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12-1 Introduction

Lululemon Athletica is an athletic apparel company intended for individuals with active lifestyles. The organization has deep roots in the yoga community and is one of the few businesses to offer apparel for this specific market. Lululemon is based in Vancouver, British Columbia, Canada, and operates its clothing stores in numerous countries throughout the world. The apparel store offers product lines that include fitness pants, shorts, tops, and jackets for activities such as yoga, running, and other fitness programs. It operates in three segments. These segments consist of corporate-owned and corporate-operated retail stores, a direct to consumer e-commerce website, and wholesale avenues. The company operates more than 350 stores predominantly in the United States, Canada, Australia, New Zealand, and Singapore. Lululemon has grown rapidly in the last 20 years and is expected to continue its growth strategy well into the foreseeable future. It has also established a subsidiary geared toward youth called Iviva Athletica.

Store growth and expansion into other countries has allowed Lululemon to achieve financial success with revenues of \$2.3 billion. While financially stable, the organizational structure has seen changes with the hiring of a new CEO. Lululemon hired Laurent Potdevin in early 2014 hoping to appoint a worthy and experienced industry professional. The company also wanted to distance itself from negative headlines circling around former CEO Denis “Chip” Wilson. Potdevin was once the CEO at Toms and has worked in the industry for over 20 years.

There is no question that Lululemon has seen great success in recent years. From its conception in 1998, the organization has grown tremendously in markets across the globe. However, Lululemon’s success has also been tainted by controversy, negative publicity, and questionable ethical decisions. This case will detail the issues and controversies circling this organization and identify how Lululemon has managed these issues. In addition, we provide information regarding the positive ethical decisions that have been made throughout Lululemon’s history.



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