

Research on the Athleisure Word-of-Mouth Marketing Strategy in the Chinese Market

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Abstract. Being a relatively young brand compared to Nike, Adidas, etc., the young Lululemon surpasses Adidas to be the world's No. 2 sports brand in the global brand rankings by market capitalization and continue to expand and earn huge profit. The success story of Lululemon has gained attention and has been analyzed by various research, but not particularly in word-of-mouth marketing, which Lululemon is specifically good at. This research delves into this area, leveraging the STEPPS framework to explore the brand's social transmission strategies. Lululemon's excellence is evidenced in its targeting of upscale consumers, adept utilization of grassroots ambassadors, marketing triggers of "female," "athleisure," and "high quality," emotional support and confidence gaining, as well as public engagement, the consistent portrayal of health, high fashion, and more importantly well-being in both physical, mental, and social aspect. Despite its global success, challenges remain, including addressing the lean-fit body ideal and the brand's expansion into the male market. Lululemon must also strategize against emerging competitors to retain its lead, especially within the Chinese e-commerce domain. Although this study provides comprehensive insights, relying on Lululemon's official content poses potential biases, and further research is encouraged to explore word-of-mouth marketing from a global perspective. This work offers a pivotal reference for athleisure brands navigating the intricate dynamics of contemporary marketing.

Keywords: Lululemon, Word of Mouth, Athleisure, Sports Apparel, Clothes.

1. Introduction

Athleisure is a recent concept for clothing style. As "athletic" and "leisure" combine to form the word, athleisure clothing is designed to be worn both in and outside the clothing context. Form-fitting yoga pants started this trend, soon overtaking the sports apparel industry and remaining dominant [1]. While other apparel categories have remained stagnant, athleisure sales have experienced exponential growth [2].

Known as the pioneer of athleisure brands is Lululemon. Lululemon started its business when the founder, Chip Wilson, realized that there isn't a sports clothing that fits females doing yoga in one yoga course. It soon occupied the yoga apparel market due to its fit and comfort. After Lululemon overtook Adidas as the world's No. 2 sports brand in the global brand rankings by market capitalization, with more than \$40 billion, it has maintained its significant growth globally, with an increase of 29% in-store revenue and 33% in e-commerce revenue in 2023. Continuing its global expansion, Lululemon opened 81 new stores around the globe, with 31 in PRC (about 38%) [3,4]. Moreover, an increase of 30.99% in its net revenue in PRC covered the largest portion of incoming revenues following the US and Canada. This shows Lululemon's wild ambition to seize the growing business in the Asian market, especially in China (Table 1). And as they have earned considerable net revenue in China, marketing strategies tailored to the Chinese market could be made.

Table 1. Lululemon Annual Report 2022, Number of company-operated stores by country (market)

| Number of company-operated stores by country (market) | January 29, 2023 | January 30, 2022 |
|---|------------------|------------------|
| United States | 350 | 324 |
| People's Republic of China | 117 | 86 |
| 69 | 69 | 63 |
| Australia | 32 | 31 |
| United Kingdom | 20 | 17 |
| South Korea | 16 | 12 |
| Germany | 10 | 9 |
| New Zealand | 8 | 7 |
| Singapore | 8 | 6 |
| Japan | 7 | 6 |
| France | 4 | 3 |
| Ireland | 4 | 3 |
| Spain | 3 | – |
| Malaysia | 2 | 2 |
| Sweden | 2 | 2 |
| Netherlands | 1 | 1 |
| Norway | 1 | 1 |
| Switzerland | 1 | 1 |
| Total company-operated stores | 655 | 574 |

PRC included 99 stores in China Mainland, nine in the Hong Kong Special Administrative Region, seven in Taiwan, and two in the Macao Special Administration Region as of January 29, 2023. As of January 30, 2022, there were 70 stores in mainland China, nine in the Hong Kong Special Administrative Region, five in Taiwan, and two in the Macao Special Administration Region.

In addition, the disaggregation of net revenue by reportable segment in Not 22. Segmented Information: the following table disaggregates the Company's net revenue by geographic area, as shown in Table 2.

