Brand Doctor

Brand Check-up

Lululemon

As of July 29, 2025

Status: Needs attention

A strong brand with a tired home market: falling Americas comparable sales and a cut profit outlook now outweigh growth in China and abroad.

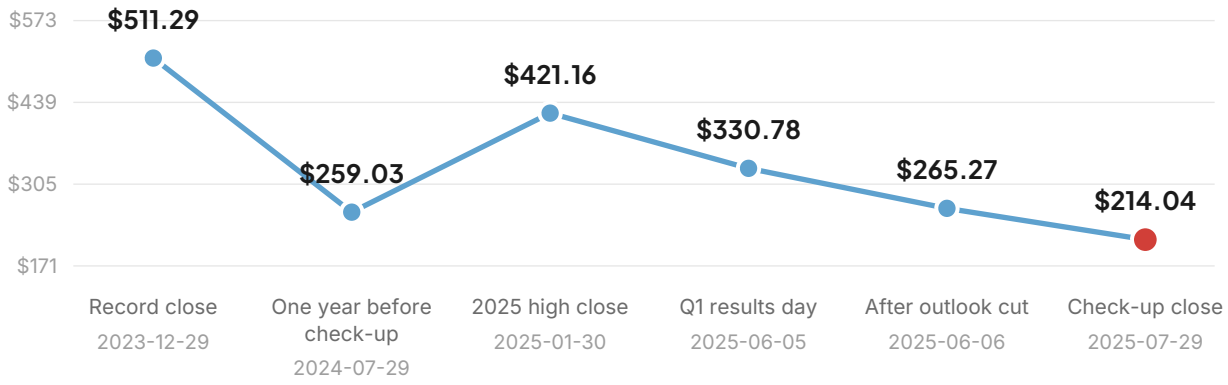
About this check-up

Brand Doctor reviews well-known brands the way we review a client's marketing: symptoms, diagnosis, treatment. This check-up uses public information available on July 29, 2025. It is brand and marketing analysis, not investment advice. Sources are listed at the end.

Vital signs

Share price

USD, at the dates shown [11, 12, 9, 10, 8, 7]



Share price

$214.04

Nasdaq close, July 29, 2025 [8, 7]

Change from record close

-58%

From $511.29 on Dec. 29, 2023 [11, 12, 8]

Change over 12 months

-17%

From $259.03 on July 29, 2024 [9, 8]

Annual revenue

$10.6 billion

Fiscal 2024, up 10% [2]

Americas comparable sales

-2%

Q1 fiscal 2025; total company +1% [1]

Stores

770

Company-operated, end of Q1 fiscal 2025 [1]

Timeline

2023-12-29 Shares close at a record $511.29 on Nasdaq. [11, 12]

2024-12-19 CNBC reports Jefferies analyst Randal Konik's view that upstarts Vuori and Alo Yoga are taking share from Lululemon. [13]

2025-01-30 Shares close at $421.16, their 2025 high to date. [10, 12]

2025-03-27 Fiscal 2024 results: revenue up 10% to $10.6 billion, Americas comparable sales down 1%, China Mainland revenue up 41%. Outlook for 2025 earnings of $14.95 to $15.15 a share. [2]

2025-06-05 First-quarter results: revenue up 7% to $2.4 billion, Americas comparable sales down 2%. Revenue outlook kept; earnings outlook cut to $14.58 to $14.78 a share. [1, 5]

2025-06-06 Shares fall 19.8% to $265.27, on track for the biggest drop since March 2020 according to Bloomberg. At least 12 brokerages cut price targets. [8, 3, 4, 6]

2025-07-29 Shares close at $214.04, 17% below a year earlier. [8, 7, 9]

Symptoms

- Americas comparable sales down 2% in Q1 fiscal 2025, after a 1% fall in fiscal 2024
- Growth leaning on China Mainland, where revenue rose 21% in Q1
- Full-year profit outlook cut on June 5, 2025, while the revenue outlook held
- Shares down 19.8% on June 6, then about 19% more by July 29
- Price increases planned to offset tariffs on an already premium-priced range

Diagnosis

Diagnosis, continued

1 A tired home market

Americas comparable sales fell 1% in fiscal 2024 and 2% in the first quarter of fiscal 2025. Over the same periods China Mainland revenue rose 41% and 21%. Total growth now depends on markets outside the brand's largest one. [1, 2]

2 Newness that is not landing in the U.S.

Reuters reported that Lululemon struggled to keep shoppers despite new sports bra and athletic jacket styles. Jefferies analyst Randal Konik called the focus on newness and China expansion, despite the Americas decline, a misalignment. Management said guests responded well to newness, yet Americas comparable sales still fell 2%. [4, 1]

3 Premium price under pressure from newer rivals

Reuters reported intense competition from trendier and more affordable brands in North America and mainland China. Align yoga pants sell for up to $128 on the company's website. CNBC reported in December 2024 that upstarts Vuori and Alo Yoga were taking share, in the view of Jefferies analyst Randal Konik. Bloomberg pointed to rising competition and promotions across apparel. [4, 13, 3]

4 Tariff costs and an expectations gap

Guidance assumed 30% tariffs on China and 10% on other countries, and the company warned in its quarterly filing that tariffs could lead to a significant reduction in gross margin and income from operations. First-quarter comparable sales grew 1% against a projected 4.1%, and second-quarter earnings guidance of $2.85 to $2.90 a share fell short of the $3.29 analysts expected. [3, 5, 1, 14]

Prognosis

Lululemon is profitable, still growing, and its first-quarter gross margin rose to 58.3%. The risk is that a soft home market becomes the normal state while China and the rest of the world carry growth. Bloomberg noted that tariffs complicate the chief executive's target of doubling sales from 2021 to 2026. What to watch: Americas comparable sales in the second-quarter report, whether new products sell at full price, how much tariff cost the brand can pass on to customers, and whether gross margin holds. We do not forecast share prices.

Treatment

- Refocus product development on the U.S. customer, with fewer, sharper new items that each get full launch support.
- Study the rivals winning North American shoppers, from upstarts such as Vuori and Alo Yoga to lower-priced brands, and decide where Lululemon will and will not compete.
- Defend full price by making the case for performance and quality clear, so customers do not learn to wait for markdowns.
- Report and manage the Americas business on its own metrics, so growth in China does not mask a weakening core.

Lessons for growing companies

Watch your home market on its own

Growth in new regions can hide a stall in the market that built you. Track comparable sales by market, not only in total.

Premium prices need constant renewal

A high price holds only while customers see a clear reason to pay it. When newness slows, that reason fades.

Plan for cost shocks early

Tariffs turned a sales slowdown into a profit-outlook cut. Know which products can carry a price increase before you need one.

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About Brand Doctor

Brand Doctor is a marketing strategy consultancy founded by Cliff K. F. Lin. He has spent 17 years in marketing and managed more than $30 million in spend for SaaS, tech and lead-generation companies.

A Brand Check-up applies the method we use with clients to a well-known brand: the symptoms you can see from outside, the root causes behind them, and the treatment we would prescribe. For your own company, we look at six areas (positioning, messaging, customer journey, channel mix, budget and spend, and measurement) and rank what to fix first.

$30M+	135+	8×	17
In marketing spend managed	Campaigns treated	Growth achieved	Years in marketing

Find out where your marketing is bleeding.

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