

The Effectiveness of Private Domain Traffic Strategy in Large Cooperation -- Taking Lululemon as a Classic Example

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ABSTRACT

Influencer marketing considered an emerging marketing tool has been used by most of the large corporations and developed a few branches such as public traffic pool strategy as well as influencer marketing strategy. Private traffic pool strategy is one of them. Normally, this method suits companies with a limited scale due to its limited exposing power. However, in this paper, Lululemon was chosen as a sample of large corporations, and a survey was adopted to measure the effectiveness of the private traffic pool strategy in large companies. We found that the private traffic pool strategy not only suits large companies but also has positive effects on sale-growing as well as reputation-building.

Keywords: *Influencer Marketing, Private Domain Traffic Strategy, Traditional Marketing, Lululemon*

1. INTRODUCTION

With the growing online market and the many business opportunities brought about by the rapid development of online marketing, many companies have started to engage in online marketing. In this context, private traffic pool emerged as a novel cut-edge concept in the influencer marketing field. Normally, this strategy fits better in small companies due to its limited exposing power [1]. However, in some large organizations, taking

Lululemon utilized private traffic pools as a marketing strategy as an example, this strategy has positive effects on its margin growth, publicity, and customer loyalty [2]. In this paper, we first provide the literature review on the comparison of traditional influencer marketing and private traffic pool marketing and marketing strategies. Second, we show the methodology adopted to evaluate the effectiveness of private traffic pool strategy in Lululemon. Finally, the results are presented and the findings are summarized.

2. LITERATURE REVIEW

2.1. Influencer Marketing

With the growing use of social media, social networking platforms have become an integral part of people's lives. Consumers tend to turn to online influencers for recommendations or endorsements before making purchasing decisions [3]. Thus influencer marketing, used by companies as an effective strategic tool, is generating more sales with the lowest budget [4]. However, influencer marketing strategy also has its drawbacks. Some influencers, in order to gain brands' interests, would buy fake followers [5]. This forces companies to spend more resources in order to make the suitable choices. As a result, the effectiveness of influencer marketing is questioned [6]. In addition, with the emergence of these fake influencers, the credibility of influencer marketing is damaged [7].

Less people tend to believe information received from online influencers. [8] A report from Stackla in 2017 showed that 63% of consumers thought the contents of family and friends affect their purchase decisions, while only 23% of them said celebrities and social media influencers play a role in their decision making [9].

Influenced by these problems, many brands are now committed to optimizing solutions and began to try new marketing strategies to promote and build brand awareness.

2.2. Private Traffic Pool

The concept of private traffic pool is proposed relative to public traffic pool. Public traffic pool refers to the traffic that actively or passively participates in the exposure of the open platform for the first time [10]. Private traffic pool refers to a traffic pool based on a trust relationship and a closed platform such as WeChat groups, individual accounts, and communities [11]. In a private traffic pool, customers are owned by the business while the business has a direct channel to customers and is allowed to connect with them freely yet repeatedly. The main purpose of building this traffic pool is to converse traffic instead of acquiring traffic.

Private traffic pool has its benefits. First of all, companies who use private traffic pool strategy are more accurate when finding target customers [12]. Generally, traditional influencer marketing strategy invites some celebrities to endorse; people buy products because of their love and support for celebrities rather than the product itself. Sales of any companies that apply traditional influencer marketing strategy will fluctuate after changing endorsers. Companies that use private traffic pools pay more attention to the product itself as these companies market products to target consumers [12]. Therefore, the target customers of companies that use private traffic pools are more stable. Another great benefit of private traffic pool is cost savings as companies do not have to pay costly advertising fee to celebrity endorsers. Even if private traffic pool strategy is a marketing tool that requires holding some activities, the cost of these activities will be much lower than using an endorser.

Although the general direct-to-consumer method of marketing does have great advantage and brand exposure for sales of small to medium-sized firms, some argue that this method of marketing is only an ideal match for small businesses. These brands sell directly to consumers through e-commerce channels and forgo traditional ways of selling to consumers through wholesale and boutique retail models [13]. Internet exposure is only in the hands of money, hence, large enterprises and so it becomes difficult for small and medium- sized firms to get a share of this exposure. Small businesses often have a tighter budget on advertising, thus private trafficking became the best way for them to get the amount of small exposure they need to initiate brand awareness. However, in some large corporations, private traffic pool strategy is also utilized as a promoting method, and gained considerable profit.

