

Lululemon Craze Has Not Peaked, Thanks to Crossover Styling

Companies: FRA:ADS, GPS, HBI, LULU, NKE, TGT, UA, VFC, WMT

May 10, 2012

Research Question:

Has the Lululemon yoga clothing craze peaked?

Summary of Findings

- The craze for [Lululemon Athletica Inc.](#) (LULU) clothing has not peaked, and the brand's popularity is expected to further increase this year. Lululemon continues to extend beyond the yoga community into other sports and everyday wear.
- The ability to wear Lululemon for both style and exercise distinguishes the brand from its competitors. Twenty-two of 28 Lululemon customers taking part in an online Blueshift survey said style played heavily in their decisions to choose Lululemon.
- Lululemon has experienced an increase in [male customers](#), according to all six store sources. Also, its greater emphasis on its [running gear](#), which four store sources described as the brand's trendiest line, has helped grow sales and store traffic.
- All six Lululemon stores and all six apparel shops selling Lululemon within athletic clubs said sales were positive and growing. Also, five of six customer sources wear and prefer Lululemon to other athletic brands.
- All nine yoga/fitness instructors said Lululemon currently is popular among their clients, and all but one believe the Lululemon clothing craze has not reached its peak.
- Concerns for Lululemon center around becoming too mainstream and continued complaints about its high prices.
- V.F. Corp.'s (VFC) [Lucy](#) and The Gap Inc.'s (GPS) [Athleta](#) continue to offer lower pricing than Lululemon.

Silo Summaries

1) LULULEMON STORES

All six sources said sales were positive and growing and that the men's and running lines were gaining traction. Lululemon's popularity has continued because of word of mouth, lifestyle branding, and frequent color and style changes. Lululemon is opening new stores worldwide, which should boost its popularity even further. The company has no close competitor. Inventory levels have been appropriate, and prices are the same year to year.

2) APPAREL SHOPS

Lululemon is continuing to grow for all six sources. The shops' customers wear Lululemon for workouts and to run errands. Four of six sources said the Lululemon craze has not reached its peak and that the brand's popularity will continue this year. Still, two sources strongly cautioned that some consumers are looking for the next new and different brand.

3) FITNESS INSTRUCTORS

All nine sources said Lululemon currently is popular among their clients and within the yoga community, and should remain popular in the near future because of its loyal customers and growing presence in the Midwest and East Coast. Competition within in the yoga clothing category is increasing, most notably from Lucy and Gap's Athleta.

4) LULULEMON CUSTOMERS

Five of six sources wear and prefer Lululemon to other yoga clothing companies. The remaining customer buys some Lululemon clothing but prefers ordering less-expensive clothing from prAna and Athleta. Four of six sources said the Lululemon craze is growing. The remaining two sources said the Lululemon craze has died down, with the brand's presence in the mainstream making it less appealing. For Lululemon to remain popular and continue growing, sources suggested it develop a line of clothing specific to hot yoga, further increase size options, and have less expensive price points. Lucy is Lululemon's biggest competitor.

5) INDUSTRY SPECIALISTS

All four sources said Lululemon has become more popular, to the point that one source said the brand's exclusive appeal has been diminished. Lululemon's popularity will continue despite increasing competition from Lucy and Athleta, and a resurgence in the economy will help the company's sales. Two sources said roughly 20% to 30% of Lululemon customers buy the brand strictly for fashion, while a director of a textile company said only 7% of women buy athletic apparel solely for workouts. The fourth source did not comment.

	LULU Craze Peaking	Future Demand	LULU Extending Beyond Yoga
Lululemon Stores	↓	↑	↑
Gyms' Apparel Shops	↓	↑	↑
Fitness Instructors	↓	↑	↑
Lululemon Customers	→	↑	↑
Industry Specialists	→	↑	→

Background

Blueshift's past work on Lululemon, including a [Feb. 17, 2011, report](#), found the company to be well positioned within the women's apparel market and experiencing strong sales. Sources also said Lululemon's versatile apparel was attracting a wide assortment of athletes beyond its yoga clientele and beginning to become more popular among men.

CURRENT RESEARCH

This next report focused on whether Lululemon's popularity has peaked and what threatens the company's market position. Blueshift employed its pattern mining approach to establish and interview sources in seven independent silos:

- 1) Lululemon stores (6)
- 2) Apparel shops within athletic clubs/gyms/yoga studios (6)
- 3) Yoga/fitness/dance/gymnastics instructors (9)
- 4) Lululemon customers (6)
- 5) Industry specialists (4)
- 6) Online Lululemon customer survey via SurveyMonkey
- 7) Secondary sources (3)

We interviewed 31 primary sources, including one repeat source, and conducted an online survey focused on customers' motivating factors for buying Lululemon and its competition. We also reviewed secondary sources, including three particularly relevant sites that highlighted Lululemon's increased focus on newer demographics and its online sales, its tactics to attract customers, and a new Lululemon showroom opened in London but was not well publicized.

Next Steps

Blueshift's next Lululemon report will focus on the company's growth and level of success in attracting new customers. We also will focus on any new Lululemon product lines and determine whether customers' Lululemon purchases continue to be motivated by style. Finally, we will monitor emerging competitors and price point changes within the athletic wear industry.

Silos

1) LULULEMON STORES

All six sources said sales were positive and growing and that the men's and running lines were gaining traction. Lululemon's popularity has continued because of word of mouth, lifestyle branding, and frequent color and style changes. Lululemon is opening new stores worldwide, which should boost its popularity even further. The company has no close competitor. Inventory levels have been appropriate, and prices are the same year to year. One Los Angeles source said the company's growth could be hurt by its limited [sizing](#) options.

➤ Sales associate in New Jersey

Sales are strong. The core yoga products continue to sell well, while the running apparel and men's line are becoming more popular. Repeat customers continue to be satisfied, and the store frequently attract new customers as well. Some new customers "are put off" by Lululemon's prices.

- "We are doing great. Sales of our running line are doing very well this season. The men's line is holding strong and growing. Of course our yoga styles are going strong."
- "We have a devoted customer base, and new customers come in all the time."
- "Some new customers are put off by the pricing. I am sure there are lower-priced products out there, but we have quality and style that appeal to a certain group of people."
- "We have not had any issues with inventory."

Reporter Observations: Men's apparel and running gear were near the store entrance. Women's yoga clothing was in the back. Only one customer, a woman, was in the store and had her arms full of apparel during our Monday visit at 11 a.m.

➤ Sales associate in Chicago

The Lululemon craze has not peaked, as evidenced by the company's growth and new store openings worldwide. The men's line is growing and now occupies 20% of the store's sales floor. The running apparel is the brand's trendiest line. New Lululemon merchandise colors are introduced every 60 to 90 days.

- "We have not peaked. Our company is still growing. We are seeing growth ... with our new store at Southport and Addison opening this summer. We are opening more stores across the country, and we are growing internationally too."
- "The men's line is doing better all the time. It accounts for 20% of the sales floor, and it is selling better all the time. We like to keep it right in front so the guys are not intimidated walking into the store and through all the women's clothing."
- "Our running line is the most trendy line in the store."
- "The new colors are what are selling the best. We just got new ones in a few weeks ago, and they are looking great for spring and summer."
- "We get in new colors every 60 to 90 days. It keeps the lines fresh and customers buying more."

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Sales Associate, Lululemon
Chicago, IL

Reporter Observations: Traffic was slow at noon on a Thursday. Inventory was at appropriate levels, and the store was tidy but small.

