Marketing Strategies Analysis of Li-Ning Basketball Shoes Product Line

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Abstract. Li-Ning, a Chinese sports brand, has gained significant market share in the basketball shoe market in recent years. Especially in the Chinese basketball shoe market, Li-Ning has become a brand comparable to big international brands such as Nike and Adidas; the rapid development of Li-Ning's basketball product line has been very successful. However, the brand still faces several challenges, such as product design, quality and sales channels. This paper analyzes Li-Ning's basketball shoe product line from a marketing perspective. It examines the brand's background, development, and current status, including the market segmentation and positioning of its products, marketing strategies, and the challenges it faces. This paper also discusses the advantages and disadvantages of Li-Ning's marketing strategies and provides suggestions for improving the brand's marketing performance, such as investing in research and development of the basketball products, developing price strategy both in China and overseas market, increasing the integration of online and offline marketing channels and expanding the brand's retail footprint globally.

Keywords: Li-Ning, basketball shoe, digital marketing, marketing strategy, STP model, 4Ps analysis.

1. Introduction

Li-Ning, a Chinese sportswear brand, was founded in 1990 by the former Chinese Olympic gymnast Li Ning who was the winner of three gold medals at Los Angeles 1984 Olympic Games [1]. Li-Ning Company went through four stages, the brand entrepreneurship stage (1990-2003): Mr. Li Ning with his accumulated exposure and popularity in the competition, the company was officially established in 1990. In 2002 it was established that: Li-Ning, anything is possible, this new brand positioning. Rapid development stage (2004-2008): In 2004, Li-Ning was listed in Hong Kong, the first mainland sports brand listed in Hong Kong, Li-Ning brand accelerated internationalization: in terms of brand publicity, "Li-Ning" signed NBA players, making the first Chinese brand landing on the NBA. Brand transformation stage (2009-2013): In this stage, Li-Ning brand transformation positioning is not accurate, marketing direction is vague, resulting in perennial losses. Brand recovery stage (2014-present): In this stage, Li-Ning brand re-occupied the market with the brand of "Internet + sports life experience service provider", as well as symbols such as "fashion" and "national tide" [1].

The company produces a variety of sports equipment, including apparel, accessories, and footwear, and has expanded its product offerings in recent years. Li-Ning has achieved significant success in the basketball shoe market, both in China and globally. However, despite the success, the brand still faces several challenges, such as the quality of its products, pricing, and sales channels. The purpose of this essay is to analyze Li-Ning's basketball shoe product line from a marketing perspective, including its background, development, current status, and digital marketing strategies.

This paper mainly starts with the establishment background and development process of Li-Ning's basketball product line, then introduces the current situation, analyses Li-Ning's basketball product line by using the business canvas model and the SWOT model, and then finds out the corresponding problems and disadvantages of Li-Ning's basketball product line in the four aspects of the current products, prices, sales channels and promotional publicity on the basis of the 4P model.
2. Li Ning’s Background

2.1. Brand Development

Li-Ning established its basketball product line in 2010, focusing on providing high-quality basketball shoes for amateur and professional basketball players. According to the financial report data show that in the first half of 2010, the domestic sporting goods market sales Li-Ning accounted for about 38% of the domestic sporting goods market in the first half of 2010, Nike accounted for about 30%, and Adidas accounted for about 10%, with Li-Ning surpassing the two international leading sporting goods brands in domestic sales share. Li-Ning's domestic sales share surpassed that of the two leading international sporting goods brands. Since then, the brand has developed its basketball product line by incorporating new technologies and materials into its product designs.

The development of Li-Ning's basketball product line can be traced back to its sponsorship of the Chinese national basketball team. Li-Ning signed a deal with the Chinese Basketball Association in 2005 and became the official sponsor of the Chinese national basketball team. This partnership helped Li-Ning gain significant exposure and brand recognition in China. In addition, in 2012, Li-Ning reached an agreement with NBA star Dwyane Wade to jointly establish the Way Of Wade brand. Wade himself participated in the design of shoes and peripheral products. Way Of Wade product design inspiration mainly comes from his understanding and cognition of daily life and basketball, current star Jimmy Butler, D'Angelo Russell, CJ McCollum and others, and created personal signature shoe series for each of them. This is more catering to young consumers, and independent technology "Beng" and other sneaker technology released, the product line expansion and the formation of the product matrix; and in a variety of domestic and international fashion brands for sale [2].