Table 2. Lululemon Annual Report 2022, Note 23. Net Revenue by Category and Geography

| | 2020 | 2021 | 2022 |
|----------------------------|----------------|-------------|-------------|
| | (in thousands) | | |
| United States | \$5,654,343 | \$4,345,687 | \$3,105,133 |
| Canada | 1,163,111 | 954,219 | 672,607 |
| People's Republic of China | 681,633 | 520,372 | 297,690 |
| Rest of world | 611,431 | 436,339 | 326,449 |
| | \$8,110,518 | \$6,256,617 | \$4,401,879 |

Past researchers have analyzed Lululemon in various aspects. For instance, Zhou has focused on Lululemon's Emotion Marketing, building emotional bonds with products, constructing emotional identity with communities, and cultivating emotional trust with experiences. She suggests that emotional needs and branding have a mutually reinforcing relationship. As a critical social need, emotion has become increasingly difficult to fulfill in our modernized industrial society due to competition and stress. The sense of alienation and anxiety drives consumers to seek ways to fill this void through the products they use daily. On the other hand, in today's homogenous market, consumers evaluate more than just the product itself. Non-practical values, such as emotional support and value affiliation, are crucial in establishing and maintaining strong, long-term relationships between brands and consumers [5]. Li, as well as Zhang and Lu, have proposed that to Lululemon, many advanced strategies distinct from other celebrity-focused brandings, such as Nike and Adidas' have helped Lululemon succeed. These include Community Marketing, Ambassador Programs with KOLs as yoga studio coaches, Retail Store Functionality with free fitness course services in-store, and Retail Staffing promoting product features and searching for KOLs among consumers [3,6].

Besides emotion and community branding, Liu also found that purchase intention, perceived behavioral control, perceived value, subjective norms, and situational factors positively correlate with loyalty to Lululemon [7].

While community marketing has been extensively studied in relation to Lululemon, and the brand is recognized for its limited use of celebrities in favor of KOL trainers and consumers in its marketing strategy, there has been a lack of systematic analysis regarding Lululemon's word-of-mouth strength outside of community marketing. This research seeks to address this gap by employing the STEPPS framework established by Jonah Berger in his book *Contagious*, which consists of social currency, Trigger, Emotion, Public, Practical value, and Story, to examine how social transmission has contributed to Lululemon's success [8]. This research will also combine his suggestion of 5 functions that word of mouth serves in his former paper to compensate: (1) Impression Management, (2) Emotional Regulation, (3) Information Acquisition, (4) Social Bonding, and (5) Persuading Others [9].

Through this study, the author aims to provide insights into Lululemon's present circumstances and upcoming challenges using analyses using the above framework. In the end, suggestions to Lululemon and other sports brands looking to navigate the athleisure industry will be provided.

2. Case Description: Lululemon in Its Recent Years

Lululemon's focus originated on premium female yoga and athletic apparel. From the beginning, Lululemon positioned itself in the premium brands that provide functional comfort and performance and a fashion, lifestyle, and technical rigor. Setting its price range to such a high level, Lululemon targets the audience that's around their mid-teens to mid-thirties, has a high-income level that can afford Lululemon's premium price, and has the time and energy to be fashionable and focus on one's health and fitness.

While Lululemon's success is rooted in its tailored women's yoga clothing, a niche section of the sports apparel industry, in recent years, Calvin McDonald, CEO of Lululemon, has voiced its goal to double the business over the next five years. This means innovation in "industry-shifting," which Lululemon has been working on to expand the yoga apparel to sneakers and men's clothing. Until 2016, Lululemon concentrated primarily on the female demographic. According to their 2016 10-K report and Annual report, the company emphasizes the need to address women's unique fit and performance needs, including yoga, as women embrace a variety of sports. It describes its targeted market in a women's image, who are sophisticated, educated, and tasked with dual career and home responsibilities but seek balance [10]. Yet since the 2017 Annual Report, the specific reference to women has been taken out, representing Lululemon's decision to expand their product lines to men's clothing. In 2018, Lululemon announced its 5-year plan for its next phase of growth, the so-called Power of Three strategies, including Innovative Products, Omni-guest experience (e-commerce sites, mobile apps, and versatile store formats), and Expanding markets (especially in China currently, with a region-by-region strategy) [11]. The company has started stressing more about its men's business and providing consumers with digital options. In 2021, Lululemon, achieving its 2023 men's growth target two years early, expects to double the size of its men's revenues in 2021 by 2026. From 2018 to 2022, Lululemon has already grown its men's revenue from 26.1% to 65%. Besides, Lululemon continues to develop other categories of its products, unveiled its first made-for-women footwear collection, and wishes to expand on this category in 2021 [12].

