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Analysing Lululemon's Localisation and Community Marketing Strategy in China in the Context of Globalisation

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Abstract

As an athleisure brand known for its women's yoga trousers, Lululemon Athletica, Inc.('Lululemon') does not pursue celebrity endorsement, but instead works with brand ambassadors and local communities to create offline brand communities and a sense of belonging among customers. Reacting to the pandemic's impact, Lululemon is rapidly becoming a brand comparable to Adidas and Nike, due to its superior community marketing strategy in a global athletic apparel market that continues to be sluggish as the global retail industry remains weak.

This report will explore the localisation of multinational brands in the Chinese market through the lens of brand communication. Through the analysis of Lululemon's key opinion leader ('KOL') team marketing model, shop experience activities, vertical retailing and its series of practices in the Chinese market such as the establishment of WeChat communities, this report will consider the advantages and disadvantages of multinational brands in the Chinese market as well as the dilemmas and challenges they face. In light of the current market environment, the role of community marketing in the localisation and promotion of international brands is explored, and corresponding community marketing suggestions are made to build brand loyalty and brand equity in the social media era.

Keywords: Lululemon, branding, global marketing, globalization, community marketing

1. Brand and Industry Overview

1.1 Lululemon Overview

Lululemon Athletica, Inc. ('Lululemon') is principally a designer, distributor, and retailer of healthy lifestyle-inspired athletic apparel and accessories (Lululemon, 2021). In 1998, Chip Wilson founded the company in Vancouver, Canada, aiming to create technologically advanced athletic apparel for both men and women. Lululemon offers athletic trousers, shorts, tops and jackets designed for healthy lifestyle activities such as yoga, running and training, as well as fitness-related accessories such as bags, socks, underwear, yoga mats and water bottles (MarketLine, 2021). Lululemon also has a well-established community operation, turning yoga into a mass participation event. According to Statista (2021), Lululemon's global net revenue in the fiscal year 2020 (which ended in January 2021) was approximately US$4.4 billion, an increase of 10.6% over the previous fiscal year.

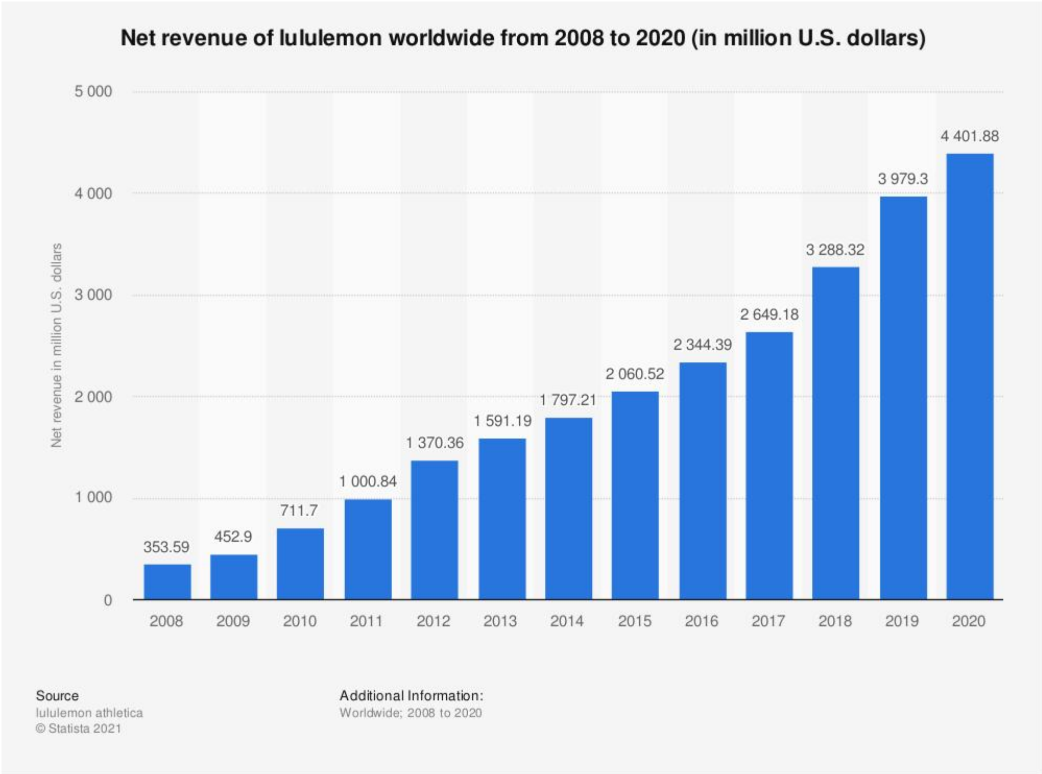

Figure 1. Net revenue of Lululemon worldwide from 2008 to 2020 (Statista, 2021)

As it continues expanding in North America, Lululemon has also begun to push into international markets and online sales, primarily in China. According to Lululemon's2020 Annual Report (Lululemon, 2021), the company has 58 stores in China as of January 2021, making it the country with the highest number of stores and the fastest expansion rate outside of the US and Canada.

