

Independent Case Study: Lululemon Athletica Inc. – Moving forward with Humility

In March of 2013, Lululemon Athletica experienced a major setback to their reputation that took over a year of communications strategies to recover from. Their popular black luon pant was recalled due to sheerness in the fabric and numerous complaints from customers. The sheer pants, along with some unsuccessful media relations and external communications, damaged Lululemon's reputation with stakeholders and eventually lead to the resignation of key executive leaders and the founder himself, Chip Wilson.

External factors that affected the organization's reputation included a damaged reputation for the product and organization with customers, shareholders, the media and public. Customers lost a sense of trust for the product's durability and effectiveness and a sense of respect for the organization as a whole due to Chip's lack of a real apology to the consumer and passing of the blame from the organization to the customer. Shareholders lost trust in the organization because they felt Lululemon over valued their shares by not revealing the fabric issue initially, and the media used the Lululemon recall as material for comedy skits such as Jimmy kimmel's painted-on pants mockery.

Internal factors that affected the organization's reputation included the resignation of key decision makers such as the Chief Product Officer, Chief Executive Officer and the Founder and Chairman of the Board, Chip Wilson. The resignations of the founder himself among other chief executives lead to a loss of certainty within the organization and by the shareholders.

Ultimately, the majority of Lululemon's communications strategies were strong enough that they were able to recover from the scandal. After many complaints from customers about the sheerness of the pants, Lululemon issued a statement where they took ownership for the problem, admitted that the pants were not up to Lululemon standards, and allowed customers to return or exchange their pants for another pair. Lululemon also posted an apology on their blog, again taking ownership for the issue. The statement was effective because it showed empathy for their customers and provided a solution to the problem that most people would be satisfied with. In response to Jimmy Kimmel's spoof, Lululemon again took ownership for the problem and even made a spoof advertisement of their own for painted-on pants. Later that year, Lululemon released a pair of "second chance pants" with added fabric in the back and clever messaging about celebrating failure. The communications strategies were very well received and effective in salvaging the organization's reputation.

Unfortunately, not all of Lululemon's communications were as successful. When interviewed by Jimmy Kimmel about the pant recall, Chip Wilson seemed to place the blame on some women's bodies not suiting Lululemon pants and customers' use of the pants causing the sheerness (i.e.

too much use of the pants by overweight women). Chip's media relations became disastrous and his "fat-shaming" was all over Twitter. To make matters worse, Chip posted an "apology" video on Facebook that seemed to only sympathise with Lululemon employees, not customers. This video only led to a more damaged reputation for Lululemon.

Chip's media attention was a perfect example of how great communications strategies can be ruined instantly by a bad interview and/or statement. As mentioned in the Unit 4 Notes, "a good reputation is hard to build and easy to destroy". Although Lululemon's communications team handled the situation very well in the beginning with their communications strategies, Chip's statements were not received well at all. As a result, Lululemon lost a sizable portion of their executive leadership team, faith in the organization from their shareholders, a positive reputation amongst the media, public and their customers and even a loss in profits. Luckily, with new leadership and a new outlook, Lululemon has been able to recover most of their reputation over the last few years.

Because trust is more important than cash in a capitalist economy, Lululemon should have prepared Chip Wilson for his interview with Jimmy Kimmel or not allowed him to take the interview at all. Although he originally thought he would be speaking on a different topic, he should have taken into account Lululemon's current climate and been more prepared for questions on it. Alternatively, he could have avoided taking any interviews until the issue blew over or asked a member of his communications team to take the interview instead. If he chose to take the interview and it didn't go well, he again should have consulted his communications team before issuing a follow-up statement. His statement should have included him taking ownership for his comments during the interview and the sheer pants and an apology to everyone involved. No blame should have been placed on the consumer. Chip needed to have focused on gaining trust back from Lululemon's stakeholders, not making excuses.

It was clear from the beginning that Lululemon had a strong reputation and communications strategies. Their communications team dealt with the situation in the best way possible and I attribute Lululemon's continued success largely to their leadership and communications team. I think that Chip simply wasn't prepared for his interview and neither was the organization. In addition to Lululemon's communication strategies, I would suggest that the leadership team and communications team work together before issuing any statements or taking interviews. This would have saved Lululemon and Chip a lot of grief and a tarnished reputation among stakeholders.

Lululemon didn't live up to the expectations of their stakeholders and that is why their reputation ultimately declined. Lululemon has spent years providing their customers with some of the highest quality athletic clothing on the market. They have also spent years demonstrating

some of the best communications and marketing techniques used in the retail industry. Very few people would expect defective clothing, negative media relations and poor communications from Lululemon and its founder, Chip Wilson. Lululemon set the standard very high and because they didn't always live up to the own standards, they were criticized much more than their competitors would have been. Stakeholders would expect this type of communications from many other organizations, but not Lululemon. When you set high expectations in the market place, you must always live up to them and never fall short – not even for a second.