

## Analysis of Li Ning Marketing Strategies

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**Abstract.** Nowadays, Li Ning has become a rising star in China, attracting many followers and sparking hot debates among buyers, more and more negative news is surfacing and the brand's marketing has become a declining trend. This paper also analyzes the problems and deficiencies of Li Ning's marketing strategy according to the SWOT model thesis, analyzing the strengths of Li Ning's brand, including its history and means, why it can become the leading brand in China, and then we analyze its weaknesses, why the current marketing is showing a downward trend, and then this paper analyzes the economic situation that Li Ning is facing at the moment, and put forward a specific plan. This paper also analyzes the economic situation that Li Ning is facing and proposed specific solutions, including the choice of sports sponsorships. After that, this paper also gives examples of specific threats. In this thesis, this paper mainly uses some theories and methods in the field of marketing, such as the SWOT model and marketing mix theory. In conclusion, the thesis of this paper is dedicated proposing solutions to improve and analyze the current marketing situation of Li Ning.

**Keywords:** Li Ning; SWOT model; marketing.

### 1. Introduction

With the rise of more and more sports companies, many sports brands are grappling with the issue of how to retain more committed consumers. In comparison to the history and popularity of Nike and Adidas, Li Ning has emerged in recent years. They seized the lead in capturing a major portion of the Chinese market by using their low cost and geographical position, and then gradually internationalized to high fields. However, their progress has not been without hiccups. They also suffered consumer loss and the fact that the pricing and quality of their items did not match. Of course, given the right circumstances, these issues can be resolved in the long run. This essay analyzes Li Ning's marketing strategy through SWOT model in order to amplify the impact of Li Ning's marketing strategy on the wider consumer base through the perspective of an average consumer, which will help Li Ning to better retain more consumers.

### 2. Background Information

The brand Li Ning was founded in 1990 by a former Chinese Olympic gymnast, Ning Li, who named the brand after himself. Li Ning has been dedicated to developing, designing, producing, and selling professional sportswear products for decades. After going through numerous hardships in the sportswear market for more than 30 years, Li Ning has achieved a comparatively substantial status in the market and has a decent brand awareness around the globe [1]. Li Ning also assisted the Chinese national sport industry to reach maturity, by providing specialized sporting gear for athletes. Meanwhile, Li Ning made many generous donations to the society, for instance, aid to constructing the disaster-affected areas. Ultimately, this paper is a manifestation of Li Ning's current marketing

strategies and their financial state, also explores the brand's potential to develop itself to sustain its status on the market or even exceed what they have already accomplished.

### 3. SWOT Analysis of Li Ning and Promotion Marketing

#### 3.1. Strengths

The reputation of the founder: Mr. Li Ning, renowned as the Prince of Gymnastics, formed the Li Ning Group after retiring from gymnastics in 1989. While other companies launched at the same time struggled to acquire traction, Li Ning swiftly established itself in the Chinese market and became a well-known brand inside the country due to its own reputation. Mr. Li Ning represented China as an athlete and won numerous world championships, therefore the Li Ning brand has a distinct sports attitude and reflects patriotism, which other brands lack [2].

Changeable pricing strategies: In the past, Li Ning primarily focused on targeting consumers born in the 1980s. However, due to the outdated design not aligning with the evolving market demands, Li Ning made a strategic decision in 2015 to significantly shift its target market and revamp its brand image in order to appeal to the millennial demographic [3].

Chinese elements: With the help of New York Fashion Week and Paris Fashion Week 2018, it has become a signature of the national trend. Many Chinese elements have been incorporated into the product design, such as the classic replica of China's Olympic medal uniforms in the color scheme of scrambled eggs with tomatoes, and the old photo of Li Ning holding a big brother to make a phone call when he was young, which was printed on the clothes. At the same time, Li Ning has also launched clothing series with Chinese elements in the past few years, such as the Bad Five Series, Chang'an Junior Series, and China Li Ning Series, “中國李寧” [4].

Brand endorsement: In order to attract more consumers of different ages, Li Ning has attracted many basketball-loving fans by signing NBA players. Li Ning's top-of-the-line basketball shoe range is the Way of Wade series, developed by former NBA player Dwyane Wade. The average price of all basketball shoes in this series exceeds RMB 1,000 (142 euros), a price that is already on par with the high-end products of Nike and Adidas [5]. Meanwhile, Li Ning also signed GAI, the champion of "China's Hip-Hop" launched signature sneakers, and established the Li Ning e-Sports Club, LNG to capture young generations.

#### 3.2. Promotion Marketing

Li Ning is the first sports brand enterprise in China. They are mainly engaged in the production and management of sports shoes and clothing, During the development of the past thirty years, Li Ning company unceasing to innovate, and research, so they make more and more products of high quality and provide valuable experience for China's sports brand.

With economic globalization, more and more sports brands coming to our country, and Heavy marketing, they occupy a big part of the market soon. So, Li Ning had to get into the international market, against famous brands of the world. Also, the formulation of the marketing mix involves four elements: product, price, channel, and promotion, so Li Ning found their own marketing strategy [6].

