

lululemon - Who Owns the Product?

Internal ID: S&F-STR-364

Topic: Growth Strategy, Innovation, Operations Strategy

Industry: Apparel, Accessories & Luxury Goods

Source: Strategy & Finance

Publication date: 5 October 2026

License: Not specified

Decision date and information cutoff: June 5, 2024, 4:10:16 p.m. Eastern Time

Decision scope: Product and brand decision rights for the next seasonal line cycles

Case convention: This is an author-created management exercise. The assignment and options are hypothetical; company disclosures are historical. No private deliberations or implementation results are represented.

The decision

In May 2024, lululemon announced a new structure for its product and brand teams. It would not replace its Chief Product Officer role. Design, Innovation, and Product Development would sit with the Global Creative Director, reporting to CEO Calvin McDonald. A newly created Chief Brand & Product Activation Officer would oversee Brand, Merchandising, Footwear, and Product Operations. The company said the change was intended to accelerate innovation and strengthen its go-to-market strategies. [S2](#)

The announcement came as the company pursued ambitious growth targets and reported different regional growth rates. In fiscal 2023, revenue increased 19% to \$9.6 billion. For the first quarter of fiscal 2024, Americas comparable sales were flat, while international comparable sales rose 25% (29% in constant dollars). Management said customers responded to product innovations and that lululemon was optimizing its U.S. assortment. [S1](#), MD&A pp. 27-31; [S3](#), pp. 1, 7-8.

The company had already announced its structural change. The question now is how to make it work.

Assignment: Recommend how lululemon should set product decision rights for the next seasonal line cycles. Choose and adapt one of the operating models below, or propose a fourth. Specify who owns the product roadmap, who can authorize market-specific assortment changes, how design, merchandising, brand, operations, and regional teams work together, and how leaders will know whether the process is working. Use only the information available at the cutoff. Separate disclosed facts from your assumptions and identify the strongest argument against your recommendation.

Growth with different market signals

lululemon's Power of Three x2 plan called for doubling the business from fiscal 2021 net revenue of \$6.25 billion to \$12.5 billion by 2026. The plan included doubling men's and e-commerce revenue and quadrupling international revenue relative to 2021. These were management targets, not independent demand forecasts. [S3](#), p. 2.

In fiscal 2023, reported revenue grew across regions and merchandise categories. China Mainland was the fastest-growing reported region, while the Americas remained the largest part

of the business. Management said the year's broad-based growth reflected product innovation, stronger brand awareness, and new guests. The same year brought 56 net new company-operated stores and a 15% increase in store square footage. The public data do not isolate the effects of new products, new stores, marketing, e-commerce, currency, and underlying demand. **S1**, MD&A pp. 27-31.

Exhibit 1. Reported revenue by region

Fiscal years ended on the Sunday closest to January 31; amounts in USD millions. Prior-year regional results were recast when the company changed segment reporting in Q4 2023.

Region	FY2021 revenue	FY2021 share	FY2023 revenue	FY2023 share	FY2023 reported growth
Americas	5,300	84.7%	7,632	79.3%	11.9%
China Mainland	434	6.9%	964	10.0%	67.2%
Rest of World	522	8.4%	1,024	10.6%	42.9%
Total	6,257	100.0%	9,619	100.0%	18.6%

Source: **S1**, Note 16, pp. 76-77; MD&A pp. 30-31. Revenue shares and rounded figures calculated from reported amounts. FY2023 was a 52-week year. Reported growth differs from constant-dollar growth.

The company reported that FY2023 women's product revenue rose 17%, men's rose 15%, and other categories rose 36%. It opened 56 net new company-operated stores; total company-operated store revenue increased 21% and e-commerce revenue increased 17%. Management attributed broad growth partly to new assortment innovations. Neither the annual report nor the segment table assigns product-level profitability or isolates innovation's contribution. **S1**, MD&A pp. 27-28.

In China Mainland, FY2023 comparable sales rose 39% (46% in constant dollars), primarily from higher traffic, partly offset by lower conversion and transaction value. Revenue from stores opened or significantly expanded since 2022 also contributed. In the Americas, comparable sales rose 8% (9% in constant dollars); traffic growth was partly offset by lower transaction value and conversion. The company also reported revenue from newer stores and other channels. These figures leave open whether product assortment, customer mix, store growth, pricing, or other conditions explain the regional pattern. **S1**, MD&A pp. 30-31.

Exhibit 2. Latest results at the cutoff

Q1 fiscal 2024 compared with Q1 fiscal 2023; company-reported.