2.2. Current Status

Li-Ning's basketball product line is now well-established globally, with a reputation for producing high-quality shoes for amateur and professional basketball players. The brand has segmented its basketball shoe market by targeting different consumer groups, such as performance-oriented athletes and casual basketball enthusiasts. Li-Ning has also adopted various marketing strategies, such as sponsorships, endorsements, and social media campaigns, to promote its basketball shoe product line. However, Li-Ning's basketball product line still faces several challenges, such as product quality and pricing. Some consumers have complained about the quality of the shoes, including the durability of the sole and the stitching. Additionally, while Li-Ning's basketball shoes are more affordable compared to other brands, their prices are still higher than other domestic Chinese brands, such as Anta and Peak.

2.3. SWOT Analysis

To analyze Li-Ning’s basketball product line from a marketing perspective, the SWOT analysis framework is necessary. The SWOT stands for Strengths, Weaknesses, Opportunities and Threats, also can be called SWOT analytical method, in which corporate decision makers can identifies the internal and external factors that affect the company and its business. Strengths in the SWOT analysis are internal positive factors of the company, which are relevant for corporate decision makers to achieve their business goals efficiently. Weaknesses are also internal factors which might hinder the performance of a company. Opportunities are factors which can make positive influence on the business establishments connected with outside organizations. Threats are external negative factors to the firm that can make negative impact on the achievable goals. They are all external factors through which companies can exploit their advantages and disadvantages in the SWOT analysis [3].

The strengths of Li-Ning's basketball product line is that the brand has a well-established reputation in China. Li-Ning's basketball shoes are designed for different consumer groups and have the formation of the product matrix, including performance-oriented athletes and casual basketball enthusiasts. The brand has already established partnerships with NBA players and international teams,
which helps to promote the brand globally. Besides, Li-Ning has adopted various marketing strategies, such as sponsor ships, endorsements, and social media campaigns.

As for the weaknesses, Li-Ning often are criticized because of product quality problems, some consumers have complained about the quality of the shoes. And Li-Ning's basketball shoes are more expensive compared to domestic Chinese brands. In addition, product design is formulaic and prone to aesthetic fatigue, lack of innovation.

There are still many opportunities for Li-Ning’s basketball product line. Because the demand for basketball shoes is increasing globally, Li-Ning can expand its market share. The brand can leverage its partnerships with NBA players and teams to promote its basketball shoes in western markets. Li-Ning can also expand its retail footprint globally, opening new stores overseas and online sales channels.

The brand still faces some threats. For example, the brand faces strong competition from other international and domestic Chinese brands. The global economic recession may affect consumer purchasing power and demand for basketball shoes. In addition, Changes in consumer preferences may affect the sales of Li-Ning's basketball shoes.

3. Digital Marketing Strategies Analysis

This paper uses the 4Ps model to analyze the marketing strategy of Li-Ning basketball product line. Marketing-Mix strategy known as 4Ps is related to product, price, place and promotion. It summarizes thousands of factors that can be used in the process of marketing into four major factors: Product, Price, Place and Promotion, which is indeed very easy to analyse. As a result, it quickly became a marketing mix model widely accepted [4].

3.1. Product

Li-Ning’s basketball shoes are well-designed, incorporating new technologies and materials to enhance their performance. Li-Ning basketball shoes product positioning is divided according to consumer needs, which can be divided into 4 different levels: flagship(such as Way of Wade series), professional(such as "Sonic", "Yushuai", "Air Attack" and "Speed"), training and basic, fully covering high, medium and low-end customers. Li-Ning refines its product line continuously and improve its product matrix.

Way of Wade series is the highest price of domestic sports brand basketball shoes, which is the same price as the flagship basketball shoes of international first-line sports brands. Professional basketball shoes continue to create the core IP of the four star families of "Sonic", "Yushuai", "Air Attack" and "Speed", and international stars cooperate to endorse, enrich color matching design, and strengthen practical performance. Training and basic products follow the rhythm of scientific and technological iteration to meet the needs of mass consumption and fill the blank price range of the brand with consumer-friendly prices. Wade's Way series can be subdivided into positive models and branch models. Starting from the 6th generation, the Speed series is divided into multiple versions, regular edition, TD team edition and summer edition, lowering the consumption threshold and meeting the differentiated needs of different consumers. Based on market insights, launched the street basketball Badfive series with regional culture as the core. The Badfive series deeply cultivates urban IP and harvests the emotional resonance of consumers in different cities.