Table 1. Number of company-operated stores by country (Lululemon Athletica Inc., 2021)

Number of company-operated stores by country	January 31, 2021	February 02, 2020
United States	315	305
Canada	62	63
People's Republic of China[(1)]	55	38
Australia	31	31
United Kingdom	16	14
Germany	7	6
New Zealand	7	7
South Korea	7	5
Japan	6	7
Singapore	4	4
France	3	3
Malaysia	2	2
Sweden	2	2
Ireland	1	1
Netherlands	1	1
Norway	1	1
Switzerland	1	1
Total company-operated stores	521	491

[(1)] PRC included seven stores in Hong Kong, Special Administrative Region, two stores in Macao, Special Administration Region, and two stores in Taiwan, as of January 31, 2021. As of February 2, 2020, there were six stores in Hong Kong, Special Administrative Region, two stores in Macao, Special Administration Region, and one store in Taiwan.

1.2 Athletic Apparel Industry Overview

Table 2. Porter's Five Forces of Lululemon in Athletic Apparel Industry

Threat of New Competition	Due to the low barriers to entry in the apparel industry, the sportswear industry has become saturated in the global market, and due to the rapid iteration of products in the industry, similar brands producing yoga and sports products have emerged in the global market, such as Athleta, Sweaty Betty, Patagonia, and Fabletics. New Zealand start-up footwear brand Allbirds officially entered the Chinese market in 2019 and started selling functional underwear in early 2020, before formally entering the apparel sector. The brand has an official website, a WeChat app store, Tmall and Jingdong, and four stores in Beijing, Shanghai, Guangzhou and Chengdu. Other than this, there is not much advertising. Allbirds follows the same path of spontaneous proliferation through super users in China, similar to Lululemon's emphasis on a vertical direct-to-consumer retail system.
Intensity of Competitive Rivalry	Lululemon's premium market are threatened by the highly competitive athleisure business; it includes competition from established companies developing new products and competition from new entrants. According to Lululemon's annual report (2021), in the global athletic apparel market, Lululemon not only has to compete directly with wholesalers and direct sellers of athletic apparel, such as Nike, Adidas, Under Armour and Columbia Sportswear Company; but also with retailers that have expanded to include women's athletic apparel, including Gap, Athleta. Victoria's Secret and Urban Outfitters. At present, China has formed a comprehensive athletic apparel industry chain, while most of China's local brands are price-friendly, with outstanding product value-for-money advantages, occupying the minds of the mass consumers. China's leading athletic apparel brands Anta and Li Ning have performed well in various aspects such as revenue scale, growth, profitability level, operation level and return rate. As of 2019, Nike tops the market share of athletic apparel in China with 22.9%, followed by Adidas, while leading Chinese brand Anta is third with a market share of 16.4% and Li Ning with 6.3% (Xinhuanet.com. 2021). Thus, the emerging local Chinese brands also pose a threat to Lululemon's growth and expansion.
Bargaining Power of Suppliers	The apparel industry outsources much of its production to overseas countries due to cost advantages. On the other hand, Lululemon requires raw materials from its suppliers and is highly dependent on them for the supply of fabrics and the production of its products. In particular, Lululemon needs to select the necessary fabrics from approximately 65 suppliers, and its trademarked Luon materials account for about 30% of the company's total fabric usage (Soni, 2014). As a result, suppliers have considerable bargaining power.
Bargaining Power of Customers (Buyers)	Overall, the bargaining power of buyers is low as Lululemon's price is high and Lululemon mainly targets the premium market, targeting new middle class consumers aged 25 to 40 who value quality over price. However, with the development of the social economy and the gradual improvement of people's living standards, consumers' demands for products increase. Meanwhile, the growth and expansion of retail formats and the abundance of products from major brands have increased the convenience and selectivity of consumers' purchases, especially in China, where Lululemon's products sometimes need to be sold through promotions such as discounts using online shopping malls to increase sales and accelerate the flow of inventory. Furthermore, as the products tend to be homogenised, it is effortless for consumers to gather information about the products, including what other consumers have to say, which increases their bargaining power.
Threat of Substitute Products or Services	Lululemon has loyal followers for its products through its unique community business model; however, the threat of alternatives to Lululemon is high as many athletic apparel brands are starting to produce similar products, saturating the market for functional activewear. Notably, Nike launched a new Infinalon collection of exclusive yoga apparel in

	January 2020, designed to give yogis an unprecedented level of comfort with their mats and other materials (Yeung, 2020). According to Nike China's website, the average price of yoga clothing in the collection is approximately RMB 500, a significant price advantage compared to Lululemon's yoga apparel, which costs nearly RMB 1,000 apiece. What's more, American Eagle's Aerie brand has also launched its OFFLINE Real Me collection of yoga leggings, which is significantly cost-effective, which is described as an affordable alternative to Lululemon. These new yoga products, therefore, pose a significant threat to Lululemon's position.

At present, leisure and fitness culture has become one of the mainstays of the fashion industry. In fact, approximately 65% of customers claim they wear sportswear in their daily lives, and the global athletic apparel market is estimated to be worth US$353.5 billion by 2020; and the US is the most significant player in the industry, which is expected to generate over US$95 billion in revenue in the US by 2025 (Statista, 2021). Although Lululemon's net income has increased by almost US$4 billion between 2010 and 2020, Nike, Adidas and Under Armour are still the world's largest sportswear companies in terms of net sales (MarketWatch, 2021). However, due to the low barriers to entry in the apparel industry, there has been an influx of athleisure and performance-oriented brands in the sportswear industry in recent years, which has created a significant challenge for the already saturated athletic apparel market and has exposed Lululemon to strong competitors and ever more new entrants (Table 2). In addition, fast fashion brands such as ZARA and H&M, which have expanded rapidly in recent years, have attracted many young consumers due to their fashionable product designs and lower average prices, creating a significant impact on the traditional sportwear industry.

