Competitive Analysis

**Lululemon SWOT**

**Strengths:**
- High customer loyalty
- Doesn’t need to markdown because 95% of clothes sell through at full price
- Stress importance of employee-customer relationship so that they can better understand what their customer likes
- Trademarked fabrics so only they can use it
- One of the first brands to innovate activewear before the rest of the world
- Strong “yoga” image
- Great relationship between style and functionality

**Weaknesses:**
- Specialized and highly specific niche market can be bad because if that customer isn’t happy, then they have no one else to sell to
- High prices
- Has had recent troubles with quality control (ex. See-through leggings)
- Very bad press about not selling larger sizes
- PR and Marketing teams have not been successful in addressing company blunders and creating a solution ending with customer satisfaction

**Opportunities:**
- Re-invent image
- Expand to wider range of customers
- Expand to non-yoga activewear
- Design children’s/teen line
- Room for more innovation in fabric technology

**Threats:**
- Niche customer becomes disloyal to brand
- Weakness in retail economy makes Lululemon vulnerable to mass market imitators
- Regaining control over the social media message and company image may require substantially more cost than the $1 million allocated budget. It might leave a wider opening for competitors to gain market share than expected

**Nike SWOT**

**Strengths:**
- People trust the brand
- Works with celebrity athletes
- Appeals to large range of customers and they are all willing to pay for Nike’s high prices
- Wide range of product for all ages including shoes, accessories, sports equipment and clothing
- Has trademarked fabric

**Weaknesses:**
- Brand is more specialized for sport than style
- Even though they sell a range of products, their business is very dependent on footwear sales
- Price is higher than other brands
- Nike customers are generally not as loyal to the brand in comparison to Lululemon customers and will shop between a few brands like Adidas, Nike, Under Armour etc.

**Opportunities:**
- Launching a more activewear/fashion line that focuses on style more than sports
- Sponsoring more athletes in global sporting events could help increase its international presence and popularity
- Delving deeper into designing products in addition to the apparel sector

**Threats:**
- Emerging sportswear lines for high-end designers take away clientele
- Competitors price their items at lower price, which pulls the Nike’s customer away
- Addition of more product developments lead to a diluted image of Nike

**Athleta SWOT**

**Strengths:**
- Larger niche market than Lululemon
- Clothing marketed not just for yoga, but also for a range sports
- Focus is balanced between style and sport
- Owned by Gap, which is a brand people know and trust, also financially stable
- Prices are high but not as high
- Sell wide range of sizes

**Weaknesses:**
- Still high priced and slim market
- Designs are not as fresh as Lulu
- Split consideration of style and sport confuses the customer on why they need Athleta

**Opportunities:**
- Designs become more functional
- Open more standalone stores
- Larger size embrace ment brings customers from Lulu to Athleta

**Threats:**
- People only shop there for style and not for actual exercise, therefore loses recognition for being an activewear company
- Brand competes too closely with Lulu and people pick Lulu over Athleta
- Overexpansion leads to financial problems
Marketing Plan

One broad trend that we will see in the next few years is adventure. Accordingly, Lulu’s new direction will emphasize going out in the world to explore new terrain, have an adventure, and make a change. Change is why we wear activewear. We want to make a difference in how we feel, look, or act. It’s time for Lulu to make a change and have a bold edge. This collection has harder angles and cuts but still allows for the versatility and functionality that has always been at Lulu’s core. This collection is made for people who are constantly on the go, for commuting, traveling, exercising and everything in between.

**August:** Lululemon’s reinvention and redesign program begins in August with a social media-focused campaign (Fig. 1). The primary focus of this campaign is to acknowledge that Lulu has had some bad press with their leggings, apologize for it, and move on. This is a bold move that will get a lot of attention from the public. This ad is inspired from the Volkswagen lemon ad that came out in the late 50s. This ad will be posted on social media and be circulated throughout the Internet. Because it’s a bold advertisement, it has the potential to go viral, which would give Lulu more attention without paying for it. Print magazines with the advertisements will also be used to not only give a nod to the original context of the VW lemon ad but also because older clientele are usually not as active in social media but will pick up and read a magazine. Furthermore, press releases will be written and circulated within online publications that announce Lulu’s redesign.

**September:** September is the actual launch of the new fall designs. A larger amount of the budget is to be used over any other month because new things get the most attention early on. As part of Lulu’s change, they have a new mantra: “Respect the sweat. Embrace your build. Revel in it.” In-store signage that says segments and the full mantra will be placed in every store as well as advertised on social media platforms including Facebook to boost the e-commerce side. A launch party in which industry leaders, celebrities, and high profile people will be important because of the press attention that follows. This is also a good way of finding and approaching celebrities to see if they would consider endorsing them or becoming spokespeople. Press releases are important because it creates more positive press around Lulu.