However, some consumers have complained about the quality of the shoes, particularly the durability of the sole and the stitching. And Li-Ning basketball shoes have the problems of design tendency to formulaic, single design, similar structure, and slow iteration speed. Li-Ning's basketball product line and sportswear line have the same problems as the post-90s and post-00s are not familiar with Li-Ning, the brand image is not clear, and the lack of classic styles [5].
3.2. Price

Li-Ning adopts the anchor price marketing strategy, uses flagship models to open the gap with domestic sports brands, and helps the flow of mid-end products grow. The flagship series are equipped with the brand’s cutting-edge technology (such as “Beng”), which comprehensively surpass the shoes of domestic sports brands and compete with the flagship models of international sports brands. From the perspective of product matrix, the main selling products focus on the professional and training levels, and the price is in the range of 600-900 RMB, and different product choices in this price range meet different needs of consumers. From a business point of view, the high price of flagship models plays a role in anchoring prices, capturing the minds of consumers, improving the retail discount rate of mid-range products, and laying the foundation for price increases for high-volume products.

Li-Ning’s basketball shoes are more expensive compared to domestic Chinese brands, such as Anta and Peak. However, they are still more affordable compared to international brands, such as Nike and Adidas. But, there is a big gap between Li-Ning’s product pricing and secondary market prices, and there is a gap with international brands, which affects profits.

3.3. Promotion

Li-Ning has adopted various marketing strategies, such as sponsorships, endorsements, and social media campaigns, to promote its basketball shoe product line. Through original story IP, product co-branding and other means, Li-Ning continues to conduct in-depth communication with young consumer groups, comprehensively enhance the attractiveness of Li-Ning brand among young consumers, and seize opportunities in emerging markets.

Li-Ning accurately matches the public’s sports leisure consumption needs, creates original and classic IP in sports life categories, continues to interact with young consumer groups, and comprehensively enhances the influence of Li-Ning brand in young consumer groups. Li-Ning’s basketball cultural products represented by the fashion week runway series meet the needs of young consumer groups for the trend, the deep cultural heritage stimulates the consumption desire of young people, and also comprehensively updates the image of Li-Ning brand in the minds of consumers [6]. Besides, in Li-Ning brand narrative are sports, patriots, trends and image spokesmen, in all stories are successful, perfect, happy ending, although conducive to the shaping of brand image, but different positive characters all ending orientation is the same [7].

For example, Badfive is a street basketball series launched by Li-Ning in 2018, with its own street trend attributes, and later with the rise of national tide elements and Chinese culture, Anti-Wu has created a number of “limited series” with the theme of regional culture. The Badfive and Li-Ning 3+1 tournament promoted street basketball culture, and increased brand exposure and popularity with the help of emerging social media and short video platforms.

3.4. Sales Channel

Li-Ning currently sells its basketball shoes through its own retail stores, online sales channels, and third-party distributors. At the end of 2022, the total number of flagship stores, regular stores, fashion stores, factory stores and multi-brand collection stores of the company totaled 7,603. After 2015, Li-Ning Company has begun to integrate the concept of "Internet +" and shape the "Internet + Sports Life Experience" model, and marketing channels have begun to expand e-commerce platforms. In order to adapt to the wave of the Internet era, Li-Ning vigorously supports e-commerce channels, focusing on the investment of marketing resources on e-commerce platforms, from 14.3% of total revenue in 2016 to 22.5% in 2019, the position of e-commerce channels in Li-Ning’s diversified channel strategy is becoming more and more important.

However, the brand could improve its sales channels by expanding its retail footprint globally and developing new partnerships with online retailers and distributors. For example, The ability of "Way of Wade“ in its distribution channels is far inferior to Nike and Adidas, and improving the profitability of a single store is also the main development bottleneck of "Way of Wade” at present [8]. Li-Ning
could also consider opening more flagship stores in key markets, such as the United States, to establish its brand presence.

4. Suggestions

4.1. Product Development

Li-Ning should invest in research and development and testing to improve the quality of its basketball shoes. Li-Ning should pay attention to research and development and design, professional and fashion two-wheel drive brand power upgrade, research and development of unique brand sole material technology. For example, the brand should also consider utilizing more sustainable materials to attract environmentally conscious consumers.