➤ Assistant manager in Chicago

The company is expanding, and this store is performing well, especially on weekends. Lack of parking is the biggest issue but is not hindering sales.

- "We are still expanding. Our growth continues."
- "Our store does well. Weekends are big for us. Today has been great with the not-so-nice weather."
- "Parking is the biggest issue at most of our stores in the area. It is very difficult to find a spot, especially a nonmetered one, but it does not hinder sales."
- "We are doing well at all of our area stores."
- "Our complimentary yoga class on Sunday mornings remains very popular among our customers. We get 25 to 35 people every Sunday."
- "Our running line is great and very popular. The fabrics are [moisture wicking] and very lightweight."

Reporter Observations: On a Saturday at 4 p.m., two to five customers entered the store every five minutes, varying in age but mostly women.

➤ Store associate in Los Angeles

Sales have grown in the two years that this source has worked at this store. Men's sales are growing but more slowly than women's, which benefits from a solid core of repeat customers and word of mouth. The store keeps inventory full to satisfy demand. No other yoga clothing companies are a threat to Lululemon's success.

- "It is always busy here. We have been in this location for four years, and sales have always been good."
- "Price points have stayed about the same since I have worked here. No noticeable increase or decrease in price except for our sales rack."
- "We get tons of repeat customers. I know a lot of them by name. They start out wearing Lulu for workouts and running, and then get into wearing it for just about everything. I wear it anywhere."
- "New customers come mostly by word of mouth. Lulu lovers bring their friends in to turn them onto our brand. I even got my brother wearing Lulu now."
- "Our men's line is growing slowly, but I can definitely say it is catching

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Store Associate, Lululemon
Los Angeles, CA

on. Men wear the [yoga pants](#) and [shorts](#) mostly, but not outside of working out the way the women do.”

- “Usually a guy comes in to shop for a girlfriend or wife. Then he sees we have got cool stuff for men, and he ends up getting something for himself. Then he comes back on his own.”
- “We are fully stocked. Our inventory is rarely low, but if we do not have a size or style that a customer wants, we will call around to our other stores to get it for them, usually within a day.”
- “There is no real competition to the Lululemon brand. People wear Lucy, but they do not gush about it the way they do Lulu.”
- “[Beyond Yoga](#) [I Am Beyond LLC] is no threat to Lululemon because Lulu is more than clothing.”

“People wear Lucy, but they do not gush about it the way they do Lulu.”

*Store Associate, Lululemon
Los Angeles, CA*

Reporter Observations: This spacious, well-stocked Lululemon store featured men’s styles at the entrance and in an alcove to the left. Women’s styles were neatly displayed in varied shelving and hanging configurations. A bulletin board by the door had photos of the store’s current “[Ambassadors](#)” as well as posts about yoga classes and resources in the area. Two men and at least five women came into the store during our 30-minute visit on a Wednesday at 11:30 a.m. The three store associates were extremely attentive to customers’ needs. Three customers were in line to make purchases.

➤ Sales associate in Southern California

Sales and pricing have been steady year to year. The men’s line accounts for about 15% of sales. New customers, especially foreign tourists, outnumber repeat customers. Lululemon has no significant competitors in the area. The company’s growth is limited only by its smaller sizing.

- “Business is super. I have not see any dip in sales in the last year. It is really busy on weekends and even busier when there is something special going on.”
- “We get some repeat customers but draw more foreign students and tourists from all over, especially in the summer. ... Japanese visitors love Lululemon, and it fits them really well because of they are on the petite side.”
- “The men’s line does not move as much as the women’s. It accounts for maybe about 15% of our sales. When a guy comes in with a girl who is shopping for herself, we show him that he can wear Lulu. ... It is growing with the guys, but it will take time.”
- “The [Inner Peace Jacket](#) [\$138] is new and selling well. It is really form-fitting and flattering.”
- “Our prices have stayed about the same.”
- “We keep a solid inventory.”
- “In this area, we do not have much competition. We are the only store selling yoga and workout clothing exclusively, and tourists like buying a recognized brand name.”
- “The only limitation on Lulu is their small sizes. It is geared toward a younger crowd with super trim bodies. I have seen larger but still fit women come in here and love the brand, but they cannot wear it. If Lulu extended the size range, they would expand their customer base.”

Reporter Observations: The store appeared well-stocked and busy during a 30-minute visit on a Wednesday lunch hour.

➤ Sales associate in New York City

This store has a mix of repeat and new customers. Although women’s yoga wear is its core business, the running and men’s lines also have been well received. Athleta [Nike Inc.](#) (NKE) and [Adidas AG](#) (FRA:ADS) are the top competitors.

- “We have a large number repeat customers, but we get new customers all the time. It is a mix.”
- “Most people seem to purchase to wear for yoga or at the gym—not just for everyday wear.”
- “Our biggest competitor is Athleta. Given the business, our other competitors might be Nike or Adidas. I have never heard of Beyond Yoga.”
- “We have carried running gear for a few years now. We do some funky stuff with lightweight fabrics, that sort of thing. People seem to love it.”

“Our men’s line is gaining popularity. We are primarily seen as a women’s store, but the men who come in and try our clothes seem to love it.”

*Sales Associate, Lululemon
New York, NY*

Lululemon Athletica Inc.

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Reporter Observations: On a Friday at 11 a.m., we noticed no promotions taking place. Men’s wear was at the front of the store, followed by running gear. Women’s yoga gear was in the back.

2) APPAREL SHOPS WITHIN ATHLETIC CLUBS, GYMS OR YOGA STUDIOS

Lululemon is continuing to grow for all six sources. The shops’ customers wear Lululemon for workouts and to run errands. Four of six sources said the Lululemon craze has not reached its peak and that the brand’s popularity will continue this year. Still, two sources strongly cautioned that some consumers are looking for the next new and different brand. A high-end club representative reported hearing from industry insiders that Lululemon has peaked on the West and East Coasts. An apparel shop employee for a national gym in Southern California said an increasing number of yoga companies are spreading the market thin. Also, Lululemon needs to offer lower prices to attract more customers.

➤ Sales associate for a national gym, New York City

Lululemon is the top-selling yoga apparel at this gym’s apparel store. Sales are steady year to year, and demand shows no signs of stopping. The source reported no changes in prices and no inventory issues. Competitors include Nike and Beyond Yoga, which is popular among older women who like more coverage.

- “Lululemon is a very popular brand. Sales are about the same as a year ago. Lululemon is our top seller for yoga.”
- “I do not think that the trend has peaked. It is selling well. Everybody wears it.”
- “I have not noticed much of a difference in pricing or any issues with inventory.”
- “Nike is another popular yoga brand.”
- “We do sell Beyond Yoga. It is also doing well. It is popular with older women as it provides a bit more coverage.”
- “People are buying Lululemon to wear at the gym.”

➤ Pro shop employee for a national private golf club and spa, Southeast

Lululemon is the only line of yoga apparel the pro shop carries and still is creating a buzz after being available for over a year. The female members, who are older and well off, ask for the brand specifically. They largely wear Lululemon for working out.

- “Lululemon is the only yoga clothing line we carry.”
- “Lululemon is still quite the buzz. People come looking specifically to buy Lulu. In the year and a half we have had it, I have not had anyone ask for something else.”
- “The majority of it is worn for fitness and yoga, but there are a lot of people who wear it for leisure in the club—by the pool, for errands.”
- “I have not seen a noticeable change in price.”