Moreover, with the recent rise of prominence in e-commerce, storefronts are not the mere way for people to purchase products. Lululemon, while pioneering in commercial-hub-style retail stores that construct bonds between guests, educators, and ambassadors, has also started to emphasize its online sales. DTC's customer initiatives have formed a matching balance with its retail store sales. As a result of these ambitions, Lululemon continues to carry out the Power of Three $\times 2$ growth strategy, which includes a plan to double men's and digital revenues and quadruple the international business relative to 2021. Between 2018 and 2021, Lululemon successfully tripled its digital revenue, growing

its director-to-consumer channel from 26.1% of net revenue to 45.6%, and projects to double it by 2026 (Figure 1) [13].

Growing from the niche category of a Canada premium women’s yoga apparel towards a global omnichannel multicategory brand by expansion, Lululemon has continued to grow and attract consumers in the modern age.

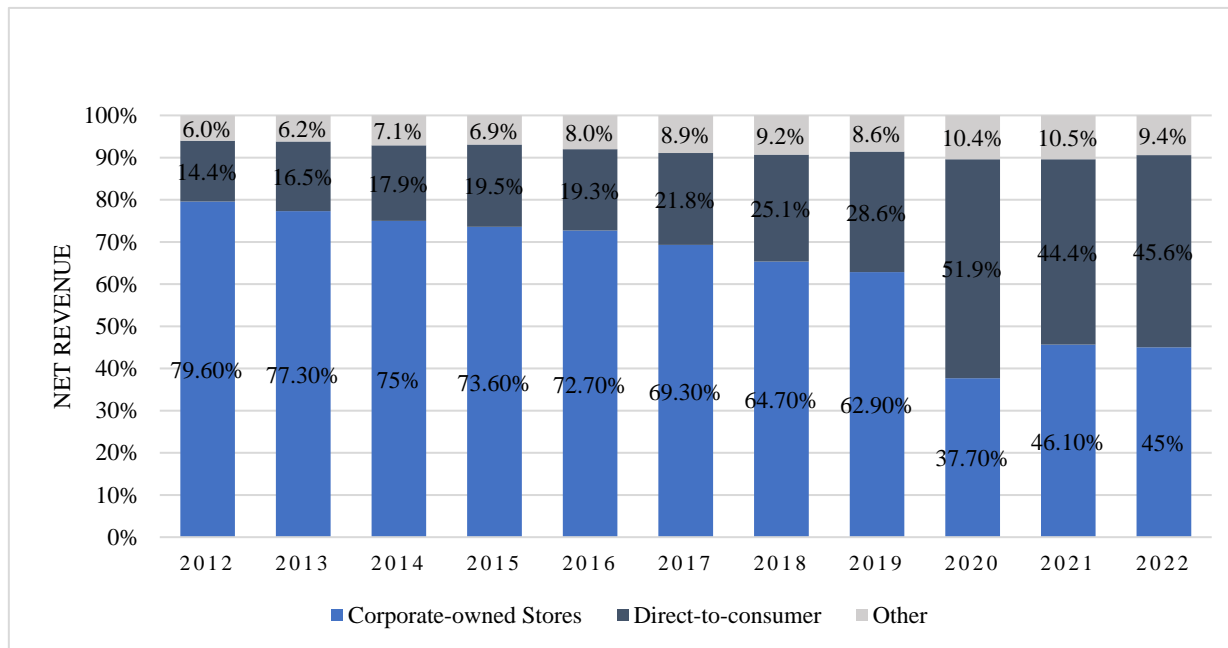


Figure 1. Net revenue share of Lululemon Athletica worldwide from the fiscal year of 2012 to 2022, by channel, Statista

Source: lululemon athletica © Statista 2023

Additional Information: Worldwide; lululemon athletica; 2012 to 2022*

3. STEPPS for Lululemon

3.1. Social Currency

Social Currency is how an individual talks about things desirable to oneself or the people one is talking to [8].

Lululemon, compared to other sports apparel brands, is significantly more expensive. Since the brand’s launch, Lululemon has been positioned at a premium price and high quality. Its audience is sophisticated and educated, willing to afford Lululemon in exchange for service, experience, and lifestyle. As a result of their high income and financial ability, they can afford time to pursue a healthier and more fashionable lifestyle, such as exercising and going to the gym. The consumers who buy Lululemon products are thus putting themselves in this high social class - they identify with, or desire to identify with, the image of the target customer that Lululemon has constructed. From the “Impression Management” perspective, people tend to convey preferred identities and refrain from expressing undesirable ones, appearing good rather than bad (i.e., self-enhancement) as a natural motivation [9]. As a result, Lululemon shoppers show off this delicate side to others, resulting in word-of-mouth advertising.