3. METHOD

For this research, the qualitative method is applied. We focused on 140 individuals with exercise habits aged 20-26, and asked them to complete a question survey. The survey was divided into three parts (A,B, and C). Part A collects some basic information including age, gender, workout frequency as well as knowledge for the brand (Lululemon). Then Part B assessed the effectiveness of private traffic pool strategy by comparing feedback of the

experiment subjects on both traditional advertising and micro influencer advertising (a branch of private traffic marketing strategy). For traditional advertising, some pictures from magazines were shown, and for micro influencer marketing, the experiment subjects were asked to view some pictures from professional yoga micro influencers on Instagram. Finally, in Part C, the likelihood of micro influencer marketing to increase sales was assessed. The results were then listed and discussed.

4. DISCUSSION

In figure 1, respondents were then asked about their exercise behavior and their average exercise frequency. According to figure 1, the figure illustrates that most experiments are not professional athletes as 53.57% of them only workout around once a week, which actually fits the focus group image (young people with exercise habits).

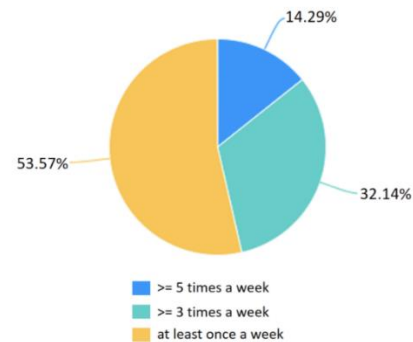


Figure 1 Weekly exercise frequency of 140 people

Figure 2 shows the interviewee's understanding and cognition of Lululemon, and the results obtained are as follows. The figure from figure 2 indicates that most of the experiment subjects have heard about the brand, but only about 20.7% people know this brand well.

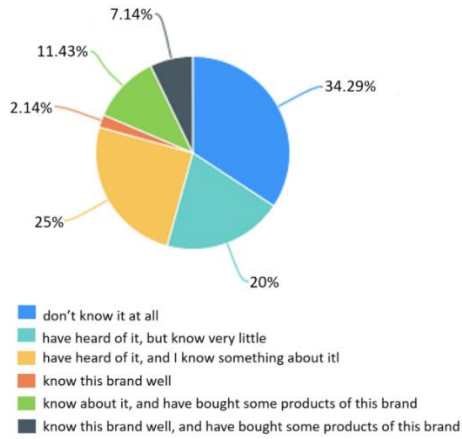


Figure 2 interviewee's understanding and cognition of Lululemon

Then, in part B, people were asked to identify which of the advertisement presented can arouse their desire to know the brand or even buy the products. The figure collected from part B (Figure 3) shows that 70.71% people are more attracted by the micro influencer advertising, and 67.86% of them are willing to buy Lululemon's product after viewing photos from Instagram micro yoga influencers.

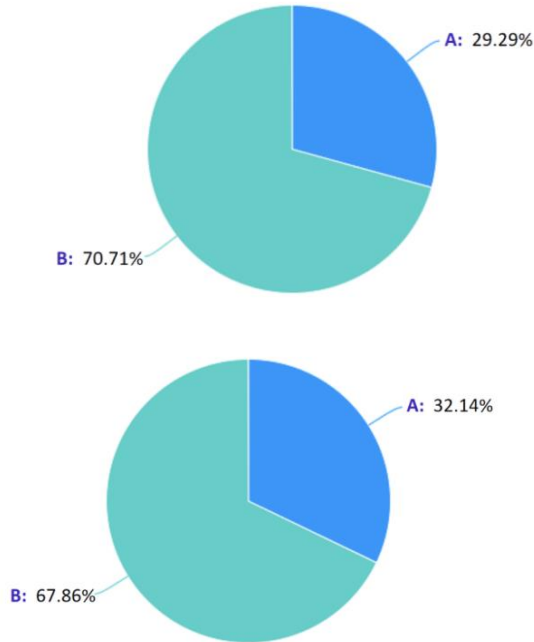


Figure 3 The upper one shows the percentage of 140 people's opinion on which advertisement can arouse their desire to know the brand