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*Shop Employee, Golf Club & Spa
Southeast*

➤ Retail manager at an athletic club in Miami

The Lululemon craze is in full effect at this Miami gym. More than one-half of the shop’s customers purchase the line, and most female club members only wear Lululemon. The store almost sells out each month and reorders often to meet demand. Lululemon has no real competition, but it should add more color options and expand its men’s selection.

- “The Lulu craze is still a craze. They are the top selling brand here. It has only continued to gain popularity over this last year.”
- “Over half of every one that shops here buys it. Most of the women wear Lululemon here.”
- “It is the brand of choice. Sometimes the price throws the buyer off, but it is the one they really want.”
- “Every month we get close to selling out and reorder each month about \$4,000 worth of inventory. That is consistent each month this year. Last year it was a lesser amount of inventory, but we were still selling

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*Retail Manager, Athletic Club
Miami, FL*

out.”

- “The prices are pretty consistent with Lulu. A few items went up but nothing significantly.”
- “If Lulu came out with more color options, I think they would be even more successful. Also, if the men’s line expanded they could grow more. The men that do wear it complain that there are not enough choices in the line. Those two things could prevent them from continuing to grow.”
- “The [Wunder Under](#) pant is the best seller. The girls’ line and the [Astro](#) sell well too.”
- “I would say 60% wear it to work out and 40% may wear it for both work out and fashion. But no one who knows the line would just buy it or wear it for fashion alone.”
- “I have never heard of Beyond Yoga. We also carry [Body Up](#), [Fila](#) and Splits59.”

➤ Athletic club store employee in the Northwest

Lululemon apparel is popular at this high-end athletic club, with up to 40% of men and women wearing the brand. Lululemon is its own competition because it is so expensive and needs to reach out to a more price-conscious demographic. The source has seen the same number of or slightly more gym members wearing Lululemon or Lucy during the last few months.

- “Lululemon is obviously the most popular—anything Lulu. People wear the typical pants, workout tops. The guys wear the shorts for yoga. That is the main look.”
- “Lulu may have peaked because of the price range; it is just so expensive. This is a high-end gym; those who can afford it buy it. But when it goes on sale, those who would not typically buy Lulu do.”
- “Lulu’s biggest competition is itself. It is a really expensive brand. If they can reach out to a different price conscious group, if they can reinvent themselves, they can grow.”
- “The prices have been the same.”
- “Our members wear between 30% to 40% Lululemon—probably not as much as 50%. Lulu sells really well, and they cater to the lifestyle. People usually have at least one pair of the pants—maybe not the tops. The other 60% wear sweats, regular shorts, things that are cheaper.”
- “People are wearing about the same or maybe a bit more during the last three to six months. Once you get some, it lasts forever.”
- “People wear Lulu for fashion, comfort and because it lasts forever. But a lot of it has to be fashion. It is great to workout in, but you are not going to spend \$100 on something you are going to sweat in if it is not for the Lulu symbol.”
- “Lucy caters to a different group of women—an older crowd. We do not carry it, but you do not see women in their 20s and 30s wearing it, more 40s and 50s.”
- “We also carry Nike, but that is not yoga wear.”
- “Popular men’s Lulu here is T-shirts, the long-sleeve shirts and sweaters. The collared polo tops are pretty popular. Whenever Lulu sends them, they sell.”

Lucy caters to a different group of women—an older crowd.

Store Employee, Athletic Club Northwest

➤ Apparel shop buyer for an upscale athletic club in Chicago

Lululemon still is performing well in the Midwest, but the source reported hearing from industry insiders that the brand has peaked on both coasts and consumers are looking for the next new thing. The shop carried Lululemon for five years until the brand pulled out in December. More than one-half of the club’s members own at least one Lululemon article. Nike, Adidas, Beyond Yoga and [Splits59](#) also are popular. The [Adidas by Stella McCartney line](#) sells out when the shop occasionally receives it.

- “I see a lot of people wearing Lululemon in the club and around the area. I have heard it has peaked on the West and East coast but not in the Midwest. The Midwest is more behind the trends than the West and East Coast.”
- “When I go to market in New York and Las Vegas, I talk to reps and other industry people that are [representing] fitness lines, and they are all looking for the next thing after Lululemon. Everyone looks the same now. People want the next thing, and the buyers know it.”
- “Here last year, Lululemon increased in popularity. Last quarter and in

I cannot think of any brand I see as often as Lululemon. The majority of people who buy it are wearing it to work out in.

Apparel Buyer, Upscale Athletic Club Chicago, IL

the last six months, it has been the same.”

- “In our club, the percentage of people with at least one piece of Lululemon on is 50% to 60%.”
- “I cannot think of any brand I see as often as Lululemon. The majority of people who buy it are wearing it to work out in.”
- “I do see Beyond Yoga quite a bit, but it does not compare to how much Lululemon is seen. I see Beyond Yoga a quarter of how often I see Lululemon.”
- “I always see a lot of Nike and Adidas.”
- “We do not carry the Lululemon line anymore. We had it from 2005–2006 to December 2011. Lululemon pulled out saying they are trying to focus on their retail stores. We were one of only a handful of clubs they allowed to have it.”
- “Our store carries a good variety of brands. We have Nike, Beyond Yoga, Adidas by Stella McCartney, Splits59, [Zobha](#) and some others.”
- “We actually have developed a pretty good following for the brand Splits59. I see that as an emerging brand.”
- “We do have a crazy following for the Stella McCartney line. It sells out as soon as we get anything in. It is a limited line, so we cannot buy it all the time. Adidas would be smart and do well to develop that line.”

➤ Apparel shop employee for a national gym in Southern California

Lululemon remains popular, but consumers are looking for the next new brand. The market has been spread thin by the number of new players, including [Electric Yoga](#) by Michele Bohbot, [Elisabetta Rogiani Couture Fitness](#), Beyond Yoga, [Hard Tail Forever](#), [Rese Pilates](#), V.F. Corp.’s [Splendid](#), [Nux USA](#) and standards like Nike. Women—particularly moms—are looking for crossover apparel that offers a good fit.

- “Lulu is not ‘over,’ but a lot of people are looking for something else. There has been a big jump in the number of yoga apparel companies. There is a lot of competition, a lot of choice and people pick and choose.”
- “Lulu is pretty popular. It is very trendy. But people are always looking for new and different. On the one hand, people want to be a part of a group, to be trendy. But on the other hand, 50% are looking for something new.”
- “Lulu has also taken some political stances that people have heard of and are influenced by.”
- “Men love Lulu as well. A lot of trainers wear the [Response short](#).”
- “I have not seen a change in price.”
- “Moms would like their workout clothes to do double duty. If [the clothes] can serve that purpose, it is ideal. No one wants to walk around sweaty and grungy after the workout, but if they can walk around in it before class, that is the optimum choice. Certainly, there is a lot of that crossover.”
- “It is all about the fit. That is the bottom line. People want to look good, and they will spend more money if it fits.”
- “We carry a new company called Electric Yoga that is been very popular. Also, Electric Yoga is very conscientious about how they produce their products. There are the standards like Nike, Nux and of course we have our own line exclusively for us, which people are buying quite a bit. We have had different incarnations of that line for years, but we just released a new seamless line that has been very well received.”
- “Splendid items are gaining popularity—the pants in particular for wearing to yoga and outside of the gym.”
- “Beyond Yoga is very popular. There is also another brand called Rese Pilates that has come on the market. People like Hard Tail too.”
- “The fit of Elisabetta Rogiani is incredible. It has its own following. We do not carry it here, but if we did I would be able to sell it every day of the week.”

