

PRA COMP EXAM

SWOT Analysis on lululemon

Strength:

1. *Strong brand recognition*

lululemon is a highly recognizable and respected brand famous for its outstanding quality and stylish activewear.

2. *Retail Store Experience*

Other than activewear, lululemon retail stores offer customers unique experiences, like in-store events, yoga classes, and personalized styling consultations.

3. *Strong Financial Performance*

lululemon has demonstrated consistent revenue growth and profitability, with the revenue growth for fiscal years ending February 2019 to 2023 averaging 25.5%, which reflected its effective business strategies and strong market position.

4. *Pioneered the market with cutting-edge product design and kept up the quality*

Although cute activewear is very accessible to this generation, it was not common in the early 2000s. lululemon alerted the opportunity and designed the athletic wear in a stylish design. This helps them to stand out from other competitors at the earlier stage.

5. *Wide distribution and reach*

In total, it has 655 retail stores worldwide. The U.S. has the largest sector, with 350 stores, while China is the second largest. The remaining sectors are distributed from other Asian countries and European countries.

Weakness:

1. *High retail price*

Even though lululemon is well-known for its quality and design, the price is a matter as it is only very affordable to some.

2. *Limited product choice and diversity*

lululemon is primarily known for its yoga-wear product line. Even though it has launched some other products like tennis skirts or joggers, its product variety is still less competitive with its competitors.

3. *Company controversy*

During an interview recently, lululemon's founder and former CEO Chip Wilson mentioned that "you don't want certain customers coming in." during an interview recently. Yet, this is not the first time he mentioned something like that. He also said that "some women's bodies just actually don't work" in lululemon's yoga pants during an interview on the Bloomberg show "Street Smart" in 2013. These sayings hurt lululemon's image badly, and the public kept asking Chip to clarify the meaning of what he said.

Opportunity:

1. *Increased purchasing power on Gen Z and millennials*

Although the price of lululemon is relatively high, the purchasing power of Gen Z and millennials also increased a lot. Besides, this target audience also emphasizes comfort and trendy outfits. lululemon could benefit from it.

2. *The dependence on digital channels and social media*

Online shopping has become the norm after COVID-19; offering exclusive e-shopping experiences and expanding social media promotion will expand its profit in the future.

3. *Increase demand in the activewear market*

According to an activewear market research report, it is anticipated the global market will rise at a considerable rate between 2023 and 2032. lululemon could expand its product variety to meet market demand.

Threat:

1. *Increasing number of competitions*

As people noticed the opportunity for the women activewear market, more brands emerged, some sell with a more economical price, like Fabletics or Aerie. This may reduce the attractiveness of lululemon.

2. *Economic Uncertainty*

Economic downturns or recessions could reduce people's spending on unnecessary items like activewear, especially lululemon, which is praised as the "luxury" of the activewear industry. lululemon's sales may be affected.

3. *Customers' Preference Changes*

Since activewear is promoted to be a popular outfit style currently. Therefore, there is a demand for activewear. Once the trend or needs changed, such as the decrease in demand for activewears or the increase in design expectation for activewear. lululemon may need to adapt its product offerings and marketing strategies accordingly to remain relevant in the market.

Reference:

Blake, S. (2023, October 25). *Millennials, gen Z splurging more than boomers*. Newsweek. <https://www.newsweek.com/american-consumer-spending-uptick-baby-boomer-gen-z-millennial-1833604>

Circle, F. C. (2023, December 1). *Activewear market size in 2023 : Growth Opportunities and future outlook 2030*. LinkedIn. <https://www.linkedin.com/pulse/activewear-market-size-2023-growth-opportunities-xflif/>

/entity/gennaro-Cuofano. (2023, June 15). *lululemon stores*. FourWeekMBA. <https://fourweekmba.com/lululemon-stores/>

TodayShow. (2024, January 8). *The lululemon controversy over “certain customers” comment, explained*. TODAY.com. <https://www.today.com/popculture/news/lululemon-chip-wilson-controversy-explained-rcna132284>

18 best brands to shop for inexpensive workout clothes (that don't ... (n.d.). <https://www.womansday.com/health-fitness/g41742408/cheap-workout-clothes/>