Furthermore, Lululemon does not follow traditional sports apparel companies such as Nike and Adidas, which focus on celebrity marketing, promoting their brand with NBA stars and other famous athletes. Rather, it leverages the grassroots, both corporate-led educators who are very familiar with the functions and details of Lululemon’s product line and ambassadors who are local fitness studios or yoga instructors, utilizing a community-based approach to build brand awareness. By providing free clothing, accessories, new product fittings, and gifts and putting them in advertisements with

professional photography, Lululemon has achieved a win-win position with these trainers. Trainers gain influence and popularity among their students and potential customers through this promotion on social media and in-store while also receiving free stuff. Additionally, because of using local trainers rather than celebrities, Lululemon saved money on paid advertising. It has also improved consumer trust as yoga and fitness studio coaches already have a credible relationship with their students – Lululemon’s (potential) customers.

Lululemon has gradually established itself as a “must” for professional trainers by these recommendations. The ambassadors have become more and more likely to recommend Lululemon as this choice reflects their professionalism and aesthetic appreciation. In addition, the price level of Lululemon, the target audience they are working for, and the fact of wearing it is also a way to elevate their status. Ambassadors, thus, are willing to spread the word through word of mouth. From an “Impression Management” perspective, these trainers are willing to showcase their identity as fitness professionals and have expertise in the training area, as well as sports apparel (i.e., identity signaling) [9]. Expertise is what makes them proud and earns them a living.

While Lululemon and athleisure generally sell on its well-being aspect, it strongly connotes thin-fit bodies as it emphasizes the line of women’s bodies. The trend of fitspiration, which encourages the lean or muscular body shape ideal in the name of fitness and well-being, has been ingrained by social media and has been advanced by athleisure, the trend which itself has ridden on a wave of this sort of craze of pursuit [1]. In Lululemon’s case, this growing stereotype of a certain body shape, complemented by the promotion of the body type of these local yoga or fitness trainers, who have their job to train their body days, weeks, and years, in posters and real-world situation (i.e., recommendation in their studios to their students), has been further spread by the product. Those who purchase athleisure seek fashionable models or ambassadors with a lean body type as an ideal existence of someone who knows her lifestyle, knows what to eat and what not to eat, and cares about her body and mental health. Individuals, especially women, thus seek to obtain these athleisure clothing to be part of these socially desirable body types and serve as a social currency for them to show off and be glorified and admired.

Furthermore, some are unsure how they feel about the cultural obsession with fitness and health, whether society forces them to behave or if they aspire to achieve such bodies themselves. To participate in athleisure clothing without fully embracing it, they moderate their desire for or obsession with it [1]. This is also an expression of uncertainty and concern. They set a distance between themselves and the concept of fitspiration to align with the trend that promotes holistic well-being, not just the lean body type. Perhaps this is their way of mitigating uncertainty by showing off their clothing style with others and talking about these things through word of mouth.

3.2. Social Currency

The trigger is an association between some content or concept and the message one tries to promote. Thus, the message comes to the top of one’s mind whenever the other content or concept appears [8].

Lululemon has stepped out from established sports apparel brands such as Adidas and Nike due to its unique position in the niche yoga and Pilates apparel area as it starts its business. This led to the huge success and growth of Lululemon as it insightfully witnessed the void of women’s needs in this area. While Lululemon acted as a disruptive product to the market at the time as there was barely a similar product that could satisfy the needs of this specific audience, the women who are doing sports like yoga and Pilates, it has become a necessity for people who wish to show off that they are serious about these sports. With its high quality, practical value, and price, Lululemon has established itself uniquely, providing established courses and high-quality products. As a result, Lululemon has established a strong trigger between yoga and the brand.

Another trigger is the athleisure trend. Lululemon is considered one of the pioneers of this concept. It is no surprise that Lululemon is regarded by many as the brand that exemplifies Athleisure, fashion, and lifestyle. Having people wear sports gear outside the training context and in everyday life breaks the common perception of sports gear’s function and limitations. Lululemon has impressed people

with its aesthetics, and they are willing to wear it on a daily basis. It was Lululemon that established the athleisure concept, which other brands wish to emulate, thus creating a strong bond between athleisure and Lululemon.

Moreover, Lululemon is strongly bonded with the notion of femininity. Lululemon’s success in creating products tailored specifically for women has made the brand “female.” Also rooted in its success in yoga, one that has the perception of a “female sport,” it stresses more on the “female” concept. This focus on the relatively small consumer group has made Lululemon stand out from its competitors. However, as mentioned, currently, Lululemon is focused on growing its audience to men and expanding to different categories, such as sneakers.