Due to the pandemic, many offline retail stores have had to suspend an operation, which has undoubtedly had a considerable impact on the industry as a whole. Some brands find it necessary to use internet platforms to run promotions such as discounts to speed up the flow of inventory. However, the Xinjiang cotton controversy that erupted in mainland China in March 2021 plunged many international sportswear brands into a whirlwind of public opinion. Nike and Adidas quickly joined H&M in being perceived negatively by the public. In contrast to the plummeting share prices of Nike and Adidas, and a decrease of more than 73 billion yuan in their market value due to the ongoing controversy, the sales of local Chinese sportswear brands such as Anta and LiNing continue to rise, and their popularity has increased significantly. The share price of one local Chinese sportswear brand has even gone up by around 250% (Tam, 2021).

2. Selected Country vs. Home Market

2.1 The Macro Environment of China

Table 3. PEST analysis of the Chinese market

Political	Economic
• China is a socialist country, and following reform and opening up in the 1980s, it began to progressively implement a socialist market economy system, which drew a huge number of foreign companies and brands to enter the Chinese market, including several multinational athletic apparel brands. • The success of the 2008 Olympic Games brought about a national sports boom, which was directly reflected in the holding of a large number of sports events at all levels and the growth in the number of sports and fitness practitioners, such as marathons, basketball and football tournaments, which actively created a good sports atmosphere and attracted the public to participate in sports together. • The Chinese government has been issuing various documents to include the development of the sports industry as one of the country's key development directions, proposing to vigorously develop the sports industry. The Regulations of the National Fitness (2009) issued by the State Council states that from 2009 onwards, 8 August each year will be celebrated as National Fitness Day, not only to commemorate the successful hosting of the Olympic Games in Beijing but also to promote broader participation in sports by the people.	• China is the world's second-largest economy and has maintained a steady growth momentum since its reform and opening up. In 2020, China's GDP was approximately US$14.72 trillion, and despite a gradual slowdown in real GDP growth in recent years, China's GDP growth reached 6.1% year-on-year in 2019 and is expected to remain around 5.6% after the epidemic (IMF, 2021). • China's consumption levels have remained on the rise for almost a decade, with annual per capita household expenditure reaching US$3,914.168 by December 2020(Ceicdata, 2021). • As a result of the epidemic, a household member in China will spend approximately RMB 1,645 on clothing and footwear in 2020, down from approximately RMB 1,832 in the previous year (National Bureau of Statistics of China, 2021). As the retail size of China's apparel market continues to expand, it is forecasted to reach RMB 542.5 billion in 2024, corresponding to a CAGR of 12.9% from 2020 to 2024 (Daxueconsulting, 2021). • In addition, the need for sports consumption has also changed with the upgrading of China's athletic industry and the upgrading of consumer consumption. Chinese residents have begun to transition from subsistence consumption to development and enjoyment consumption, and their consumption of sportswear has moved from low-grade to mid-to high-grade, and they have become more discerning about the performance and texture of sportswear fabrics.
Social	**Technology**
• China has a population of around 1.4 billion people, according to the results of the 7th Census of China in 2020. Although population growth has slowed in recent years, the overall population can still maintain a specific growth rate (National Bureau of Statistics of China, 2021). In addition, with the accelerated urbanisation process, the urbanisation rate has increased rapidly since 2009 and will exceed 60% by 2020 (National Bureau of Statistics of China, 2021). The large population base and rising urbanisation rate are unique advantages for developing the sporting goods industry in China. • With the continuous investment in sports and fitness infrastructure, marathons and other events are being held around the world, and various fitness clubs and running groups are also in full swing, which has to a certain extent increased the demand for athletic apparel especially in terms of specialisation. More	• China has a high number and proportion of Internet access, with 1 billion Internet users by the end of 2020; in 2018, China accounted for more than one-fifth of the world's 4 billion Internet users, with an Internet user base far exceeding that of developed countries (CNNIC, 2021). In recent years, China has become the world's second-largest online retail market after the U.S. The total transaction value of China's retail e-commerce market reached 10.32 trillion yuan in 2019, up from 8.56 trillion yuan the previous year, and has continued to rise at a rapid pace (Statista, 2020). Meanwhile, the number of people shopping online has exploded, with an estimated 780 million people shopping online in December 2020. (CNNIC, 2021). • With the popularity of e-commerce, the sportswear industry has also entered the Internet+ era, and the online sports services business model has been launched. The main focus is on e-commerce transactions, online

consumers are seeking products suitable for different types of sports to achieve a better sports experience. • As people become increasingly concerned about health issues, sports are gaining more attention and participation, especially with the stimulation of large-scale sports events, such as the CBA tournament throughout the year and the Beijing Winter Olympics to be held in 2022, which will continue to stimulate the national willingness to exercise and also increase consumer demand for athletic apparel to a certain extent. • The Xinjiang cotton controversy at the beginning of 2021 has caused a surge of patriotic sentiment among the Chinese. As a result of this incident, many foreign sportswear brands are quandary, while local Chinese brands are gaining more and more popularity among the Chinese.	sports teaching courses, O2O services, and other value-added services on the C-side. On the B-side, the main focus is on advertising and marketing services, solution services and other value-added services. • The rise of live-streaming platforms such as Tiktok has prompted many sportswear brands to choose these platforms as their main venue to enhance their brand image and increase sales. • In addition to physical transactions, various sports and fitness software such as Keep, Liking, and others have entered the market, making internet sports and fitness a new trend.