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*Apparel Shop Employee, National Gym
Southern California*

3) YOGA, FITNESS, DANCE AND/OR GYMNASTICS INSTRUCTORS

All nine sources said Lululemon currently is popular among their clients and within the yoga community, and should remain popular in the near future because of its loyal customers and growing presence in the Midwest and East Coast. Competition within in the yoga clothing category is increasing, most notably from Lucy and Gap's Athletica. Lululemon will need to remain true to its yoga clientele; two sources said the company recently strayed away from with its [John Galt handbag](#). Also, Lululemon appears to be forming fewer corporate partnerships. In 2011, [Stroller Strides](#) replaced Lululemon with Lucy.

➤ Pilates instructor in Southern California

This source used to exercise in [Old Navy \(Gap\) activewear](#) but has become a loyal Lululemon customer. She said other yoga brands offers quality but not the sense of community.

- "Lululemon is my Mecca. Their stores are awesome. As a Pilates instructor who lives the wellness lifestyle through and through, it is such a relief to have a company that makes stylish, high-quality clothes that are still comfortable and cool enough to wear to class, the grocery store or on a flight to Maui. The free hemming they do on pants and jackets is another perk."
- "I shop Lulu about once a month."
- "I can tell you I am very picky about the cut, the fabric and overall fit, and I just feel good in these clothes. It is not cheap, but it will last for years! I am still rocking my very first Lulu top from 2005."
- "Sometimes I have a hard time living with the fact that I purchased a \$108 hoodie, but I have spent that much. Over the last two years, I have phased out my entire workout wardrobe so it is only Lululemon."
- "I have a few girlfriends who like Lucy and Zobha. They say Zobha is just as stylish and well made as Lululemon and at a better price. I used to exercise in less-expensive Old Navy gear, too, but it pilled, threads came loose, and the material lost its elasticity."
- "Once I tried Lulu, the difference was obvious. It feels amazing, wicks moisture, and does not bunch up when I move."
- "Other yoga clothing companies, like Beyond Yoga, have quality stuff, but Lululemon feels more like a community or a network, with Sunday yoga classes and their conscious-living approach. They offer more than clothing, and that is what is growing the brand."
- "I rarely see men in Lulu."

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Pilates Instructor, Southern California

➤ Stroller Strides franchise owner and fitness instructor in the Northwest

Lululemon is the dominant brand among the hundreds of women this instructor teaches weekly. Lucy is gaining in popularity but is not a threat to Lululemon's market share. Lululemon clothes are highly fashionable, and the cutting-edge materials make them superior to—albeit much more expensive than—Lucy. However, Lucy created a partnership with Stroller Strides corporate in June 2011, offering 20% off all merchandise during popular nationwide moms' night out retail events. Lululemon stopped offering a discount at these events, and the source ended the partnership.

- "Lulu dominates. I work with hundreds of women, and they all wear it or want it."
- "Lucy has gotten a lot better. They had cute stuff in the last few years. It is more affordable and goes on sale more, but it is not cutting-edge like Lulu is."
- "Lulu is still climbing. I myself did not own anything until the last six months. It is always the talk. It is for women who want something fashionable and flattering to their body."
- "I only see the women when they are working out, but there is a fair amount of the moms who find it easy to wear yoga pants instead of jeans. If you include the jackets, vests and sweatshirts, it is definitely for fashion."
- "In terms of market share, nobody competes with Lulu. [Puma \[AG Rudolf Dassler Sport/ETR:PUM\]](#) puts out cute clothes, and of course there is a lot of Nike. But with the Lulu outfits, they are sought after."
- "I am seeing the same amount of Lulu. Lucy is getting a bit more business."
- "I have not noticed a change in price, but Lulu is notoriously expensive and does not go on sale."

- “We have private events—moms’ night out—and we had an event scheduled last fall offering 15% off Lululemon, not as much as other retailers but a nice gesture. Lululemon called me the week of, saying, ‘Sorry, corporate has made a companywide change, and we will no longer offer a discount.’ I had to cancel the event. The stuff is expensive enough, and we spend thousands of dollars at these events. Everyone goes home with at least a tank top. The mailing list for the events goes out to 500 women. Lucy has formed a corporate sponsorship or relationship with Stroller Strides, which is one of the fastest-growing franchises. We get 20% off the entire store, including sale items. The women will go to this event, come to class and talk about the night and what they tried on or bought.”
- “I have not heard of Beyond Yoga.”
- “I have seen a lot of running tights instead of flared pants. Women do a lot of races and wear running-type clothes, too.”

Lulu dominates. I work with hundreds of women, and they all wear it or want it.

*Stroller Strides Franchise Owner
Northwest*

➤ Personal trainer in Los Angeles

This source has noticed a “buzz” about Lululemon clothing among clients, friends and celebrities. About 30% of her clients wear Lululemon, an increase from last year, but most others wear a mix of workout gear and show no brand preference.

- “A lot of my clients wear Lululemon for workouts now, roughly 30%. I did not see the brand as much last year, but I have been noticing it more now. The clothing is so cute and looks really comfortable.”
- “Many of my clients wear [Under Armor \[Inc./UA\]](#), Nike or whatever they have in their closets. They wear a whole range of stuff. A few are into looking really good when they workout; those are the Lululemon girls.”
- “Lululemon clothes are very expensive, but my clients who use Lululemon say the clothes last forever and fit great so they are worth the expense.”
- “Another instructor here who does cardio classes swears by Lululemon because of the moisture wicking. She says it is better looking than Under-Armor stuff and has the same benefits.”
- “If I could afford it, I would like to try those Lululemon [Groove](#) pants or the crop pant I have seen on my clients.”
- “I do not really shop for my gym clothing by brand name. I also have to be very price-conscious, so Lululemon is out of my league.”
- “This clothing brand is getting really popular. There is a buzz about it these days, and celebs are wearing it too.”

➤ Yoga instructor in the Northeast

Yoga apparel companies like Lululemon are growing, but continued growth will be depend on the popularity of yoga. Yoga apparel as leisurewear is common, and loyal Lululemon customers go for a line with that in mind. Yoga for men is increasingly popular. The source and his wife—also a yoga and dance instructor— receive Athleta and [Title Nine](#) catalogs at home.

- “I see yoga apparel companies like Lulu growing. There are more and more people doing yoga.”
- “Lululemon is the only clothing advertising I can think of in the yoga magazines I read. Big, full-pagers. The rest that I notice are for mats and shoes or accessories.”
- “People also wear yoga gear for fashion. I definitely see it around town. Tunic tops and yoga-style pants. The yoga scarves are everywhere.”
- “I have seen Athleta. We get the catalog at the house. We also get Title Nine, which seems really athletic, and each photo of the model is personalized: their career, how they exercise, something about them.”
- “I like Nike shorts. I just bought a pair of yoga pants on sale at [The TJX Cos. Inc.’s/TJX] [T.J. Maxx](#), but they were a running brand.”
- “One guy I trained with wore Lulu. But around here, it is carpenters and loggers, and they wear cutoff ’80s sweatpants.”
- “I see the yoga trend continuing. The high school track coach has the girls and guys doing yoga. If it is raining, the football trainer sends the team into my yoga class. They love it.”
- “I read recently about a class a guy in Massachusetts started called [Broga](#). It is a guy’s yoga: push-ups, weight training, strength moves.”

