

MKTG 6050

Case for Questions

Lululemon Athletica, whose upmarket leggings and sweatpants have taken affluent North Americans by storm, is making plans to invest heavily in its Mirror home fitness platform to further grow its revenues. The Mirror looks like a regular full-length mirror, but provides access to a certified fitness trainer via streaming. The exercise classes are often live, but some are pre-recorded. The two-way mirror/camera allows for checking out performance and lets the instructor see the trainee also. It also allows the Mirror's owners to follow customized workouts tailored specifically for each user. The Mirror competes with companies such as Peloton, which allow users to attend spin classes from home.

“Our customers were seeking more convenient at-home options before COVID-19, and they will continue to seek these options post the pandemic,” said Calvin McDonald, Lululemon chief executive, in a recent earnings call. “We plan to continue to invest further into this advantage by adding even more live classes across more workout options to the Mirror, while also investing in the overall guest experience in building this powerful community.”

When it comes to its apparel business, Lululemon is planning to more than triple the proportion of its revenues from overseas in an intensified global branding push in countries from the U.K. to Japan. In sharp contrast to other clothing companies hit hard by the coronavirus crisis, Lululemon's market capitalization has swelled to US\$50 billion this year thanks to higher demand from housebound consumers for athleisure wear — items worn casually as well as for exercise.

In 2018 and 2019, Lululemon's stock price was steadily declining due to slowing sales growth and concerns that the athleisure trend might be coming to an end. Today, by contrast, Lululemon's stock price has risen to new highs while the company reports record online sales.

Despite its recent success, analysts are divided regarding Lululemon's future prospects. Some fear that Lululemon's success is unsustainable. Once the pandemic ends, they argue, demand for expensive leggings and sweatpants will inevitably decline. They also feel that the Mirror is more of a gimmick than a real fitness tool. They also argue that other Athleisure brands, such as Vuori and Athleta, are growing in popularity. Other analysts, by contrast, are extremely optimistic regarding Lululemon's future. They argue that working from home is likely to become more common and that people will be slow to return to gyms.

Questions:

1. Please conduct a SWOT analysis explaining Lululemon's strengths, weaknesses, opportunities and threats.
2. Given your understanding of international marketing and new product development, what are some of the challenges that Lululemon is likely to face with its growth strategy? What do you think that it should do to address them?
3. On the basis of the information provided above and your understanding of marketing, how can Lululemon effectively use the 4 P's to ensure that it is successful. (Please make clear and detailed recommendations for each P)