With the support of national policies and government action, China's sports apparel industry has maintained its development momentum and a stable overall pattern. China's apparel market is expected to continue to benefit from sports fashion's rise in popularity, the encouragement of national policies, the stimulation of large-scale events and the increasing willingness of the nation's citizens to participate in fitness activities, and to achieve rapid growth in the future (Table 3). However, Chinese consumers' choice between domestic and multinational brands often involves a dilemma between ethnocentrism and their feelings regarding brand quality or image (Wang and Chen, 2004). In particular, the events triggered by the boycott of Xinjiang cotton by multinational brands such as H&M and Nike are gradually changing consumer behaviour in the Chinese clothing market. With a significant portion of Chinese mainstream media speaking out in favour of Xinjiang cotton and the removal of some overseas brands from the shelves of major e-commerce platforms, a wave of support for national products is continuing to surge among Chinese consumer groups.

2.2 The COO Effects

Table 4. Porter's diamond model of the athletic apparel industry in Canada

Factor Conditions	**Related and Supporting Industries**
• Developed country. • Adequate funding. • Well-developed infrastructure and information networks. • Focus on innovation, world-leading position in the development of high-grade fabrics. • Advanced production processes and a well-developed textile machinery industry. • Focus on the training of highly qualified personnel with high-end garment design talent. • Numerous sports stadiums.	• Education (a large number of universities, good quality education and substantial teaching staff). • Apparel industry associations play an essential role in defending labour interests, setting industry rules and communicating with the government. • Mature market mechanisms and less government intervention in the market. • The hosting of major sporting events. • A rigorous training system for employees and a good welfare and security system.

Demand Conditions	**Strategy, Structure and Rivalry**
• Consumer-oriented countries with a broad market space. • High demand for comfort and functionality of clothing in Canada, especially sportswear. • High level of economic development and purchasing power; • Exports.	• Transferring processing and manufacturing links to developing countries with low labour prices, taking advantage of economic globalisation, and retaining a range of high value-added links such as research and development, design and retail. • Focusing on building internationally renowned brands and continuously increasing their influence. • Responding quickly to the needs of the market. • An integrated system of operations, management, commerce, finance and services built on the Internet.

In the era of globalisation, country of origin (COO) is one of the most studied factors influencing consumer behaviour when it comes to domestic versus global brands (Lim and O'Cass, 2001). As each country has its own resources, economic structure, and unique social and cultural history, traces of all these elements are embedded in a brand (Tong and Su, 2021). In the 1990s, athleisure clothing became popular in Canada, and as the variety of sports became more diverse, people tended to focus on one or more sports, and the industry became more segmented, with sportswear and equipment for different sports becoming available. Chip Wilson was keen to see the enormous business opportunity that led to Lululemon becoming a yoga-inspired sportswear brand. However, Canada does not have an advantage in all elements, such as natural resources and labour. It is precisely these disadvantages that are driving the transformation and improvement of the Canadian apparel industry, by shifting the lowest value-added segments of the chain abroad and focusing mainly on the higher value-added components, thereby reaping high profits and maintaining its international competitiveness in the high-end clothing market (Table 4). Although the COO image does influence consumers' product purchases and product evaluations, the international division of labour is increasingly blurring the concept of 'place of production' (Wu, 1999). Due to the myriad of sportswear brands and the speed with which products are updated, consumers can easily switch between the brands represented in their wardrobe. For the athletic apparel industry, the COO effect is less obvious than it is for some other industries.

Figure 2. Cultural dimensions compared with Canada and China (Hofetede Insiths, 2021)

Hofstede (2021) contends that the cultural dimension represents an independent preference for a state of things that can distinguish countries (rather than individuals) from each other. As Figure 2 shows, Canada scores much higher than China on both individualism and indulgence, meaning that Canada is a country that encourages self-expression and intellectual autonomy. Therefore, in the business world, employers may expect employees to be more self-reliant and show initiative. For example, Lululemon links the values of action, wellness and personal responsibility to the company's expensive yoga-inspired sportswear collection, so that customers are not only buying a new piece of clothing, but also a lifestyle and a set of values. Meanwhile, there is a Lululemon Manifesto wall in the brand's stores where employees write their own personal Sweatlife manifesto: a manifesto that is not a sales goal but a life goal. In this way, the concept of Sweatlife influences consumers and helps each employee unlock their potential. The promotion of this healthy lifestyle idea is one of the reasons for Lululemon's popularity in the Chinese market.

3. Lululemon's Global Marketing Strategy

3.1 SWOT Analysis

SWOT analysis is a method used to identify a company's competitive strengths, weaknesses, opportunities and threats, thus organically integrating its strategy with its internal resources and external environment (Cymeon Research, 2021). Through the specific analysis of Lululemon above, the SWOT matrix of Lululemon's strengths and weaknesses in China as well as the opportunities and threats it faces in the market it belongs to can be fully summarised as shown in Table 5.