3.3. Emotion

The word gets spread when we are physiologically stimulated through emotion. As Berger explains in his book *Contagious: Why Things Catch On*, the feelings of awe, excitement, amusement (humor), anger, and anxiety are more likely to lead to word-of-mouth, regardless of their positive or negative aspects, as shown in Table 3 [8].

Table 3. Contagious: Why things catch on (Berger and Jonah, 2016)

| | HIGH AROUSAL | LOW AROUSAL |
|----------|--|-------------|
| POSITIVE | Awe Excitement Amusement (Humor) | Contentment |
| NEGATIVE | Anger Anxiety | Sadness |

In an “Emotional Regulation” perspective, there is a need for sense-making of ambiguous sensations, talking with others to figure out what they feel and why. It also generates social support, boosting well-being as one establishes interpersonal connections [9,14]. Most people receive the concept of health and fitness through social media. They feel ambivalent about what this concept means and how to achieve those ideals. The feeling of ambivalence results from the conflict between ideal and reality – the body type glorified by the athleisure that people wish to achieve and the body type in their real life. Knowing that it is an unrealistic ideal and failing to mimic that while still hoping to achieve it, many seek athleisure as a means to help them feel less ambivalent by manipulating their bodies and clothes to better match the ideal, in accordance with Boulton and Jerrard [15]. When some find they cannot fit, they also exercise to buy athleisure and look to athleisure as a symbol of a healthy lifestyle and a source of motivation [1]. High-arousal emotions entice people to seek solutions and support by asking others for help, maybe even on social media. This is where the impact of word of mouth comes into play. As a result of mimicking the trend of athleisure in order to achieve what is promoted as health and well-being, they believe their bodies are closer to what is ideal and, therefore, feel partially comforted.

Moreover, embodied cognition, which is that physical experiences shape cognitive representations and help activate abstract concepts via symbolic meaning, can also be applied in clothing, referred to as encloded cognition by Adam and Galinsky [16]. In the case of athleisure, people are more likely to engage in fitness activities fueled by the wellness concept it symbolizes. It also generates more self-confidence in women as they would be more professional and athletic wearing those clothes [1]. As a result of Lululemon’s holistic marketing approach, including grassroots ambassador programs and in-store studio classes that naturally form groups, consumers can build communities centered around the valued ideal of lean-fit body type and overall health and wellness that they share. While many of them are still working toward achieving the ideal body shape, their awe, and anxiety about those who have been fashionable and fit in those clothes generate word of mouth. Individuals can seek emotional support from members of their communities through conversation. Experience of others wearing athleisure clothing and becoming more confident would entice a mimic of behavior

as people seek solutions for their worries. By becoming more confident and exercising with athleisure clothes, they may provide emotional support for other community members.

3.4. Public

Public refers to the fact that when behaviors are made public, they become more visible, and people tend to imitate them [8].

Lululemon is a retailer that sells goods and an experiential brand that allows yoga lovers to connect. When Lululemon enters the Chinese market, or a market in a new city, it initially opens showrooms and offers fitness classes, forming communities and gathering consumer information in experiential labs [9]. In addition, chat groups were formed outside the store context via WeChat, one of the most frequently used Chinese social media platforms. Two years after experimenting and preparing consumer communities, they launched their e-commerce platform, and a year later, they opened corporate-led stores [3]. Continuing its emphasis on community engagement, Lululemon has organized offline events and festivals that promote well-being, further raising brand awareness. Word of mouth serves the function of social bonding, reinforcing shared views and reducing loneliness and social exclusion generated by this modern society [9].

These activities create a natural environment for people to spread word of mouth about a product, well-being, emotions, feelings, etc., encouraging interpersonal communication. Furthermore, by hosting courses such as in-store yoga directly in their stores, Lululemon seamlessly merges the training experience and shopping for sports goods. This integration makes it more likely for customers to notice others making purchases and, in turn, be inclined to buy for themselves, seeing others' purchasing behavior right after the training.