Lululemon is the only clothing advertising I can think of in the yoga magazines I read. Big, full-pagers. The rest that I notice are for mats and shoes or accessories.

Yoga Instructor, Northeast

Lululemon Athletica Inc.

That is probably a temporary trend. But if it gets more guys doing yoga, great. I started an all-male yoga class and it had quite a turnout.”

➤ Yoga instructor in Chicago

Lululemon’s functionality will allow the brand to continue its growth. Twenty-five percent to 30% of this source’s clients wear Lululemon while others wear Nike and Lucy. She has noticed a few men wearing Lululemon shorts.

- “I cannot say the Lululemon has peaked. I see their sales continuing to be pretty steady.”
- “Functionality of their clothes is what will keep the appeal going.”
- “I own some Lululemon. I like it. I like the comfort, and it lasts. You get what you pay for.”
- “About 25% to 30% of our clients wear Lululemon.”
- “I am seeing the same amount of Lululemon that I saw last quarter and the previous quarter.”
- “I see some guys in the studio wearing Lululemon but not many.”
- “I see men in Lululemon shorts. With the ladies, I see tops and pants.”
- “I see some clients wearing Nike and Lucy.”
- “I am familiar with Beyond Yoga, but their logo is not apparent as Lululemon so I do not notice it as much.”

Functionality of their clothes is what will keep the appeal going.

Yoga Instructor, Chicago

➤ Pilates instructor in North Carolina

Lululemon’s brand has not experienced its peak and is a coveted brand among this source’s students. The line’s quality and fashion-forward styles have prompted more people to wear and talk about it in the last six months.

- “Lululemon is the brand I see the most in my classes. Over half wear at least one garment.”
- “The popularity of Lululemon has increased in the last six months to year. Lululemon will stay popular. The quality is fantastic and it is the brand everyone wants.”
- “Lulu is the brand you tell your friends about. It is the best and that is what everyone says. Some wear it for the fashion of it, but it looks good and it works out well. It is a fitness apparel brand first, fashion second.”
- “I have never heard of Beyond Yoga.”

➤ Yoga instructor in New Jersey

Lululemon is gaining mainstream popularity. More people are wearing it in yoga classes, and others are wearing it just as a fashion item. The biggest threats to Lululemon are increased competition and repetitive design. The high cost also may deter some customers.

- “Lululemon is still going strong. I see more and more clients wearing it. I see people who do not even exercise at all wearing Lululemon just for fashion.”
- “Lululemon has a few strong competitors. Athleta and [Be Present](#) are probably the biggest.”
- “The biggest threat to Lululemon is increased competition and repetitive design. Everything is very black and very basic.”
- “I used to wear a lot of Lululemon, but stopped about five years ago. It is just become too mainstream for me. I like unique stuff and way too expensive for low-quality ‘made in China’ clothes.”

I see people who do not even exercise at all wearing Lululemon just for fashion.

Yoga Instructor, New Jersey

➤ Yoga instructor in Florida

Lululemon is going strong despite competition from other brands. Ninety percent of this source’s friends and colleagues own at least one Lulu item, and 75% of her students wear Lululemon. Lululemon was a pioneer with its Ambassador strategy aimed at yoga instructors, and still works hard to keep instructors excited about the brand. Other brands have emulated this strategy but have not displaced Lululemon. The men’s clothing line is popular, but the company’s accessories have not always lived up to expectations. The backlash over the John Galt bags generated noise but few changes in behavior. Lululemon’s clothes are like a uniform for instructors, conveying professionalism and suggesting the instructors are economic peers of their students, who usually are much wealthier.

- “Lulu is a huge phenomenon. I first heard about them when I was starting out. They were cute yoga clothes, and a lot of them were on instructors.”

- “Their tops look better on me and fit better on me than anything else. Lulu shows that I mean business, I am a professional. It puts you in the same peer group as your students.”
- “Ninety percent of the people I know own at least one Lulu item. On any given day, 75% of my students are wearing Lulu. The others will wear it on another day. I have not seen any changes in that.”
- “They have a strategy that a lot of other companies have started adopting. They treat instructors as ambassadors. They comp clothes, put up pictures of local instructors in stores, host free classes in the store.”
- “I have taught classes for them and done their yoga in the window programs. You get a gift certificate, a free shirt out of it and people come to your classes. It is a good deal.”
- “Even if you are not an Ambassador, if you are a yoga teacher of any sort you get a 20% discount in return for giving feedback once per year.”
- “Other people are picking up on brand ambassadors: [Gaiam](#), [JadeYoga](#), [Zobha](#). They are showing off local people instead of celebrities. Most yoga instructors are ‘ambassadors’ for only one company, at least when it comes to clothing.”
- “The men’s section is popular. Most men’s clothes are boring, black and baggy. Lulu has colors and changes them. They are cute. The pants are still dull though.”
- “Lulu’s mats suck.”
- “Zobha and Lulu are the most mainstream companies. PrAna and Beyond Yoga are more stereotypically yoga clothes.”
- “There are low-price brands. People go to [TJX’s] Marshall’s or [J.C. Penney \[Co. Inc./JCP\]](#) on sale, but it does not become a cult thing.”
- “The [John Galt bags](#) were a stupid move, and gave a window into the company’s corporate culture. The bags are everywhere; they are even sold on [eBay](#). But Lulu is not being replaced. I do not see people stopping shopping at Lulu.”

“Their tops look better on me and fit better on me than anything else. Lulu shows that I mean business, I am a professional. It puts you in the same peer group as your students.”

Yoga Instructor, Florida

► Yoga instructor in the Northwest

Lululemon is a strong brand, but it may reach a saturation point in the future. It needs to keep up with fashion trends and be careful not to undo its hard work in the community by making PR blunders as it did with the John Galt bag. The source likes Lululemon clothes because they last, but she wears more Nike apparel. [PrAna](#), Hard Tail and Lucy are the biggest competitors in her area, but none is a real danger to Lululemon.

- “I would have a hard time thinking Lulu is losing popularity. I do not see a decline; they are as strong as ever, but with the economy a lot of people do not have the disposable income for a \$90 pair of pants.”
- “PrAna, Hard Tail, Lucy are all Lululemon competitors. I do not see Nike going after the yoga market; they do not have a dedicated yoga line.”
- “There is no real competitive danger. Companies will steal share—they will offer organic cotton, have a different philosophical view on things—but Lulu is a very, very strong brand.”
- “I love Lululemon clothes. They last forever.”
- “Lulu offers free events, running clinics, etc. I was doing yoga training at Lululemon, and I mentioned I was writing a blog. They asked for the information, and they published it on their Facebook page. In that way, they support teachers and the community.”
- “I have not seen a change in people wearing more or less Lulu.”
- “In the U.S., Lulu may be reaching its saturation point. They need to keep up with fashion trends, keep up with colors and style. Wide-leg pants were in; now it is tight. There has not been a huge change in style of yoga. There was a rise in the hot yoga, which changed what people wore.”
- “The brand has come under fire lately because the company has an ideology that is a turnoff to some. In the yoga world, it is nonjudgment, nonharming, noncruelty and respect of the individual. People took the John Galt bag to mean Lulu was a follower of [Ayn Rand](#), who is antithetical to yoga.”
- “I bought a pair of Gap maternity yoga pants that were great, but Lulu does not do [pregnancy clothes](#). Prenatal yoga is a huge, huge growth market—long before I got pregnant—but I have not seen companies jump on that

bandwagon. So many studios are catering to prenatal, there is no way the companies have not look at that market. Maybe they have deemed it to be not plausible. What about a line for juniors?"