Table 5. SWOT analysis of Lululemon in China

Strengths
• Lululemon has become famous for its yoga leggings and has a wealth of experience in the design and production of sportswear, as well as an accurate grasp of global fashion trends. • Lululemon has a wide range of products, and in recent years the men's collection has been proliferating, meeting the diverse needs of customers and making it easy for them to shop. • Lululemon's products have a strong sense of fashion and focus on incorporating popular fashion elements into them when designing and producing, with the appearance of colour blocking, mixing and matching and other diversified design modes, creating sports and leisure apparel that is both fashionable and functional. • Lululemon emphasises the use of sustainable materials in product development and focuses on product and fabric innovation (Lululemon Athletica Inc., 2021). • Lululemon focuses on omnichannel marketing, and the brand offers its products through company-operated retail stores, showrooms and an e-commerce website (MarketLine, 2021). • Lululemon began its entry into the Chinese market by targeting consumers in the fitness community where the stores were located, attracting them through recommendations from fitness instructors and free yoga classes, gradually building a community of users and developing a loyal consumer base expanding the brand's awareness. • Lululemon reinforced their brand perception through social marketing, with customers connecting with the brand through offline experiences and spontaneously spreading the brand concept.
Weaknesses
• Reliance on outsourced production. • Lack of mid-range and lower-end market products. • Lululemon derives 71.7% of its revenue from the US and is dependent on the US market (MarketLine, 2021). • Consumer demand varies widely across different regions of China, and an undifferentiated product offering does not better fit the geography. • Lululemon's products are uniformly designed and developed in Vancouver, Canada, with a low percentage of Chinese element products. • Consumers' perceptions of Lululemon's yoga brand have been established, and it will still take time for the brand to break through the inherent brand image for brands that have expanded into other sports such as running, swimming and boxing. • At the beginning of the epidemic in 2020, Lululemon's former global art director posted a racist image of a t-shirt called "bat fried rice" on social media, which was strongly criticised by Chinese netizens. Lululemon is in a PR crisis in China (Jiang, 2021).

Opportunities • In its new marketing plan, Lululemon announced that it will focus on expanding its presence in the Asia Pacific, China and EMEA over the next five years (Halo, 2019). • In addition to its existing offerings, Lululemon plans to expand its offerings in the popular Office/Travel/Commuting category; in July 2020, it also launched a new bra line (Lululemon.com, 2020). • The Chinese government is increasing its guidance and investment in fitness and fitness for all. • Rising per capita income in China and increasing consumer demand for sportswear. • The development of new media and e-commerce platforms creates favourable conditions for Lululemon's promotion and sales. • In China, the rise of live-streaming platforms and the development of the Netflix economy has led to a change in traditional consumption patterns. • After the Xinjiang cotton controversy, brands such as Nike and Adidas, strong competitors of Lululemon, have seen their sales plummet in China, and their brand image and reputation seriously deteriorate.
Threats • Various imitations continue to flood the market, affecting Lululemon's well-established brand sales and image (Siekierska, 2019). • Lululemon relies heavily on suppliers and manufacturers and has little control over the quality of its products (Resolver, 2021). • The rise of national brands such as Li Ning and Anta. • Price squeeze from various channels of retailing. • The market potential of athleisure style is enormous with good development prospects. Professional sports brands and fast fashion brands have entered the market to compete for market share, and competition among brands will become more intense in the future as the market gradually becomes saturated.

3.2 STP Model

3.2.1 Segmentation

Based on the previous analysis of the brand and products, it can be fully understood that Lululemon also shapes out a detailed consumer portrait that sticks to the high-end sports fashion line. Lululemon has developed a detailed segmentation of the global market (Table 6).

Table 6. The market segmentation of Lululemon

Geographical Segmentation	Lululemon mainly started from the city level in the geographical element. Lululemon identified the first-tier cities, such as Beijing, Shanghai, Guangzhou, and Shenzhen, as the high-end consumer market, while actively exploring the second-tier cities, such as Chengdu, as the mid-end consumer market, when developing the Chinese market (Jessica, 2016).
Demographical Segmentation	Lululemon started mainly with the income factor in the demographic segmentation. The population of China's first-tier cities is enormous, with a high income and strong purchasing power and a strong desire to spend on fitness and sports and the willingness to accept luxury consumer products. The second-tier cities, which account for an increasing share of the economy year on year, have more economic development opportunities, and consumers with more significant purchasing power are beginning to create a desire to spend on sports and fitness.
Psychological Segmentation	In terms of purchase motivation, consumers mainly look for the following aspects of goods. • Aesthetics: Consumers are more concerned with the fashion factor of leisure sportswear. • Comfort: Consumers are more interested in fabric and texture than design and

	other factors. • Shapeability: Some consumers are more concerned about the functionality of clothes.
Behavioral Segmentation	Based on their frequency of exercise, consumers are divided into the following. • Groups of people who basically do not exercise, most of which comprise office workers whose high-intensity work makes it difficult to take time out for fitness and exercise. • Occasional exercisers who require fitness and self-awareness can find a few days to exercise amid their busy academic and work schedules. • Regular exercisers, who have excellent regular exercise habits, insist on exercising and love sports.

3.2.2 Targeting

Armstrong et al. (2015) argued that in the face of complex market changes, it is unreasonable for a company to simply choose one target market strategy for the long term and that reputable brands should change their strategy based on factors such as the market and the current state of the brand. Lululemon has adjusted its strategy from undifferentiated marketing to differentiated marketing.