The lower one shows the percentage of 140 people's opinion on which advertisement can arouse their desire to buy the product

In part C, the candidates were asked the likelihood of them to follow his suggestion/ buy the product/or try to get to know the brand if their trainer recommends them to try Lululemon's product when they are about to learn yoga. From part C (Figure 4), around 67% of people would try Lululemon's product when recommended by their personal trainer in yoga class.

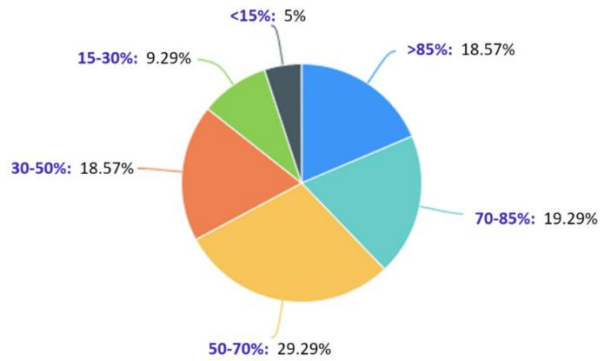


Figure 4 The likelihood of 140 people to follow his suggestion/ buy the product/or try to get to know the brand if their trainer recommends them to try Lululemon's product when they are about to learn yoga

By analyzing the data collected, we also found some interesting results. We categorized the data by gender, and we obtained Table 1. From the table, generally, males thought that these two advertisements brought almost the same effects on arousing the "desire to know about more" on Lululemon and "desire to buy", while most of the females thought the advertisement of professional yoga trainer plays a bigger role in those two aspects.

Surprisingly, this result is consistent with Lululemon's marketing strategy of choosing women who pursue healthier lives as their primary targeting customers [4]

Table 1. The situation of 140 people’s opinion on two advertisements, categorized by gender

			Questions			
			Desire to know about more		Desire to buy	
			A	B	A	B
Gender	Male	63	27	36	30	33
	Female	77	14	63	15	62

What's more, when we categorize the data by frequency of doing fitness (Table 2), another interesting result was identified. Clearly from Table 2, we found that there is almost no difference between these two advertisements on arousing consumers’ “desire to know about more” and “desire to buy” for the group who do fitness more than 5 times a week. However, for those who do fitness at least 3 times a week, the number of people who chose advertisement B is twice that of people who

chose A for both questions, and the number of people who chose advertisement B is tripled that of people who chose A for people who exercise at least once a week. This “multiple relationship” surprised us and we can also deduce that the way of inviting professional yoga trainers to join Lululemon’s promotion campaign is more effective for those who don't exercise too frequently, and it may has become one of the ways for Lululemon to expand new consumers.

Table 2. The situation of 140 people’s opinion on two advertisements, categorized by frequency of doing fitness

			Questions			
			Desire to know about more		Desire to buy	
			A	B	A	B
Frequency	>=5 times a week	20	9	11	10	10
	>=3 times a week	45	14	31	16	29
	at least once a week	75	18	57	19	56

5. CONCLUSION

According to the research, the influencer marketing strategy is more efficient when target customers are women. Regardless of how often men exercise, they will not be affected by different marketing strategies. Men do not arouse their desire to understand because the yoga instructor looks professional. When someones’ exercise frequency more than 5 times a week, the desire to understand and desire to buy Lululemon are similar when using traditional marketing strategy and influencer marketing strategy. However, when someone only exercises three times a week or at least once a time, the desire to understand and the desire to buy Lululemon is higher when using influencer marketing strategy. In this way, the influencer marketing strategy is more efficient than the traditional marketing strategy. Based on this research, influencer marketing strategies are very useful for some kinds of customers which traditional marketing strategies do not cover. In the future, companies can use both strategies in their marketing strategies because using two ways is more effective compared with use only one.

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