**October:** October is focused on bringing in guest lecturers that are free and open to the public that talk about health, yoga, and other topics on exercise and nutrition. This helps to gain customer loyalty and interest. We will also institute an Instagram contest in which participants have a chance of winning a trip somewhere to go on an adventure. By October, we will have celebrities willing to be spokespeople or endorsers, which we will keep on a retainer until January 2016. Ideal spokespeople include celebrities that love yoga, athletes, or health and wellness bloggers.

**November:** November is similar to October however, because November is the start of the holiday season, we will be putting a heavier emphasis on guest lecturers. Since there will be more foot traffic on streets and especially with Black Friday, the guest lectures will be more popular, which means more people will be coming into the stores. Press releases too will help promote these lectures. We will increase investment on endorsers so that they continue to stay with Lulu for the rest of the campaign.

**December:** This is the most important month for sales. Celebrity endorsements are key and we will be having another travel raffle contest to gain more customer excitement and reason to come into the store and shop at Lulu. Employees will be standing outside the door handing out fliers and stickers saying, “what’s your new mantra” because it’s almost the new year.

**January:** There will be a big push on New Year’s resolution and making your new “mantra.” Celebrity endorsements will also be emphasizing that. Facebook will also be key in promoting the brand and especially its e-commerce side.
LULULEMON: REINVENTION AND REDESIGN

Excel Spreadsheet

Lululemon Re-Launch Plan
Marketing Budget - August 2015 - January 2016

<table>
<thead>
<tr>
<th>Timeline:</th>
<th>Aug-15</th>
<th>Sept</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Jan-16</th>
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<td>Thanksgiving</td>
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Grand Total | $1,000,000 | | | | | | | |

Percent of Grand Total | 100% | | | | | | | |

Ad Examples

figure 1.

figure 2.

RESPECT THE SWEAT

Lulu Lemon.

We know we had a problem with quality control. Dissatisfied clients were not an option for us if you had them. This was Lulu's lemon. We’re bending over backwards on quality to ensure that you can successfully do so. We’re breaking a sweat so that you can break one too.

And now, we’re the new Lulu Lemon. And this time, you can turn your backs on us.
Three Retailers

Bloomingdales: Customers at Bloomingdales shop in the same price point as that of Lululemon. Bloomingdales has 37 stores at 13 outlet stores and has a huge e-commerce presence. 37 stores is a perfect balance between large and small for Lululemon to re-introduce their product in because it makes their clothes seem more exclusive than if they sold it to more mass-market retailers. If they were to sell at Bloomingdales, they should have an in-store boutique and rent out space inside the store. That way, they maintain the strongest image of the brand.

Neiman Marcus: Neiman Marcus is similar to Bloomingdales in that they are both department stores that target wealthier customers like that of Lululemon. Neiman Marcus has 42 locations and again has a large e-commerce presence. Lululemon should only sell there if they have a in-store boutique so that they keep their brand image separate from that of Neiman Marcus.

Lululemon Retail Space: Besides Neiman Marcus and Bloomingdales, the last and best place for them to re-introduce themselves into the market is in their own stores. They have over 200 stores and a well-maintained and an easy-to-navigate e-commerce site. Their stores, unlike some large retailers, are geographically placed in trendy, and crowded smaller locations that attract tourists and local shoppers alike (different than a typical department store buyer). Because we are re-inventing and redesigning Lululemon, the most influential place that people will see the most dramatic change in is in their own stores.
Inspirational Board/Hangtag

Nothing behind me,
Everything ahead of me,
As is ever so on the road
—Jack Kerouac

Garment Name

- Benefit(s) of garment
- Possible contexts to wear it
- Material

Size #
Style #
Color Stories/Prints

Colorway 1

Strike Red  Sunrise Orange  Ocean Spray  Dusk  Smoke

Colorway 2

Electric Pop  Pumpkin  Concord  Deep Atlantic  Olive

Colorway 3

Orchard  Burnt Berry  Regal Purple  Bolt  Midnight

Print Options—All based on urban structures/architecture
Garments

Illustrations representing range from 3 color stories

Jackets/Vests

Colorways

Colorways

Elastic cording pull-tabs
Garments

Tops/Tunics

Colorways

Maxi Tunic

- Elastic cording pull-tabs

Colorways

Nair / Accents

Colorways

Rain

Photo/Text options include:

- 3 print digital print options
- Respect the sweat
- Embrace your build
- Revel in it.
Garments

Pants

Colorways
Marl Accent

Colorways
Marl Accent

Elastic wording sides

Skort

Colorways
Snap-on skirt layer
References