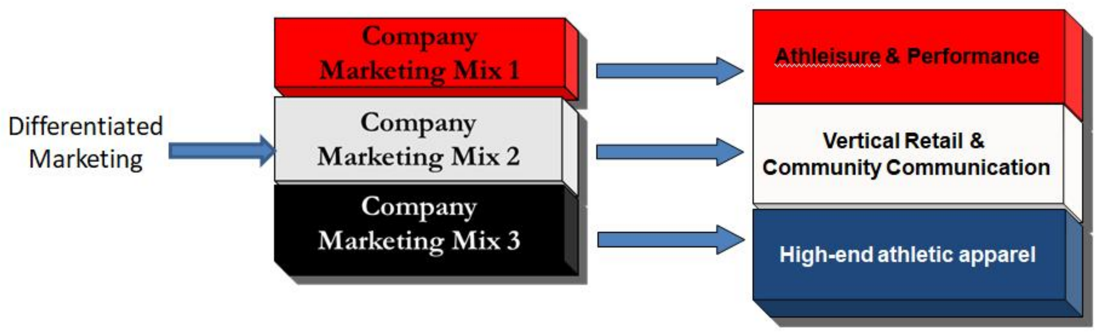

Figure 3. Differentiated targeting strategy of Lululemon

In the early stages of Lululemon's existence, its primary strategy was to design and sell high-end yoga clothing to middle and upper class yoga-loving women, and to develop the market with a set of products and marketing plans. For example, in the beginning, Lululemon's product range consisted solely of the Align collection. Since then, Lululemon has gradually broadened its target market and designed products at different price points for different income groups. Its product range has also been expanded to cater to various sports including cycling and running, rather than offer only variations of a single item of yoga apparel.

3.3.3 Positioning

Brand positioning is the basis for brand communication, and active communication practices can reinforce consumer perceptions and brand memories (Janiszewska and Insch, 2012). Lululemon has developed the following target market positioning based on market segmentation:

- Product and Style

Philip Kotler (2019, p.139) stated that after the product-centric and consumer-centric eras, society will enter a new era in which marketers no longer see customers as mere consumers but as individuals with market independence, mind and spiritual integrity. To further develop the market, Lululemon has expanded its product line from a single yoga category to a full range of products, gradually adding Run, Train and On the Move categories, as well as sports accessories. At the same time, the successful acquisition of Mirror for online workout classes to strengthen Lululemon's digital Sweatlife product, helping to bring immersive and personalised in-home Sweatlife and positive thinking content to new and existing Lululemon customers (Lululemon, 2021). In addition, Lululemon has taken the sports world by storm by injecting emotional and fashionable elements into sportswear that has traditionally been functional and athleisure oriented. For example, Lululemon has deliberately designed yoga pants with small pockets for keys in the lining, and its comfortable fabrics combined with fashionable designs have won Lululemon many loyal fans.

- Price and Consumer

Figure 4. Brand positioning map of Lululemon

Lululemon has established an image of high-end yoga products in the minds of consumers, and its products are generally priced at a high level, targeting high-income, high-spending groups (Figure 4).However, following the company's shift in targeting strategy, its prices will be adjusted accordingly. In particular, as Lululemon's target market range continues to expand, the company is including the new middle class in its target market as it attempts to develop more Bestsellers areas. Furthermore, while traditionally focused on the development and innovation of women's yoga pants, Lululemon has also launched a men's collection, actively exploring the men's market and offering the same high-end sportswear to the urban male white-collar customer. This strategy has been well received by male consumers. In the era of 'her economy', women are still the dominant consumers for Lululemon, especially when competing brands are working on women's sportswear, forcing Lululemon to put effort into holding on to their female consumers.

3.3 Community Marketing Strategy

The original concept of community refers to the phenomenon of group aggregation. Broostin's (1973) concept of 'consumer community' linked community to consumer behaviour, i.e. a community of relations formed by consumers in deciding what to consume and how to consume it. Such a community is ethereal and starts spontaneously. Lululemon's marketing strategy is characterised by its focus on the community of users, with a greater emphasis on the offline community and the accumulation of a loyal group of consumers over time.

3.3.1 Brand Ambassadors

Isabella (2001) points out those opinion leaders are essential disseminators of information and that opinion leader groups play a significant role in communicating product and company culture. Unlike traditional brands that spend a lot of money on celebrity endorsements, Lululemon never uses mass media to market its products, but instead invests in yoga instructors, fitness trainers and staff training to build a stable relationship with consumers by creating a team of KOLs. In each city where the company operates a store, Lululemon selects 20 of the most popular local fitness trainers and yoga instructors to become its brand ambassadors. The company provides free clothing to the brand ambassadors and hangs posters of them wearing Lululemon in its stores, allowing the brand to slowly radiate through the social circles of these KOLs. Wilson calls this 'community building', which is essentially experiential marketing, where consumers are introduced to the Lululemon product, brand and philosophy through a yoga course as the company reaches out to new markets and gains insight into their spending habits and lifestyles (Vikas, 2020). For example, Lululemon has chosen Yao Chen, a prominent and influential female icon in China, as its brand ambassador for 2018 (Chen, 2018). Whether it is Yao's active lifestyle philosophy or healthy lifestyle, she brings more fitness and health inspiration to the Lululemon community through her personal influence.

Figure 5. Yao Chen named the Lululemon's brand ambassador (Funt Media, 2018)

3.3.2 Showroom

Lululemon's ambassadorial community is made tangible by opening a showroom and then sending a team (including local KOLs) to teach yoga and other exercise classes, followed by a select group of seasoned experience seekers to drive more consumers to participate. On the one hand, establishing a community will allow consumers to learn about Lululemon, change their lifestyles through yoga training, make direct purchases in a relaxed and enjoyable training atmosphere, and increase their attachment to the brand through the visualisation the brand culture. On the other hand, Lululemon can reach out to potential consumers, gain insight into their consumption and lifestyle habits, and use this information to collect consumer feedback to continuously improve products.