Measure	Americas	International	Total
Net revenue growth, reported	3%	35%	10%
Net revenue growth, constant dollars	4%	40%	11%
Comparable sales growth, reported	0%	25%	6%

Measure	Americas	International	Total
Comparable sales growth, constant dollars	0%	29%	7%

Other Q1 FY2024 measures	Reported result
Gross margin	57.7%, up 20 basis points
Operating margin	19.6%, down 50 basis points
Company-operated stores at quarter end	711
Cash and cash equivalents	\$1.9 billion
FY2024 capital expenditure outlook	\$690-710 million

Source: S3, pp. 1-2, 7-8; S1, MD&A p. 42 for full-year capital expenditure outlook. The Americas includes the United States and Canada. Comparable sales combine eligible company-operated store and e-commerce revenue. Constant-dollar growth removes foreign-exchange effects; it does not control for store openings, mix, price, or market conditions. Cash and capital expenditure are companywide measures, not a product-development budget.

Management described international momentum as strong and said it was continuing to optimize the U.S. assortment. The release did not identify specific underperforming products or disclose product-level sell-through, returns, markdowns, customer feedback, or results by gender and region. S3, p. 1.

A product system under pressure to do two things

The company's strategy relied on ongoing product innovation, guest experience, and market expansion. In fiscal 2023, it highlighted women's franchises such as Align, Scuba, and Define and men's franchises such as ABC. It also described new launches in bodywear, golf, tennis, loungewear, accessories, and footwear. Management characterized its approach as using its "Science of Feel" to address guest needs. S1, MD&A p. 28; S4, pp. 7-8.

At the same time, the growth plan called for meaningful expansion beyond the historical core. In 2023, China Mainland represented 10% of revenue. The company planned continued investment in the market and expected most company-operated store openings in 2024 to be there. It served customers through owned stores in different formats, its WeChat store, and third-party marketplaces including Tmall and JD.com. S1, Item 1, p. 3.

The May announcement changed reporting lines and combined product, merchandising, and brand responsibilities across the leadership team. It did not publicly specify detailed decision gates, regional authority, category accountability, staffing, or measures for evaluating the new model. Its rationale was management's stated intent, not evidence of results. S2.

Operating models for discussion

The following models are classroom alternatives. They do not describe additional plans disclosed by lululemon.

Model	Decision approach	Potential advantage	Potential trade-off
1. Integrated global center	Keep the announced structure. Global design and brand leaders set the roadmap; senior leaders resolve major product and market choices centrally.	Common design language, brand coherence, and a single global product calendar.	Regional and category feedback may have less authority; senior approval may become a bottleneck.
2. Category-led product ownership	Restore a senior product leader and give category owners clearer end-to-end accountability, with brand and merchandising linked through formal reviews.	Clearer accountability for product quality, category results, and customer needs.	More functional seams and competition across categories; duplicated market or brand work is possible.
3. Global platform with bounded teams	Keep global design and brand guardrails, while cross-functional category/market teams test selected products and recommend limited assortment changes under agreed approval gates.	Combines common standards with faster local learning and defined product ownership.	Additional coordination, unclear escalation, and a risk of too many local exceptions.

Your recommendation

Prepare a decision memo for the CEO. Recommend an operating model for the next two seasonal line cycles and specify:

- final decision rights for the global roadmap, category choices, and regional assortment changes;
- the responsibilities of design, merchandising, brand, product operations, and regional teams;
- which product work should use broad cross-functional input and which can use a more repeatable process;
- one or two limited pilots, with measures and a review date; and
- what evidence would cause leadership to expand, change, or stop the approach.

Do not infer that flat Americas comparable sales prove a product problem, that international momentum proves every market should receive the same products, or that the organizational change has succeeded. State what the available information supports and what would need to be learned internally.

Discussion questions

1. Which parts of lululemon's product and operating model should remain globally consistent, and which could vary by category or region?
2. Who should own the decision to move a product from concept to launch? What evidence and functions should inform each stage?
3. How should the company balance refinement of established franchises with experiments in new categories, customer segments, and markets?
4. How would you test whether the new structure improves product decisions without attributing unrelated changes in sales to the organization chart?
5. What is the strongest argument against your recommendation?

Sources and conventions

S1. lululemon, [FY2023 Form 10-K](#), filed March 21, 2024; year ended January 28, 2024. Cited section and printed-page locators appear in the text.

S2. lululemon, [May 21, 2024 Form 8-K and Exhibit 99.1](#), “lululemon Announces Evolved Structure of Product and Brand Teams.” The student case relies on Exhibit 99.1 for the announced structure and departure. It omits the inconsistent name in Item 5.02 and does not use the precise employment dates.

S3. lululemon, [Q1 fiscal 2024 Form 8-K and Exhibit 99.1](#), accepted June 5, 2024, 4:10:16 p.m. ET; quarter ended April 28, 2024. The scheduled 4:30 p.m. ET conference call and later materials are excluded.

S4. lululemon, [2024 Proxy Statement](#), filed April 24, 2024, pp. 7-9.

All targets and guidance are identified as company statements. Calculations from reported data are identified as such. The assignment and operating models are hypothetical; no later results or outcomes are included.