4) LULULEMON CUSTOMERS

Five of six sources wear and prefer Lululemon to other yoga clothing companies. The remaining customer buys some Lululemon clothing but prefers ordering less-expensive clothing from prAna and Athleta. Four of six sources said the Lululemon craze is growing. The remaining two sources said the Lululemon craze has died down, with the brand's presence in the mainstream making it less appealing. For Lululemon to remain popular and continue growing, sources suggested it develop a line of clothing specific to hot yoga, further increase size options, and have less expensive price points. Lucy is Lululemon's biggest competitor. Sources wear Lululemon mainly for exercise but also outside of the gym.

➤ Middle-aged woman in Chicago

The brand is more popular than last year. The source shops at Lululemon quarterly and spends \$250 on average. Lucy is the company's biggest competitor. Her friend prefers Lucy for its looser fits.

- "I did not like Lululemon when it first came out. Everything was so small. I could not fit into anything. It was all made for twig figures, which I am not."
- "I shop at Lululemon about four times a year. It has been that way for a few years now."
- "I used to only buy at Lucy because their clothing fit me better. Now I buy at both Lucy and Lululemon."
- "Today I got a few tops. I spent \$250. That is what I typically spend."
- "My friend I am shopping with prefers Lucy and bought something there today. I like what I saw at Lululemon better in tops, so I bought here."
- "Lucy is Lululemon's competitor, especially in this mall since it is a few doors down. Their clothes do not seem to be as form-fitting as Lululemon's for the most part, and that makes them easier to wear if you are not skinny."

➤ Woman in her late 20s in Los Angeles

This source is very loyal to the brand and has convinced many of her friends to start wearing Lululemon clothing. She makes a purchase almost every time she visits the store and keeps a close eye on the store's sale items. She said celebrities sporting the brand influence customers. No other brand comes close to Lululemon's quality and style.

- "I am a Lululemon addict. I wear these clothes everywhere—to my gym, yoga class, the doctor and just going to the mall. I will never buy any other brand of athletic clothes, ever."
- "I am buying more than I did six months ago, which was when I was introduced to the brand and fell in love with it. It is extremely difficult for me to walk into a Lululemon store and not purchase anything."
- "I come to this Lulu store because it has a multi-style sale section at least three times bigger than the stores in Beverly Hills or Santa Monica. Scoring \$100 yoga pants for \$70 feels good."
- "I spend at least \$70 or \$80 when I come in."
- "Lululemon is more popular than ever. The company supports yoga with its events and all the stuff on its website. I am slowly but surely getting all my girlfriends into Lululemon, one pretty piece at time."
- "I like that they are comfy and cleverly designed. Mini key pockets, sleeves with thumb holes that can turn into mittens, zipper garages so the zipper does not rub on your face and neck. You can wash it a million times and it still holds its shape and color!"
- "The Lululemon trend is hot and getting hotter, and the controversy about the John Galt handbag and the whole Ayn Rand thing behind their slogans does not hurt. It just makes people notice them more."
- "I have not seen many guys wearing Lululemon. There are always more women than men in my yoga classes, but men should check out the brand. They would like it."
- The biggest threat to Lululemon is if the economy tanks again. Single girls like me still paying off college loans would not have jobs and money to spend on these pricey things. But as long as I have it, I will spend it on Lululemon."

I am a Lululemon addict. I wear these clothes everywhere—to my gym, yoga class, the doctor and just going to the mall. I will never buy any other brand of athletic clothes, ever.

*Customer, Lululemon
Los Angeles, CA*

➤ Woman in her mid-20s in Texas

Lululemon continues to sail to the top of the yoga apparel world. It is successfully expanding its customer base and attracting the social and athletic community in this source's area. Lululemon is outpacing its rivals. Most yoga enthusiasts buy Lululemon clothing for working out but also want to be fashionable.

- "Lululemon is successfully expanding its customer base. Lululemon is on everyone that I see at my yoga studio. I have also seen many more runners wearing Lululemon gear. They have a lot of presence within the social/athletic community in Houston due to their Ambassador program."
- "Lululemon is taking customers who would otherwise buy the more traditional athletic clothing from companies such as Nike or Adidas. ... With yoga becoming more popular, Lululemon has a great segment of the market."
- "Lululemon is expanding to have more running apparel."
- "Lululemon typically has whatever sizes I need and clothing in a variety of styles. The only problem I have seen in their inventory is in their sports bras."
- "Competitors have not taken share from Lululemon in the past year. If anything, Lululemon is becoming more popular."
- "Retail pricing trends are trending up, especially in athletic apparel. Lululemon is a big part of this upward trend in prices."
- "Lululemon has the market cornered in terms of fashionable and comfortable yoga/athletic apparel and sets their prices as such."
- "I have never noticed sales at Lululemon except on overstocked merchandise. This has not changed."

Lululemon is successfully expanding its customer base. Lululemon is on everyone that I see at my yoga studio. I have also seen many more runners wearing Lululemon gear. They have a lot of presence within the social/athletic community in Houston due to their Ambassador program.

*Customer, Lululemon
Texas*

➤ Woman in her mid-30s in Florida

New to Lululemon, this source quickly bought into the trend within the last three months. She thinks Lululemon still has not reached its peak and can grow through better pricing, more locations and more merchandise options. The source never wears Lululemon gear solely for fashion.

- "Lululemon's popularity has not reached its maximum potential. They have room to grow."
- "My purchasing and wearing of Lulu have increased over the last three months because of my yoga teacher training classes. Everyone wears it so I see it a lot, and when I looked into it I liked the quality and styles."
- "They need more options in the line. The yoga mats are at a great price point though."
- "I wear it mostly for working out. I wear it to the store after but not for fashion. It looks good but is not fashion."
- "I buy the run tops for yoga because they are more flowing and not skin tight. They also have the gathered option at the bottom to allow for me to tighten the shirts to not come up when I am upside down."
- "I only use it for yoga because I am not a runner. However, if I do become a runner I am sure I will wear Lulu for that as well."
- "I wear it to Pilates class and Zumba. I will probably wear it when I start paddle boarding classes this summer."
- "I would like to see a line of yoga clothing specific for hot yoga, especially for classes that are at 104 degrees."
- "Other lines have come out and are gaining popularity. Yes, like Gap's line. I was not aware of Lululemon until I got really into yoga. I probably will start buying from Athleta because I have a Banana Republic credit card."

Lululemon's popularity has not reached its maximum potential. They have room to grow.

*Customer, Lululemon
Florida*

➤ Woman in her 30s, Chicago area

Lululemon is less trendy and more mainstream than a year ago, but sales will stay consistent because more consumers know the brand. This source shops bimonthly and spends an average \$100, mostly on tops and jackets. Her trips to Lululemon have increased in the last six months and will continue at that level over the summer. She also shops at independent running stores for a more unique selection.