3.3.3 Vertical Retail

During the sales process, Lululemon adopts a vertical retail system, going directly to the consumer and creating a closed marketing loop. After the experience in the showroom, consumers can instantly make purchases from the community store, which allows Lululemon to better connect with the local community and maintain a close relationship with consumers.

3.3.4 Social Media

After the community classes, Lululemon officials and those who enjoyed the courses can review the day's activities through social media, completing secondary communication to target consumers and potential consumers. As a result, through the emotional cultivation of offline courses and the online communication of the brand concept of happiness, comfort and fashion, Lululemon's high-end and friendly brand image is enhanced, and the products become preferred by the target consumers.

3.4 Localisation Strategy

Although globalisation is accelerating the process of economic integration, the differences in economic conditions and cultural backgrounds between countries cannot be eliminated, so there are still differences in consumers' needs. However, a localised marketing strategy ignores the commonalities of each country or region in the world and treats each country and region as a separate market, as the company formulates a marketing strategy based on each country's market (Jiao, 2011). The localisation of Lululemon in China will be divided into the following sections:

3.4.1 The WeChat Community

The instant and interactive mobile internet has opened up a slew of new chances to interact with Lululemon's community culture, deepening the company's relationship with Chinese customers. At present, almost everyone in China has the WeChat app, which has become essential for community building. Lululemon has also established its own online community through WeChat, with the WeChat public platform becoming the entry point for all of Lululemon's online community businesses. When users follow the Lululemon account, the system automatically sends a 'Welcome to the Lululemon community' message and invites them to receive their own exclusive membership card.

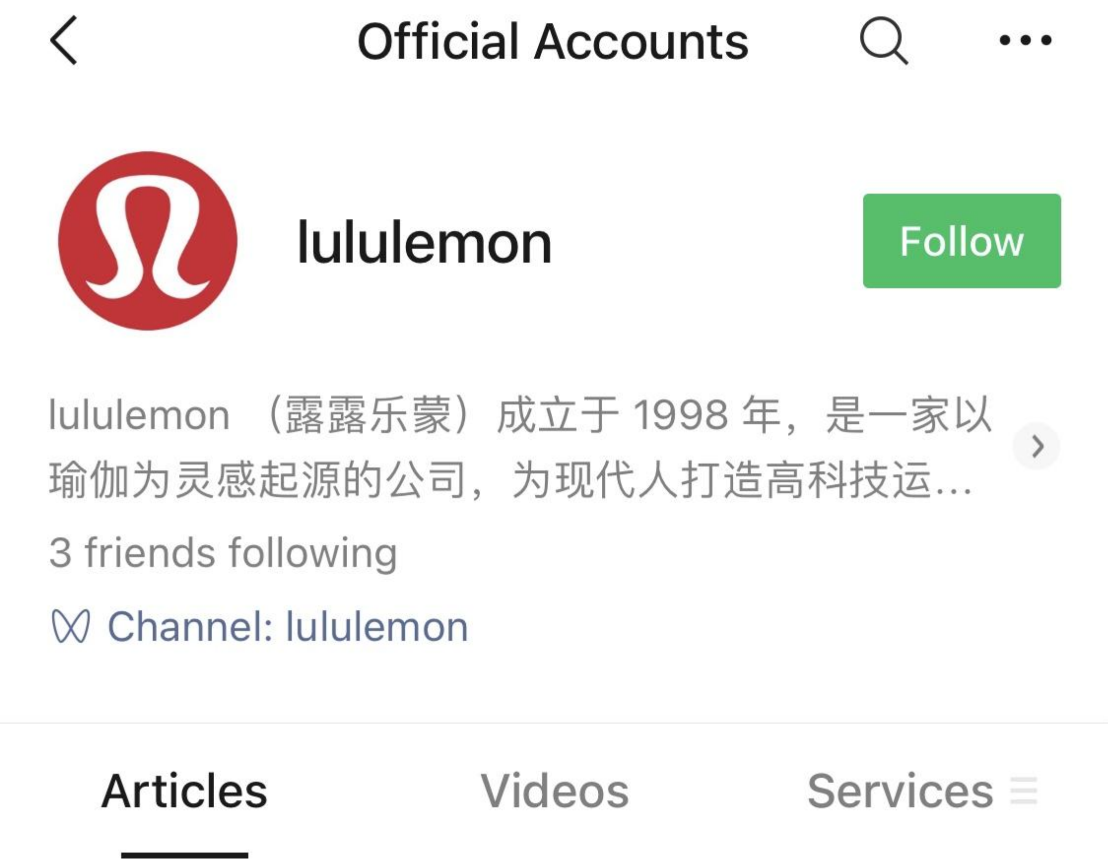

Figure 6. Lululemon WeChat public platform interface

Meanwhile, the online community is also attracting customers to the offline community. Consumers can discover courses offered in different cities on the WeChat public platform and book a spot instantly. Additionally, consumers can also go directly to the WeChat shopping mall to make purchases through WeChat. With the WeChat public platform, Lululemon has transferred the offline community to the online community, creating a closed loop of marketing through online booking, offline experience and online/offline shopping.

3.4.2 The Influence of KOLs

The development of the mobile internet has led to the rise of opinion leaders who focus on vertical areas and attract many followers by focusing on specific professional areas and by trying or examining products and promoting them to their fans. These leaders have a strong appeal and influence. The most comprehensive apps for promoting products in China are Weibo and Little Red Book. Lululemon has searched for various KOLs to influence potential consumers on these apps by introducing courses and activities, guidance on how to match outfits, and explaining their functions to drive business to its physical shops and showrooms.