The use of athletes as spokespersons: In daily life, my choice of products will basically look at the brand is endorsed by who. If it is endorsed by a new love, then I am more likely to choose this product. For example, when I choose headphones, it is difficult for me to make a decision in front of various brands, such as AirPods with good after-sales service or Boss with good noise reduction. However, when I saw beats, I saw that the spokesperson is James, my favorite football player, so I have a kind of trust in this brand. I also believed in James's vision, so I bought Beats. Li Ning brand seeks excellent athletes as brand spokespersons, these spokespersons will become part of the brand image, using their image and experience to showcase Li Ning's products and quality. In this way, it is possible to associate the brand with the relevance of the movement and build trust and loyalty to the brand in the minds of consumers. In the past few years, in order to enter the international market, Li Ning brand

signed a number of NBA stars at high prices. In 2012, Li Ning brand and the famous shoe brand Wade signed a 10-year value of nearly 800 million yuan super contract, Li Ning brand for Wade launched the "Wade road" personal shoe series, through these important signings opened the development of Li Ning brand after changing the label. With the help of brand image endorsement, Li Ning brand has made a major breakthrough in the international market and established a good international brand image [7].

**Short video marketing:** Nowadays, more young people like Nike than other brands, so even the Li Ning is one of the greatest China sports brand own brand, its sales are not as good as Nike's. But when Li Ning. In China, TikTok is an app used by all young people, so when Li Ning began to promote his new products 䄀䄀 series and the Way of Wade series on TikTok, many people began to know about these new products. After gaining a certain popularity, some people gradually bought Li Ning. More and more people also wear it one after another, becoming an effect. Compared with traditional content forms, short videos are more interesting in content form, and consumers will not be too resistant to advertising and marketing in content. According to CNIIC49 surveys, as of December 2021, the total number of online video users in China is 934 million, and the total daily active users of the four short video platforms have reached 1.198 billion, of which the daily active users of Douyin are more than 600 million, and short videos have become an important channel for users to obtain information and entertainment. Therefore, when enterprises carry out marketing activities, the short video platform provides a broad market for the brand with its huge user base. Further, China Li Ning's products are positioned at 18-30 young consumers, who are also the main users of short video platforms, and precision marketing for short video platforms has become an inevitable choice for China Li Ning [8].

### 3.3. Weaknesses

**The separation between marketing and developing products:** Currently, the brand Li Ning is showing a phenomenon of separating the research process from the marketing process, which makes researchers not understand the process and have an ambiguous product development strategy. This indicates that Li Ning isn't connecting enough with its customers to improve the product in their desired ways. Losing those connections will result in damaging the brand image among customers, which could be one of the main factors that made Li Ning's gross margins fall to 48.4% in 2022 from 53% in 2021 according to Li Ning's 2022 Financial Report.

**The high frequency of developing new products at a higher price and the decreasing number of loyal consumers:** The Li Ning brand had a rising brand awareness since its creation. However, consumers' perception of the brand and the brand image they identified is unclear [9]. This phenomenon is caused by the highly volatile pricing of Li Ning's products in the market. The brand wants to change its image from the old popular high-quality-price ratio brand into a brand that combines sporty functionality with high-end fashion trends. For instance, the price of Li Ning's basketball shoes changed from an average price of around 300 yuan in 2015 to nearly 400 hundred recently. This surely did increase the profit of the brand but it also caused a decreasing number of loyal followers. The old loyal fans of Li Ning might not be able to financially support the brand because the price is flying up from time to time. They might also stop buying the brand because their perceived quality of the brand is not fulfilled since they were expecting to buy something cheap and useful. This will lead to lower consumer loyalty and will damage Li Ning's brand equity.

**Difficulties in executing the internationalization strategy of the Li Ning brand:** In 2018, the Li Ning brand made a splash at New York Fashion Week, letting the world see the creativity of Chinese brands, and Li Ning also formally established the status of the "Chinese national trend" representative [10]. This means that Li Ning is becoming one of the most worldwide identified Chinese sports brands. Though revenue from Li Ning's international markets increased 53.9% year-on-year to \$456 million, it is still only 1/50 of the total profit. There is still a long way to go for Li Ning to establish a stable global market. It is harder for the brand to make connections to foreign customers since the Chinese cultural elements, which are included in nearly every product of the brand, do not resonate with

customers who speak another language and grew up in a different culture. Another factor is that Li Ning isn't doing enough advertisements to promote consumers. Those all lead to lower brand association among consumers and relatively lower brand awareness in the global market.