- “The Lululemon craze has died down. It is less trendy than it was a year ago. It is more of a mainstream brand now.”
- “It is not as unique to have Lululemon on it. In that way, it has become more popular.”
- “I shop here about once every two months; not monthly.”
- “Lucy is their direct competitor. Nike is not so much as they have a different thing going on than Lululemon, which is more specialized.”
- “I buy the Lululemon zip-up top and jackets most often. I got a couple of tops today.”
- “My average purchase is around \$100; when I splurge a bit, it is \$50 or so more.”
- “I am shopping more often at Lululemon than I was six months ago, and that will not change over the next three months. I simply want more running clothes.”
- “I also shop at independent, specialty running stores for my workout clothes.”

➤ Woman in her early 40s in New Jersey

People still are wearing Lululemon. The biggest threat is increased competition from companies such as prAna and Athleta, which offer style but at a lower price.

- “I see people wearing Lululemon all the time. But I do wonder if the trend will continue. There is a good amount of competition, and their prices are high. I think that is the biggest threat to their growth.”
- “I have two Lululemon sets—a top and bottom—for yoga. I purchased them about a year ago. I am happy with one of them and wear the set often. The other pants are a bit uncomfortable. I find they are too tight for yoga and feel like they may have been mismarketed.”
- “Lululemon is certainly trendy, but I tend to buy more of my yoga wear from prAna or Athleta. The prices are a bit more reasonable, and the styles are just as nice. I prefer to shop online, and Athleta has a great shipping and return policy.”
- “I would buy more Lululemon—maybe as a splurge or if I saw a sale or promotion.”

I see people wearing Lululemon all the time. But I do wonder if the trend will continue. There is a good amount of competition, and their prices are high. I think that is the biggest threat to their growth.

*Customer, Lululemon
New Jersey*

5) INDUSTRY SPECIALISTS

All four sources said Lululemon has become more popular, to the point that one source said the brand’s exclusive appeal has been diminished. Lululemon’s popularity will continue despite increasing competition from Lucy and Athletica, and a resurgence in the economy will help the company’s sales. Two sources said roughly 20% to 30% of Lululemon customers buy the brand strictly for fashion, while a director of a textile company said only 7% of women buy athletic apparel solely for workouts. The fourth source did not comment. Two sources believe Lululemon can become as popular in the United States as it has in its home country of Canada.

➤ Director at a textile marketing company; repeat source

Only 7% of women buy athletic apparel solely for workouts, giving Lululemon an edge given its fashionable products and brand name. This source believes the brand’s clientele would accept a price increase from Lululemon. He said the company definitely could become as popular in the United States as it is in Canada. He called Lululemon the “Tiffany’s” of yoga wear.

- “According to our research, only about 7% of women buy athletic apparel solely for workouts. Clearly some people are buying Lululemon for the discreet logo appeal—not to mention the shopping bags, which are repurposed as everything from lunch bags to shoe carriers. The reusability of the bags and, thus, the additional advertising are definitely earning their cost per unit.”
- “In my opinion, Lululemon is the leader in the yoga wear category.”
- “Moisture-management and antimicrobial features are a must for yoga apparel, and these performance features continue to gain ground to the point of being expected in this category. From a design point of view, garments

Only about 7% of women buy athletic apparel solely for workouts. Clearly some people are buying Lululemon for the discreet logo appeal.

Director, Textile Marketing Company

that can easily go from the yoga studio to the street and beyond are also valued by consumers. Lululemon does a really nice job of designing pieces that are functional and practical for yoga, but also serve double-duty as general and generally fashionable apparel.”

- “I am seeing Lulu’s logo on more and more bodies at the gym, the yoga studio, on the street and on TV. More importantly, I am seeing increasing numbers of men wearing Lululemon apparel.”
- “Lululemon can definitely reach the same level of popularity here in the United States as in Canada. Lululemon already has a strong foothold in metropolitan markets like New York and Los Angeles—markets that have strong influence on trends across the country. There have been several Lululemon product placements lately, most notably on *Smash*. This also helps the brand gain national visibility without having to invest in television advertising.”
- “There are more yoga-centric apparel options out there, but Lululemon is clearly perceived as the leader—the Tiffany’s of yoga apparel, if you will.”
- “I would give Lululemon the edge on Nike in apparel design and execution, but I am not always as impressed by their ancillary products. Extending that keen eye for apparel design to their offerings would go far in positioning them as a total and fashionable lifestyle brand.”
- “As far as Lululemon’s in-store inventories are concerned, there is always a good mix of styles and sizes. However, I do find that some of my favorite, basic pieces have either been discontinued or are no longer available in-store.”
- “Apparel pricing trends appear to have stabilized over the past several months—higher than last year though not as high as many analysts and consumers anticipated. Given Lululemon’s quasi-prestige position, any increases against margins would likely be accepted by the brand’s clientele.”

► Chair of a Midwest yoga association

Lululemon has become more popular in this source’s area and could become as popular in the United States as it is in Canada. However, the company faces stiff competition from companies like prAna and Lucy. She said 30% of people buy yoga clothing like Lululemon for fashion. As the economy picks up, people will have more discretionary income, which can only help Lululemon and yoga in general. Lululemon should spin a positive marketing message from its recent bad press.

- “In our area, Lululemon is becoming more popular. A Lululemon retail store opened about a year ago, and it is very popular in the area.”
- “PrAna is one of the most popular brands in yoga wear. Lucy is also very popular. They are certainly competitors to Lululemon, but I am not sure that they have taken significant share away from Lululemon.”
- “I have not noticed any big changes in inventory levels in my area, and Lululemon’s inventory levels have been fine.”
- “Thirty percent are buying yoga clothes for a comfortable fashion statement, and 70% are purchasing for the specific purpose of exercising. There may be some crossover, but I know a few people that joke their yoga pants have never seen the inside of a yoga class.”
- “Lululemon can become as popular in the U.S. as in Canada. I do not see the popularity of yoga waning anytime soon. The free community classes the retail stores offer are incredibly popular and are an excellent marketing tool.”
- “Retail pricing trends are starting to see a resurgence in the last year or so. People want value, performance, quality and longevity when purchasing yoga clothes. This will have a very positive impact on Lululemon. As people have more discretionary income—and with the popularity of yoga—there will be an increase in purchase power from consumers.”
- “I am hearing more yoga teachers and students talk about purchasing new clothes.”
- “There has been some negative press regarding Lululemon in the news in the last few months, as well as negative press about yoga in general. I would think this would be an excellent opportunity for Lululemon’s

In our area, Lululemon is becoming more popular. A Lululemon retail store opened about a year ago, and it is very popular in the area.

Chair of a Midwest Yoga Association

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Chair of a Midwest Yoga Association

Lululemon Athletica Inc.

executive team to explore positive PR messaging, which would also help create brand awareness and good karma for yoga in general.”

- “The biggest trend in fabric is wicking performance wear. Bikram or hot yoga has seen exponential growth in the last few years, and wicking performance is highly desirable for that style of yoga. In addition, I have seen more interest in organic cotton fabric as well. I am not sure if Lululemon is offering a substantial organic cotton line, but I do know they do well with the wicking fabric options.”

➤ Business co-manager and director of a Midwest yoga association

Lululemon is becoming more popular, but it faces steep competition in some areas of the country from [Wal-Mart Stores Inc.](#) (WMT), J.C. Penney, Hanesbrands Inc.’s (HBI) [Champion](#) and prAna and lacks a presence in other regions. Retail sales of yoga clothing have remained the same compared with six months ago.