Besides, as stated previously, Lululemon uses a holistic framework that combines educators, brand ambassadors, and consumers. The responsibilities of educators extend beyond being corporate-led stores' sales representatives to recruiting ambassadors. As a result of this close-loop marketing, many buyers may become sellers, and some sellers may become buyers themselves since they agree with Lululemon's value of well-being and enjoy its products. It allows consumers to engage within the Lululemon business as if they were a part of those spreading the brand's word and enhances its public image as more people promote it. Having these ambassadors go through a professional photoshoot also serves as a means of word-of-mouth marketing since it emphasizes the fact that local trainers wear Lululemon. Seeing someone wear the brand makes it easier to mimic and make the same choice for oneself. In addition to partnering with these local fitness professionals, Lululemon sells its products in yoga studios, gyms, and fitness centers through its wholesale channel. In an environment where potential consumers interested in or might be interested in fitness-related activities are present, the chances of them buying sports clothing will be greater. Premium fitness locations are also good places for selling Lululemon products because they fit the brand image to be upper-class. Consumers in these places can be those who have been training for a long time and wish to try out different brands of sporting clothing, or they may be newbies and would like to seek advice from trainers or purchase everything they need from one place conveniently. And seeking advice also facilitates information acquisition, which generates word of mouth [9]. No matter what fitness level these consumers have, seeing their favorite gym displaying Lululemon products and their coaches wearing Lululemon uniforms will likely make them imitate the public behavior and purchase the products. Seeing Lululemon as a choice for these top training studios will increase people's likelihood of buying from Lululemon as they transfer their trust in the studios or coaches to the brand Lululemon.

3.5. Practical Value

Practical value refers to how contents that are useful can be easily passed on [8].

Lululemon first gained popularity by addressing the unmet needs of female yoga enthusiasts who lacked suitable apparel. They crafted stylish yet functional attire tailored specifically to this demographic, seamlessly blending daily fashion with practical sportswear. This innovative approach quickly garnered attention, with both fitness experts and novices praising the brand's unique value

proposition. In a recent move, Lululemon introduced its first sneakers, uniquely designed based on women's foot types data. This personalized approach to activewear creates a sense of exclusivity, resonating strongly with their target audience.

While Lululemon has expanded its product range to cater to men, the brand maintains its premium pricing, reflecting its advanced technological features like Four-Way Stretch, Moisture-Wicking, and Water Resistance, to name a few [17]. These attributes are particularly appealing to today's informed consumers who compare products extensively. In addition to its product offerings, the brand's lifestyle services, such as mat-based training and men-specific workouts, further enhance its reputation and encourage positive word of mouth.

Despite its premium positioning, Lululemon occasionally offers discounts, especially on older inventory, which naturally generates a spread of word of mouth due to its high price. Lululemon's strategic approach, which involves educators, ambassadors, and consumers, allows the brand to exert control over various aspects of the selling process, from pricing and promotions to branding. In addition, to manage season-based inventory and prevent stock from becoming obsolete, Lululemon also sells older stock at outlets and warehouse sales.

3.6. Story

Story is the narrative that weaves the message the brand wants to create, and the story is being carried by word of mouth [8].

Lululemon has created a narrative incorporating holistic well-being and lifestyle promotion into every facet of its marketing strategy. This story begins with their precise targeting of the sophisticated, social-class women who pursue a healthy lifestyle and care about more than the products but also the intangible value they can enjoy. Based on this audience, Lululemon prices the product expensively, which from the beginning incorporates not only the sales of the product, which is technically rigorous and of high quality but also incorporates the experience of the product and the service the brand provides. It is the lifestyle that Lululemon is selling. Furthermore, by involving their consumers, notably the ambassadors, in actively shaping their products, Lululemon creates products catered to and relevant to the consumers' lives. Lululemon also regularly spotlights the stories of their ambassadors in their media press, promoting their mindset, complementing the exercise routine tutorials, and highlighting the concept of lifestyle and well-being even more. On the local Lululemon site of PRC China, the "Meet the Ambassadors" section has been recently made, though the contents have not yet been uploaded.

Moreover, Lululemon creates a Global Well-being Report on their corporate site that positions themselves as a business and an activist in helping the world. Lululemon emphasizes well-being across physical, mental, and social dimensions. In other words, physical health, emotional fulfillment, and a supportive community are all integral to their concept of well-being. By publishing these kinds of reports, Lululemon establishes itself as at the forefront of the sports apparel industry. They not only sell products but also place extreme importance on advancing the worlds and their consumers' well-being. Aside from the report, Lululemon also announced its formation of a mental well-being global advisory board in August 2023, advancing its position as a forerunner of well-being among its competitors.

Such comprehensive strategic storytelling reinforces Lululemon's brand image as a guardian of physical health and an advocate for a positive mindset. Each marketing decision is meticulously designed to echo and reinforce this overarching theme of well-being.

