.com/about/strategic-sales>

² Online resource. Retrieved from: <https://shop.lululemon.com/ambassadors/about-the-program>

³ Online resource. Retrieved from: <https://shop.lululemon.com/en-ca/story/lululemon-collective>

Strength

Women-oriented, value-driven narratives

This strength is instrumental in planning and promoting lululemon's women's basketball collection. A historically inherited women-oriented narrative brings the company a wide range of women consumers identify or prefer to be living in the lifestyle lululemon presented, helps make visceral the brand's key product differentiator: designed by and for women. Meanwhile, lululemon has a track record in supporting women in sports, such as the initiative **FURTHER**¹, which helps women runners challenge their physical limits.

Industry leader in *innovation* and *technology*

Lululemon has a promised ability to fit in the varied needs in sports. As a product-based company, it owns a series of trademarked products and technologies such as the fabric technology **Nulux**² and **Everlux**³. Lululemon's research and development (R&D) department has strong ability to develop new products based on its proprietary fabric and design technology, as well as the research on physical performance.

¹ A women's ultramarathon. Retrieved from: <https://corporate.lululemon.com/media/press-releases/2024/03-05-2024-190015999>

² Online resource. Retrieved from: <https://info.lululemon.com/design/fabrics-technology/nulux>

³ Online resource. Retrieved from: <https://info.lululemon.com/design/fabrics-technology/ever-cool-everlux>

Weakness

Limited brand recognition in sports

Lululemon's publicity has been associated closely with yoga. Founded as a yoga apparel provider for women's leggings and yoga pants, the brand has predominantly been known as a brand for yoga. The brand's marketing, which centers on yoga activities, further strengthens this image. Lululemon's current product profile offers limited opportunity for the company to engage in mainstream sports like American football, basketball, and baseball in North America. Although the company has been the outfitter for the Canadian men's and women's beach volleyball teams for the 2016 Summer Olympic Games, this partnership rewards the brand with limited publicity among consumers outside sports. The company's recent marketing efforts in sports, such as tactic **FURTHER**¹, also needs more time to gain publicity.

Reputational risk from former CEO

Lululemon's founder has recently garnered negative publicity due to ongoing discussion on Wilson's comments on the company and other trending topics, including the company's commitment to diversity and its current promotional marketing visuals featuring varied body types. Although lululemon has issued a **statement**² distancing itself from Wilson, media outlets and consumers will likely extend associating his statements with the brand.

¹ Online resource. Retrieved from: <https://shop.lululemon.com/story/run-further>

² Online resource. Retrieved from: <https://www.thestreet.com/retail/former-lululemon-ceo-issues-a-shocking-statement#:~:text=%E2%80%99CChip%20Wilson%20does%20not%20speak,a%20very%20different%20company%20today.%E2%80%9D>

Weakness

High price of products

Lululemon's products have a high price compared to its competitors in sports and in its own niche. Items such as leggings and bras typically range from \$90 to \$130, which may **deter new customers** from making their initial purchase due to the high cost. However, loyal customers appreciate the **premium quality** and **durability** of Lululemon products, allowing them to use the items for an extended period and reducing the frequency of purchases. Despite this, Lululemon maintains its **pricing strategy** even during key marketing events like Black Friday, while other brands may offer significant discounts.

Limited brand owned content

Lululemon has a limited ability to **develop content**. As a product-based company, lululemon struggles in attracting new customers to their digital apps and fitness services - the fitness product **MIRROR**¹, which has been recently discontinued by the company. In an industry where content plays a crucial role in market expansion, lululemon may miss out on opportunities to gain market share. While the company's **partnership with Peloton**² to provide digital content may help address this gap, resolving this shortage may take time and effort in the coming years.

¹ Online resource. Retrieved from: <https://fr.shop.lululemon.com/story/mirror-home-gym>

² Online resource. Retrieved from: <https://shop.lululemon.com/story/peloton-partnership>

Opportunity

Ad rule changes in college basketball create *product gap*

The recent changes at **The National Collegiate Athletic Association (NCAA)**¹ allowing athletes to make profit reveals the significant gap in the basketball apparel industry, particularly for women - they have been asked to perform their gender to be **more marketable** than men. However, the current narratives and products in basketball are **man-oriented**. From the sneaker culture in brands like Jordan Shoes and to basketball-inspired styles like LeBron James, the market reflects the image of a male than a female. This change in demand presents opportunities for brands who can help women to express their identity freely.

Advances in *emerging technologies*

The development of advanced technologies including wearable technology, Artificial Intelligence (AI), Artificial Reality, Virtual Influencers (VI) has revolutionized the fan, player, and team experience. This trend increases consumer awareness and publicity to companies who have a focus on technology innovations. Meanwhile, a growing customer engagement with **social channels** (TikTok, Instagram, YouTube) among age groups **18-29 years** presents opportunities for brands to reach younger demographics. Brands that strategically respond to these trend may engage online communities and reach new customers.