- “Lululemon is becoming more popular. They sell a lot of stuff and do a lot of advertising. Yoga pants are the most comfortable pants in the world.”
- “I do not have any Lululemon products. I am certainly familiar with their advertisements and have read about them on a gossiping yoga blog or two. I know some people think Lulu is not a company they want to do business with—and I know others are fine with Lululemon.”
- “Retail pricing trends for yoga clothes are really disparate. There is a big wide range. You can buy really inexpensive goods at J.C. Penney and Wal-Mart, and really fancy goods online or wherever you buy yoga stuff.”
- “People might buy Lululemon clothing here, but it is not available. You have to go out of your way here to buy Lululemon-type products.”
- “We see a lot of Champion yoga clothes. PrAna is also a competitor. [Target \[Corp./TGT\]](#) has tons of yoga clothes.”
- “Sales in the athletic/yoga wear area compared with three months ago are roughly the same.”
- “About 10% to 20% of yoga clothes sold is purchased for fashion.”

➤ Director of an international yoga training business

Lululemon is becoming so common now that it is losing its exclusive appeal, and yet the company continues to charge high prices during a tough economy. Lululemon may be fine for fashion but is not comfortable for the regular yoga goers as the clothes are simply too hot and confining. It has slipped a bit in popularity and likely will not take the United States by storm as it has done in Canada. Inventory is poor online and is so-so in stores. The company faces competition from Hard Tail, [Shakti Activewear](#) and Target.

- “I do not think Lululemon is authentic to the yoga person. It is a little too commercial. It is like the McDonald’s brand but not in terms of price. It is common—and for the price, it is too common.”
- “The person who is doing yoga regularly is not wearing Lululemon because it is not comfortable for yoga. If you are in an air-conditioned gym or a cold gym, yeah. But for the heated yoga, their stuff is too hot and too thick. It is unbearable. That is the majority of Americans practicing yoga. Lululemon totally missed the boat with that.”
- “Anyone who buys Lululemon for the gym is buying it for fashion.”
- “I just finished teaching at six studios. I would say you always see Lululemon but you do not walk in a room now and automatically see Lululemon like you used to. You probably see pants, but you do not see the tops. I think maybe the tops are too expensive.”
- “If you have Lululemon’s stuff, you have it. What are you going to do? Buy 14 of the same top? They do not have a lot of variety in the tops.”
- “You only need one pair of black bottoms, and you have pretty much got it. Everyone splurges on one pair of the pants.”
- “People are starting to shop at Target. I do not think there is a clear leader in yoga wear. The leader in hot yoga is random—possibly Shakti. A lot of their stuff is skimpy.”
- “The leader in yoga wear depends on where you are in the country. In California, there is a good bit of Hard Tail.”
- “No one will ever steal [sales from] Lulu’s underwear. Those who have tried it will only wear Lulu’s underwear. But their ads do not tell anything about them.”
- “I do not think Lululemon is stocked online. They are out of the popular stuff. I think Lulu’s store inventory is half good. Not great, not bad. It seems like they are always out of a top.”
- “I do not think Lululemon can become as popular in the United States as in Canada because they need to change their messaging. It is too campy.”

Lululemon Athletica Inc.

- “I was totally into yoga clothes; now I am not. Obviously with the economy over the past couple of years, people stopped buying the way they used to for the yoga studio.”

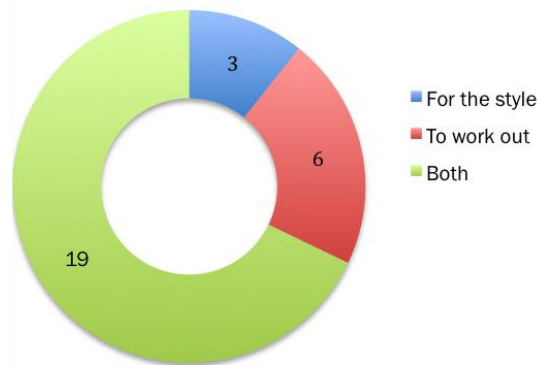
6) ONLINE LULULEMON CUSTOMER SURVEY VIA SURVEYMONKEY

Blueshift’s online Lululemon survey revealed that the brand is purchased both for exercise and style. Our survey also showed that Nike, Lucy, and Under Armour are Lululemon’s strongest competition.

➤ Why do you buy Lululemon clothing?

A random sampling of 28 Lululemon customers revealed that the brand is purchased both for exercise and for style.

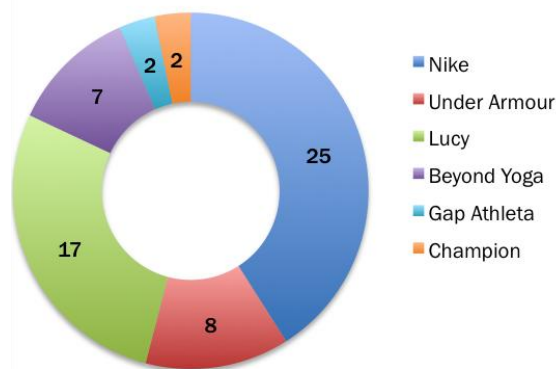
Why do you buy Lululemon clothes?



➤ Who are Lululemon’s competitors?

A random sampling of 52 U.S. consumers revealed that Lululemon’s strongest competition comes from Nike, Lucy and Under Armour. Note: Respondents were able to choose more than one competitor.

Lululemon's biggest competition



Secondary Sources

These three secondary sources highlighted Lululemon's increased focus on different customer demographics and online sales, a new Lululemon showroom in London that received little company marketing, and the appeal of Lululemon's clothing and how it is portrayed to women.

- **April 11 Bizmology [article](#)**
Lululemon has increased its focus on newer demographics and online sales. Since launching its retail site in 2009, Lululemon's online sales have increased roughly 4% each year.
 - "Besides adding new stores, lululemon's rapid growth has been fueled by a boost in online sales and double-digit same-store sales. To ensure more of the same, lululemon continues to focus on developing its direct-to-consumer sales channel."
 - "The retailer is working to attract other audiences. It's counting on men, as more hip males are joining yoga classes to stay fit and strengthen their core muscles."
 - "As more consumers adopt yoga as a pleasant and relatively injury-free way to exercise and improve core strength, retailer lululemon is well-positioned to further expand its business beyond North America and Down Under."

- **April 17 CNBC [article](#)**
Lululemon did not publicize its new showroom in London, where the Olympics will take place this summer.
 - "Lululemon Athletica ventured out of its core North America comfort zone this weekend and officially landed in London."
 - "With the Olympics right around the corner, what better time to dip your toe into the market?"
 - "Despite the ability to spend, the company puts limited emphasis on traditional advertising. Instead, LULU continues to brand build through grassroots efforts. And based on how this strategy has worked so far, why mess with a good thing?"

- **April 9 Huffington Post [article](#)**
Lululemon is using a combination of style and function to lure women into its stores. The article also discussed how women in their 20s and 30s are spending more money on workout gear.
 - "Companies like Lululemon capitalize on these instincts, providing workout gear that women can feel 'stylish' in, even when they're doing sun salutations."
 - "It's not men they're trying to impress with their high-end workout gear, *Business Insider* says—it's other women."
 - "Some Lululemon retail stores even have their decked-out employees do yoga in the windows. This sends a message to young, female consumers that the brand is made for and embraced by them."

Additional research by Cheryl Meyer, Lindsay Gadsby, Chris Aylott, Tina Strasser, Maggie Purcell, Erica Franklin and Rachel Ross

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