4. Problems and Potential Solutions

4.1. Women-Focused and Lean Women-Focused

As mentioned, athleisure has been heavily influenced by the unrealistic ideal of being lean and fit. Photoshoots and promotions of local trainers seem closer to the audience than those of famous athletes. Still, these trainers devote all their time to teaching and training in the gym since their profession is

bodybuilding. People with jobs and families may never achieve a body type like theirs. As people strive to get closer to that kind of person, the ideal body shape may motivate them to exercise, be mentally healthy, and be socially happy, but if it is applied incorrectly, it may make people feel inferior to those who feel they can never achieve it. It would be even more problematic when social pressure reinforced by these ideal images leads to negative impressions about certain body types and that athleisure, the concept itself, will become exclusive to a certain body type without any nuances.

Although Lululemon promotes diversity and localization, with sizes and cuts tailored specifically for Asian audiences, etc., the model image primarily portrays lean-fit bodies. In 2020, Lululemon started to offer some of its best-selling styles in a broader and more inclusive size range. However, it is also important to make it more public and visually impactful to convey the message of inclusivity better. For instance, equal representation may be achieved by adding more diverse body types in the model image on the online store page while keeping the ambassadors' professional shootings as their grassroots approach. Nevertheless, it is hard to deny that as athleisure is built on the ideal figure, Lululemon might lose this glorified uniqueness if they promote other body types, even only on the online store page. A key question is whether profit is more important or if Lululemon should lead the way to the correct one as a leader in athleisure and embrace diversity in its employee culture, the size of the products it sells, and how it builds its brand image and communicates its message.

4.2. Challenge Toward Expansion to the Male Market

Having faced strong competition in the sports apparel industry since the Power of Three strategy was announced in 2018, Lululemon has emphasized developing the male market and expanding to other product lines in order to expand its brand. While Lululemon started its niche in the female yoga premium market, its ambition is toward a larger market, and the strategy would and should be different from the past. However, the determination to expand into the male market has partly been hampered and challenged by the deeply rooted perceptions of a "female" brand. Essentially, it involves reconstructing the brand image or reemphasizing aspects of Lululemon that go beyond femininity. Other challenges Lululemon faces include losing its existing female customers. While many feel Lululemon is the brand that tailored products uniquely to them and was attractive due to its "female" impression, the brand's move to focus more on the male market may shake their trust and loyalty with the brand, as they feel abandoned or less cared for during the purchasing experience. In the past, Lululemon has attempted to have men's only stores yet has failed and closed the two stores that existed in 2019. This indicates that ruling out the female audience in some stores might not be the best way.

Currently, Lululemon emphasizes technological rigorousness and premium quality to appeal to men. The strategy seems to be a good one as it highlights a common selling point that Lululemon has been using since its launch, one that applies to both males and females. In the long run, however, Lululemon needs to reconsider its focus. The male market is growing and profitable for Lululemon, so it is definitely a market that needs to be taken advantage of by the company. Considering Lululemon was a pioneer in the athleisure market and continues to lead, they could rework athleisure and prejudices about sports such as Yoga and Pilates into fashion for women and men. Athleisure is also a trend for men who desire aesthetics and high-quality clothing highlighting their bodies. Alternatively, Lululemon may still focus primarily on its female customer base. It has been shown that some men's clothes generate more sustainable sales in China than women's because men tend to shop with practicality in mind. Sometimes, women buy clothes for their boyfriend or husband together, and sometimes, they like "boyfriend style" clothes and want to buy them themselves. In order to succeed in both male and female markets, Lululemon may utilize the brand image or trigger of "high quality" by focusing mainly on women's sales while continuing to develop technology rigor specifically for men's clothing.

4.3. Competition

Lululemon must be aware of emerging competitors as a relatively young sports apparel brand. Several other well-known sports brands have also entered the yoga market. Moreover, the prevalence of “cheaper replacement” on Chinese e-commerce platforms like RED and Taobao may hurt some of Lululemon’s sales. There has been an increasing popularity among Chinese consumers for such brands, including VFU and Sylphlike. As these brands offer consumers meaningful information about a slightly less expensive product at a lower price, word-of-mouth is widely used to spread explicit comparison posts between them and Lululemon.

Lululemon must remain consistent with its premium brand image and focus on its sophisticated target audience if it wants to maintain its leading position. To be irreplaceable, they must concentrate on updating key products in terms of details, cuts, and technical rigor. Taking this step can help Lululemon distance itself from cheaper alternatives. Additionally, Lululemon, while ambitiously expanding into other industries, should not lose sight of its strengths, triggers, and the quality of its clothing. Furthermore, the success of niche marketing demonstrates the importance of exclusivity and tailoring to a specific audience. This would generate word of mouth, providing practical value in fitting the audience’s specific needs. Consequently, Lululemon should continue to provide gear that is specifically designed for Asian consumers as part of its ambition to expand globally. With this approach complemented by technical rigor, Lululemon can also compete with the named brand, such as Li-Ning, which begins to offer yoga products.