¹ Online resource. Retrieved from: <https://www.ncaa.org/news/2021/6/30/ncaa-adopts-interim-name-image-and-likeness-policy.aspx>

Opportunity

Growing call for *gender inequality* in sports

Gender inequality has long been a topic of discussion in basketball, with issues ranging from salary disparities to inadequate facilities and media coverage that remain unresolved. Leading organization including **NCAA**¹ has stepped in and been making progress in addressing the issue. Furthermore, the recent heightened awareness of **diversity, equality, and inclusivity (DEI)**² has brought increased attention to gender inequality in sports. Brands that can proactively respond to and address these issues may emerge as leaders in the basketball market.

Growing publicity for women's sports

In recent years, the average of share of sports media coverage for women's sports **grows drastically**³ across traditional and social media. The advances in emerging technology, including smoother streamlining and mobile experience, attracting young generation to watch women's sports more than other consumer content around games on social media, creating a unique opportunity for brands. Other major activities, including the **2028 Summer Olympics**⁴, will bring attention to the broad sports industry, creating opportunities for brand partnerships and a high-impact presence. The growing publicity for women's sports will increase public awareness of sporting activities and promote a more active lifestyle, ultimately driving traffic to the activewear industry.

¹ Online resource. Retrieved from: https://www.espn.com/womens-college-basketball/story/_/id/34273158/report-says-ncaa-makes-progress-gender-inequality-mens-women-basketball-tourneys

² Definitions from U.S. Securities and Exchange Commission. Read more at: <https://www.sec.gov/about/diversity-equity-inclusion-and-accessibility>

³ Davin. L. Forbes. Media Coverage For Women's Sports Has Nearly Tripled In Five Years, According To New Research. *Forbes*. <https://www.forbes.com/sites/lindseyedarvin/2023/10/31/media-coverage-for-womens-sports-has-nearly-tripled-in-five-years-according-to-new-research/?sh=3e77e5dd5ebb>

⁴ The 2028 Summer Olympics, commonly known as Los Angeles 2028 or LA28, is an upcoming international multi-sport event scheduled to take place from July 14 to 30, 2028, in Los Angeles, California, United States. Read more at: <https://la28.org/>

Threats

Supply chain shortages

Lululemon heavily relies on trademarked fabrics sourced from out-of-state suppliers, with only **3.65%**¹ of production completed in-state. The brand heavily depends on overseas suppliers and vendors, particularly in **Vietnam (1/3)**² and **Taiwan, China**. However, the limited number of third-party suppliers has led to issues such as **factory shutdowns**, **shortages in sources**, and **quality concerns** arising from short-term contracts. This makes it challenging for the company to maintain production consistency and quality control, given the long distances involved and timing issues in product delivery. Additionally, Lululemon's rapid growth may outpace its ability to effectively manage operations and protect the brand.

Strong *competitions* in sportswear

Lululemon faces strong competition in both the sports and yoga niches, both domestically and internationally. **Primary competitors** such as Nike and Adidas dominate the broader sports market, while **emerging competitors** such as Alo Yoga pose challenges in the yoga niche. Furthermore, **vendors** in global regions like China can offer products of decent quality at lower prices due to strong local manufacturers.

¹ Online resource. Retrieved from: <https://corporate.lululemon.com/~media/Files/L/Lululemon/our-impact/people-who-make-our-products/lululemonSupplierListFinal060822.pdf>

² Calvin McDonald, lululemon's chief executive publicly announced a third of the company's global sourcing come from Vietnam. Read more at: <https://www.nytimes.com/2021/09/08/business/lululemon-supply-chain.html>

Threats

Limited market size among *middle* and *high-class income* consumers

The category of health-conscious, fitness-inspired, middle to high-income consumers is relatively small. Within the United States, only **a small percentage**¹ of consumers fall into this category, with a strong geographic concentration on the West Coast and metropolitan areas like New York. Additionally, **basketball markets for women**² is significantly small compared to man's. The limited market size poses challenges for sportswear brands seeking to attract new customers.

Ongoing changes in *customer behavior*

In 2024, sports enthusiasts are seeking dynamic activities. According to a report from Mckinsey³, more people are opting for **more-accessible sports** - activities that are easier to learn, require less commitment, and offer a more social experience, rather than organized sports with fixed schedules or team requirements and high skill levels. Leisure activities such as Pickleball, golf, and **basketball** has been ranked high among other sports, according to a report from SFIA⁴. This trend makes it challenging for brands to develop new product lines such as basketball and retain customers within their niche.

¹ Online resource. Retrieved from: <https://corporate.lululemon.com/~media/Files/L/Lululemon/our-impact/people-who-make-our-products/lululemonSupplierListFinal060822.pdf>

² According to data from Statista, level of interest in basketball among women is significantly small than men, with 63% respondents had no interest in the NBA. Read more at: <https://www.statista.com/statistics/1098381/national-basketball-association-interest-gender/> and <https://www.statista.com/statistics/1108312/women-national-basketball-association-interest-gender/>.

³ Source: *Time to move: Sporting goods 2024*. Mckinsey. Read more at: <https://www.mckinsey.com/industries/retail/our-insights/sporting-goods-industry-trends#/>

⁴ Source: *SFIA Topline Participation Report 2023*. SFIA. Read more at: <https://sfia.org/resources/sfias-topline-participation-report-shows-strong-positive-trends-across-multiple-sports-and-fitness-categories-2/>