### **3.4. Opportunities**

LiNing has been raising its profile by partnering with various sporting events for a long time. This has included partnering with the Chinese Table Tennis Team in 2006 and attending the 2008 Olympic Games in Beijing as the national team's brand sponsor. Li Ning's sports sponsorships have not only manifested themselves in domestic events but have also appeared frequently in international events, including but not limited to the support of national teams such as the Netherlands during the 2010 World Cup in South Africa. One of the iconic beginnings was in 1990, when Li Ning appeared in the public eye as the official apparel of the Olympic Games, which instantly increased Li Ning's popularity. It not only meant that Li Ning ended the history of Chinese athletes wearing foreign brands at the Olympics, but it also allowed for more development of sports by the Chinese people. However, recently, as Li Ning has gradually moved away from the domestic market to the international arena, various problems have arisen. According to Li Xiang's analysis, Li Ning's business line imitates that of Nike, but compared to Nike, Li Ning has not seized an excellent opportunity to appear in the public's view. Analyzing from the perspective of basketball, Nike firmly attracts many superstars, they give support to the basketball equipment of the stars, which brings them a significant number of loyal fans who love the stars and are willing to buy the same things as them. Li Ning, on the other hand, failed to capitalize on this opportunity, partly because of the immaturity of the development of sports events in China, and partly because they ignored some of the brands that were on the rise, and lost a lot of opportunities instead!

Regarding to describe from all angles about the sponsorship strategy of Li Ning Sports is analyzed as follows.

#### **3.4.1 Selection of sponsorship targets**

Li Ning Sports chose the sponsorship object on the one hand with the company's own product positioning and market positioning, on the other hand, also with the influence of the sponsorship object and market prospects. More prominent is the partnership with the Chinese national team, and maintaining a long-term strategic cooperation, including the national badminton team and so on. Li Ning should choose these sports events that represent the country, they are not only enough to watch but also can make people feel excited, so sponsoring these events is undoubtedly a success.

#### **3.4.2 Brand exposure opportunities**

By sponsoring national teams and professional leagues, Li Ning Sports can get extensive brand exposure in the game site and TV broadcasts, while also expanding brand influence through events and social media channels, which can substantially give them enough sales.

#### **3.4.3 Enhance product quality.**

By sponsoring sports events, Li Ning Sports is also able to cooperate with national teams and professional clubs to improve the quality of their products and research and development. As an example, while Li Ning works with various national teams, they give Li Ning the most important conditions for improvement, giving Li Ning the opportunity to improve their equipment and make better products.

For the improvement of Li Ning's sponsorship aspects are as follows.

#### **3.4.4 Pay attention to the market trend of sports events.**

Li Ning needs to pay special attention to the changing signals and future trends in the sports market. For example, during the pandemic, many sports events faced the scene of suspension, which is undoubtedly also fatal for sponsors, so Li Ning needs to find the right sponsorship events to maximize their own interests.

### **3.4.5 Expanding international markets.**

Now Li Ning has enough influence in China, but still lacks a certain degree of visibility in the international arena. If you want to increase sales and visibility, then Li Ning must need to cooperate with international events or international brands to launch innovative products to increase sales.

### **3.4.6 Strengthen brand publicity.**

In addition to the sponsorship of sports events, Li Ning can recruit famous celebrities to act as spokespersons. They will be the bridge between Li Ning and young consumers, and with their help, there is no doubt that they can have a good impact on consumers. They can also help Li Ning to design more avant-garde products to increase the attraction degree [11].

## **3.5. Threats**

Li Ning released a new "airport collection" based on the idea of "mankind's dream to explore the sky". This collection includes several navy green jackets and hoodies that were accused of extremely resembling WW2 Japanese military outfits. Throwback to the Xinjiang cotton backlash, H&M claimed to cut off cotton supplies, particularly from the Xinjiang region, meanwhile Li Ning seized the opportunity and fully supported the production of Xinjiang cotton. By doing this Li Ning gained a lot of supporters, and managed to achieve a significant sales growth. Since then, Li Ning has been billed as a patriotic sports brand. Due to this incident, and the fact that the Japanese army invaded and committed intolerable crimes against China back in WW2, releasing this line sabotaged the patriotic brand image of Li Ning [6]. Meanwhile, netizens were spreading more negative speech about Li Ning on social media, for instance, people say Li Ning is taking advantage of their initial principle of patriotism just to provoke consumption. After all, Li Ning made an official apology on Weibo, but it wasn't accepted by the public.

For another aspect, the competition between domestic sportswear companies has rocketed in recent years, and many original Chinese sports brands have changed their brand association from outdated to being popular among Generation Z consumers [1]. For instance, the combined market share of the four major domestic sportswear brands including Li Ning has increased from 16.1% in 2017 to nearly 30% in 2022. Especially after basketball became extremely popular among teenagers in China, many sportswear companies emerged in the market of basketball gear production, which contributed to a high-paced development in technologies like air cushioning for basketball sneakers. This competition is still ascending, and the over-competitiveness might potentially threaten the price of the product to decrease.

## **4. Conclusion**

According to the findings of this thesis, Li Ning was once the preferred target of many low-consumption people, but due to changes in Li Ning's marketing strategy, this group of people became a passing target in Li Ning's development history, and Li Ning shifted their focus to the more promising international market. However, whether it is to decrease consumer loss by cutting costs or to increase product quality in order to join the worldwide market, Li Ning must establish its brand positioning, identify its target group, strengthen its brand reputation, and assure stable and progressive consumption growth.

## **Authors Contribution**

All the authors contributed equally and their names were listed in alphabetical order.

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