What truly distinguishes Lululemon is its grassroots marketing approach and the strong sense of community the brand has fostered. This strategy has not only proven effective but has also cultivated deep brand loyalty over the years. This profound connection with its customers stands as Lululemon’s strength. To maintain this bond, it’s essential to nurture the community continually. Offering exclusive gifts and lifestyle activities for long-standing customers can effectively achieve this and allow Lululemon to stand at the forefront of the competition.

5. Conclusion

Lululemon is a brand that excels in word-of-mouth marketing. This study addresses research gaps in Lululemon’s social transmission strategies utilizing the STEPPS framework. It highlights the brand’s successful strategies, challenges, and potential solutions to maintain market leadership.

For Social Currency, Lululemon targets an upscale audience who values their health, quality of living, well-being, and fashion with premium products. It positions and provides products and services that have not only practical but also experiential values. Utilizing grassroots ambassadors, trainers receive free items and promote the brand with their expertise, elevating their professional image and aligning with the tastes of their elite clients.

For Trigger, Lululemon has crafted strong connections between the concepts of “female,” “athleisure,” and “high quality”, generating word of mouth whenever people mention these keywords. Developing products and services tailored to these concepts is how Lululemon begins to thrive.

For Emotion, participating in the athleisure trend and buying Lululemon’s products partially resolved the ambiguous sensations toward the lean-fit body type as the ideal on social media. Whether individuals seek the idealized body type or resist it while still recognizing its social prominence, Lululemon offers a comforting choice. Moreover, through its online groups and in-studio classes, Lululemon fosters a community of support and encouragement, promoting purchase reinforcement within the group and outside with the potential audience. Wearing their attire also boosts consumer confidence in training, encouraging further community support.

For Public, Lululemon gained a presence by using social media platforms like WeChat and holding well-being festivals, enhancing brand awareness and promoting customer engagement. Through closed-loop marketing and leveraging local trainers’ dual roles as buyers and sellers, Lululemon extends its reach and social transmission beyond stores. Trainers amplify word-of-mouth and drive similar purchasing behaviors by wearing the brand and leveraging their trust with students.

For Stories, Lululemon integrates its marketing strategies to tell the same narrative of well-being lifestyles, encompassing target audience, pricing, service, ambassador promotions, and the global well-being industry. Beyond just a business, it portrays itself as an advocate for consumer well-being, committed to enriching and empowering their lives.

Lululemon, with its effective marketing, stands out globally in the competitive sports apparel industry, generating significant profits. However, it faces challenges tied to its strong association with the female-centric athleisure trend, often emphasizing an ideal lean-fit body. While Lululemon advocates for diversity through inclusive sizing and branding, featuring models of various body types alongside professional ambassador photoshoots can both drive sales and reinforce its commitment to the well-being of all consumers. Furthermore, Lululemon's expansion into the male market is challenged by its established female brand image. While past attempts like male-only stores weren't successful, their focus on technical rigor and male training courses shows promise. In the long run, Lululemon must decide whether to redefine yoga and athleisure perceptions beyond femininity or continue targeting women while offering choices to buy clothes for their male relatives or boyfriends or husbands or buy apparel for themselves as a fashion of "boyfriend style."

Moreover, Lululemon must remain vigilant about competitors, including established brands like Nike, opening up their yoga-specific product line and cheaper alternatives on Chinese e-commerce platforms. To stay ahead, they should leverage their grassroots influencers for brand advocacy and further refine their signature yoga products while focusing on expanding to other product lines. Additionally, Lululemon should focus on premium quality and continue enhancing its product technology and well-being image to counteract cheaper substitutes. Localizing sizes, styles, and activities will also help cater to the Chinese market more effectively.

This study examines Lululemon's word-of-mouth strategies within the STEPPS framework and proposes solutions to its current challenges. However, there are limitations to the research. Much of the analysis comes from reports and press from Lululemon's official website, which may be biased. Future studies should independently collect data, evaluate the significance of word-of-mouth marketing, and assess proposed solutions in the current paper. Additionally, this research primarily focuses on the Chinese market, using the Canada/ United States corporate site as a reference. Subsequent research might explore word-of-mouth marketing in other countries or from a global perspective to identify differences and similarities. Ultimately, this study offers valuable insights for Lululemon and other athleisure brands as they navigate market challenges.

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