The brand should expand the application of cutting-edge technology scenarios, popularize from high-end flagship products to mid-end main products, mid-end products for mass consumption, strengthen consumer awareness, and form a virtuous circle of science and technology research and development. Li-Ning can continue to deepen and improve the shoe product matrix with "Beng" technology as the core, which will attract widespread market attention and establish influence, drive the increase of shoe sales, and strengthen the professional brand driving force of the brand.

4.2. Dynamic Pricing Strategies

Li-Ning should consider reducing its prices to enhance its competitiveness in domestic Chinese markets. The brand should also consider implementing a dynamic pricing strategy that adjusts the prices of the shoes based on demand and supply.

The promotion of marketing effect of Li-Ning Company needs to rely on a more scientific and reasonable product pricing strategy. The adjustment of the brand price strategy should further segment the market to avoid mass consumers from being deterred by their favorite high-priced products. In this way, different consumers will have more choices, and differentiated pricing of different products according to different market needs will help enterprises to cover more consumer groups with their products, which is an important measure to improve marketing efficiency.

4.3. Promotion Strategies

The brand can utilize social media platforms to engage with its target audience and promote its product through making use of social media platforms to provide more channels for product promotion, including Little Red Book and TikTok, KuaiShou video platforms, so as to reach out to young consumers. For example, Li-Ning brand designers can strengthen interaction and communication between social media and consumer groups, deeply understand consumer needs, and expose products in social media, which is highly concerned by young people. Through designers, brands can build a direct communication channel with consumers, quickly seize the hot spots of consumption, and deeply understand consumer needs.

Additionally, Li-Ning should leverage digital marketing channels, such as search engine optimization and paid search advertising, to improve its visibility online. For example, recently, basketball shoes with Chinese elements are very popular with consumers. For the integration of Chinese elements, there is no doubt that 361 degrees at this stage is the local sports brand to do a better job, 361 degrees launched three Asian Olympic Games exclusive color, deep digging Chinese culture, to the world to show the unique side of China [9].

Li-Ning’s brand localization promotion in overseas markets still needs to be strengthened, statistics found that most of the three major overseas social media Twitter, Instagram and YouTube. Consumers said that they had more exposure to Li-Ning brand advertisements on Instagram than on Twitter and YouTube, but their awareness was low and it was difficult to form a high brand awareness [10].
4.4. Sales Channel Optimization

Li-Ning lacks the integration of online and offline marketing channels in the sale of basketball products, and should build online and offline integrated marketing channels, so that consumers can experience offline, online consumption, including product experience, after-sales service and other basic needs can be met online and offline at the same time, truly realize consumption worry and convenience, and increase consumers' satisfaction with brands and products. Brand should also sell different levels of products online according to the consumption level of different cities to maximize efficiency.

Li-Ning should consider opening more flagship stores in key markets, such as the United States, to establish its brand presence. Besides, the brand should expand the application of cutting-edge technology scenarios, popularize from high-end flagship products to mid-end main products. The brand should also identify new online retailers and distributors to expand its sales channels globally.

5. Conclusion

Li-Ning has achieved significant success in the basketball shoe market in China, but the brand still faces several challenges, such as having the problems of design tendency to formulaic, single design, similar structure, and slow iteration speed. The brand image is not clear, and the lack of classic styles. The excessive price and pricing difference in the secondary market leads to a decline in profits, product promotion and distribution are not synchronized with the current social trend, the localization of overseas markets is not in place, and the combination of online and offline sales channels is not close.

To improve its marketing performance, Li-Ning should invest in research and development and testing to improve the quality of its products. As for the price, the brand price strategy should further segment the market to avoid mass consumers from being deterred by their favorite high-priced products. Li-Ning should increase the integration of online and offline marketing channels in the sale of basketball products, and should build online and offline integrated marketing channels while using social media platforms to engage with its target audience and promote its products. Additionally, Li-Ning should expand its retail footprint globally and develop new partnerships with online retailers and distributors. At the same time, Li-Ning’s brand localization promotion in overseas markets still needs to be strengthened.

In the new era of rapid economic development, the sports industry has good opportunities and prospects in the world, and the basketball product industry will naturally be positively affected. But at the same time, the increasingly fierce competition in the industry will also become a set, how to help enterprises improve competitiveness through effective marketing strategies, the brand need to pay enough attention to. In short, some successful marketing strategies of Li-Ning are worth continuing, and the shortcomings need to be improved. The innovation of marketing strategies in the future has a long way to go and it is worth carrying out more and more in-depth researches to help the company's marketing quality improve steadily.

References