3.4.3 Large-scale Events

To promote the Sweatlife concept in China, in 2016 Lululemon invited brand ambassadors and held a major offline event for Unroll China in Beijing, Shanghai and Chengdu at the same time (Jessica, 2016).This event attracted a substantial fan base for Lululemon.

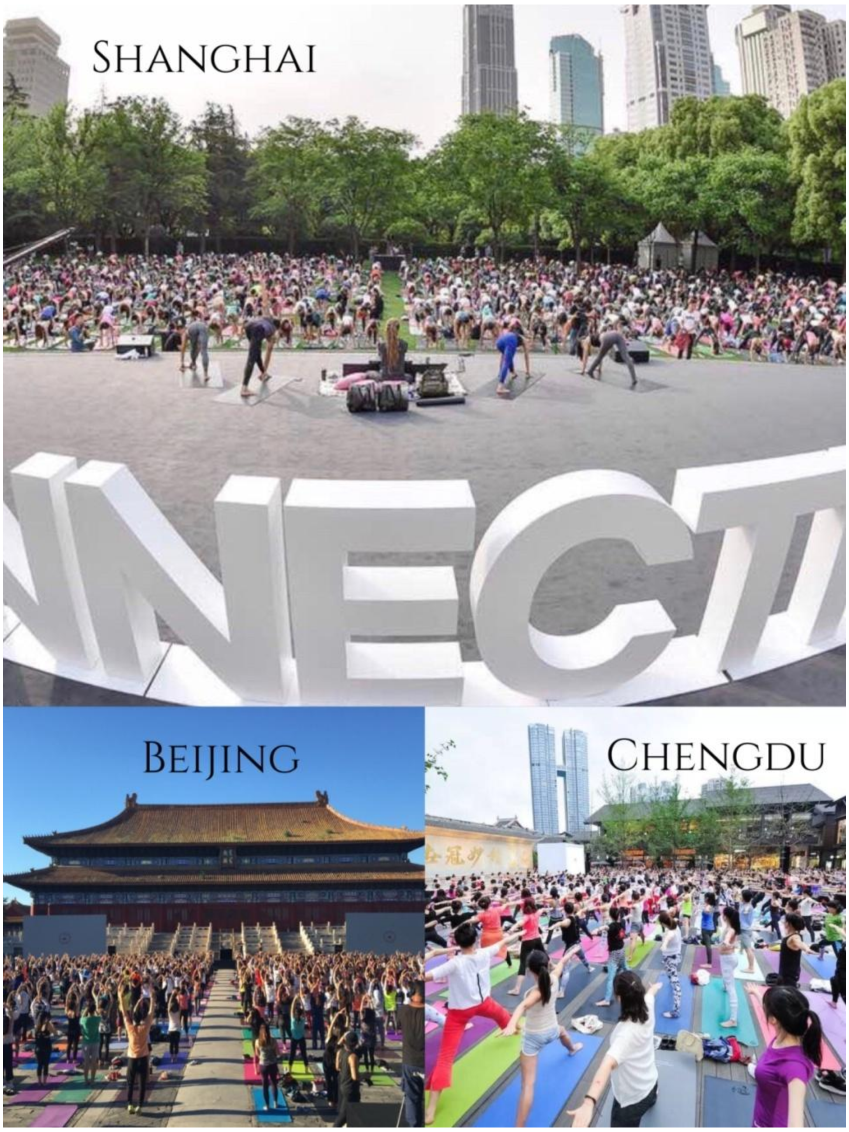

Figure 7. Lululemon Unroll China events (Courtesy, 2016)

4. Conclusion and Recommendations

4.1 Lululemon's Performance in China

Lululemon entered the Chinese market in 2013 with three showrooms in Beijing and Shanghai. These types of showrooms only teach courses and do not sell products. Although there were no physical Lululemon stores in China during the first three years, the community fostered by the three showrooms made Lululemon famous. By the end of 2016, Lululemon had opened three physical stores in Beijing and Shanghai, and by 2020, Lululemon had opened 58 shops in China.

Figure 8. Lululemon's first retail store in Shanghai, China (Lululemon, 2016)

Lululemon's success in China is no coincidence. The brand has fully grasped the laws of the market and acquired its core competencies by cutting into niche markets. Meanwhile, it has stepped out of the traditional marketing and communication model to achieve financial gains and customer loyalty through the word-of-mouth influence of KOLs and careful community cultivation while also improving the sustainability of the brand by expanding its product categories and globalisation.

4.2 Sustainable Recommendations

Although Lululemon has found a loyal consumer base through its strong offline community, the lack of attention and response on social media has limited its secondary communication and ability to identify and engage new potential consumers. Achieving more valuable and substantial data collection and customer relationship management on top of the existing community model was a challenge Lululemon's social marketing addressed.

In terms of expansion in China, although the yoga community has a strong consumer sentiment, the SWOT analysis indicates that Lululemon's prices are too high for Chinese consumers and that local sportswear brands are emerging in China, alongside existing giants such as Nike and Adidas. In the face of intense competition, the brand's scale and avenues of expansion may be limited in the future. However, women, who tend to be more willing consumers, remain the essential consumers for Lululemon to capture and retain in the future, especially as other brands are increasingly looking at the female consumer market. Although Lululemon has expanded its product range to include other sports and has created a men's collection, it will take more time and experimentation to break away from its 'yoga brand' image and successfully expand into other sports areas in the Chinese market.

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