

Research on the Problems and Strategy Optimization of Erke's Marketing Strategy based on the Chinese Market

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Abstract. In the context of the continuous development of spiritual and cultural construction based on national economic and social development, China's sports industry has developed well, and people's consumption of sports products has increased significantly. Based on the analysis of the marketing strategy of Erke, a famous sports goods brand in China, this paper provides an effective and feasible product strategy for Erke's brand marketing strategy: the cultural strategy of consolidating the brand and development towards internationalization. To help Erke strengthen its brand construction in China, build it into a world-famous sports brand, and improve the international competitiveness and enterprise value of sports goods enterprises. We will help enterprises maintain their domestic market share by adopting appropriate international strategies, upgrading their production methods, and transforming their business models. This paper puts forward clear suggestions for improving Erke's marketing strategy to help Erke consolidate the domestic market and improve its competitiveness, which is of practical significance for the future development of Erke.

Keywords: Sports equipment; Erke; Marketing strategy; Chinese market.

1. Introduction

1.1 Research background

In the context of the continuous development of spiritual and cultural construction based on national economic and social development, China's sports industry has developed well, and people's consumption of sports products has increased significantly. According to the National Bureau of Statistics data, the total scale of China's sports industry in 2021 was 147.2 billion yuan, a year-on-year increase of 12%; It is expected to achieve 3 trillion yuan in 2026, accounting for 1% of GDP. The proportion of the sports industry will increase, and industry barriers will be broken. The sports industry constantly integrates with the Internet, culture, tourism, medical care, and elderly care. But at the same time, China's local sporting goods industry constantly competes with foreign markets. Erke, the object of this article's investigation, has also constantly changed its local marketing strategy, often in this environment, but with little effect. Against this background, this paper studies the optimization of Erke's local marketing strategy.

1.2 Literature review

In sports product marketing, Scholars Burton believes that: "With the acceleration of countries' accession to globalization, facing the competition and challenges in the international market, enterprises need to make corresponding strategic adjustments and changes in marketing market research, marketing product design, and R & D, marketing publicity methods, etc. to meet the needs of different consumer markets. In particular, the product strategy is emphatically elaborated: product extension and change strategies, promotion extension and change strategies, and the combination of product and promotion Change strategy again; Products need scientific and technological innovation strategies [1]. "Scholars Giannoulakis mainly analyze the price of marketing strategies, such as the pricing mechanism of market competitors, the size of marketing market terminal stores, the inventory form and management of marketing products, the output form, and management method of product supply chain, advertising and brand marketing strategies [2]. Chung et al. mainly discussed the channel publicity of the enterprise's marketing strategy. This study points out that enterprises invest most of their funds in traditional marketing methods such as advertising and promotion. This is not

the best marketing strategy and proposed a brand-new market mix strategy, which can maximize the ability of enterprises to participate in international market competition [3]. Lo and Lin also analyzed advertising in the marketing strategy. They elaborated on the factors affecting the formulation of the financial budget and the symmetry of the competition mechanism in the advertising strategy. Finally, they found out that the advertising strategy must be combined with the brand strategy to achieve the desired effect, and clarify the mutual promotion relationship between the two, to achieve a relatively ideal marketing income [4].

In the relevant research review of this paper, most of the research focuses on the marketing of 4P to marketing strategy. Still, only a few scholars have studied the impact of product positioning on marketing strategy. Therefore, this paper intends to take product positioning and brand culture as the starting point, combined with relevant theories, to optimize Erke's marketing strategy. As a carrier of marketing, sports marketing is an important and unique marketing method in the marketing system. Scholars have not yet established a mature framework and system for the research of sports marketing and its strategies, and there are few studies on the marketing strategies of sports enterprises. Most of them lack a certain depth and breadth of research. This paper starts with the connotation and characteristics of sports marketing, according to the main ways of Erke's marketing, and combs the current situation, existing problems, and influencing factors of Erke's marketing strategy in China in order to find effective strategies conducive to the marketing of sports enterprises in China. To a certain extent, it enriches the theoretical research of sports enterprise marketing strategy and has certain theoretical research significance.

On this basis, this paper first studies the article's research background and relevant literature and then analyzes Erke's current product marketing strategy through case analysis, analyzes the problems, and proposes solutions based on relevant theories.

2. Methods

This paper adopts the method of case analysis to study this subject.

First of all, by consulting the network resources and collecting books, dissertations, newspapers, and magazines at home and abroad on sports marketing and its strategies, marketing, sports sponsorship, and other literature in recent years, the author laid a good theoretical foundation for writing this paper, and also obtained some reference materials, so as to provide a premise for case analysis.

Through the analysis of relevant issues, the author believes that the implementation of the marketing strategy of Chinese sports enterprises needs to clarify the following four points: first, sports marketing is a systematic marketing process from a strategic perspective. Sports marketing strategy is an all-around dynamic strategic process, not a simple event marketing. Still, enterprises need to continue to invest, consolidate and strengthen, and incorporate into the overall strategy of enterprise marketing. Secondly, although the sports marketing strategy is to apply the traditional marketing principles and processes to sports products and those nonsports products that are marketed with the help of sports, it is not equivalent to simply adopting the 4Ps or 4Cs research methods of traditional marketing. We need to innovate. In the marketing process, we need to combine the industry characteristics, product characteristics, and the specific situation of enterprises to better integrate sports, products, and brands. Again, a sports marketing strategy cannot be regarded as relying on sports activities to implement. Integrating sports culture and enterprise culture is necessary to form a marketing system. Sports marketing is a composite marketing system integrating sports sponsorship, image spokesperson, development of designated products, and advertising; Finally, sports marketing strategy needs an integration mechanism. Sports marketing strategy cannot appear and exist separately from other marketing methods. Sports marketing strategy must be integrated and restructured with traditional and modern marketing methods. Implementing a sports marketing strategy suitable for developing sports enterprises is very important. Therefore, the article does not apply the 4Ps theory of transmission to analysis but turns to the impact of product positioning on the

company's marketing. The article will sort out the existing problems because of the current situation of Erke's marketing strategy and put forward effective marketing strategies for sports enterprises in China.

3. Result

If sports enterprises want to implement marketing strategy successfully, they should position the market and themselves first. First, enterprises need to comprehensively measure the nature of their industry and target groups for accurate positioning. By identifying the characteristics of their sports products, combining market demand or the form and impact of sports activities and other elements, enterprises can identify market groups with different needs and adopt appropriate and in-place marketing strategies. However, China's sports enterprises often lack a clear understanding and accurate market positioning on this point and often have the symptoms of making decisions by feeling and tapping the brain. They lack comprehensive and thoughtful Market Research on corporate sponsorship activities and mistakenly believe that they can reap profits as long as they obtain corporate sponsorship rights or have market dominance, but the results backfire. Li Ning has success, but there are also shortcomings. What a brand conveys is not only that consumers know and like it, but that consumers love it. In addition to being practical and applicable, it should also have a unique brand personality. For Erke, there is still a problem of inaccurate brand positioning because in the consumer market of sports products in China, Erke is in the sandwich layer. That is, in the middle of first-class brands such as international Nike and domestic second and third-tier brands such as Anta, Tebu, and 361°, which have high risks and challenges. At the same time, Erke's brand is not as good as ADI and Nike in the specialization [5]. For example, ADI and Nike put their products' performance on ensuring athletes' performance in formal competitions, focusing on improving the performance of athletes. In contrast, Erke focuses on protecting athletes in competitions, which is inferior. Moreover, Erke has positioned its marketing markets in sports, such as badminton, table tennis, and other sports equipment, clothing, shoes and hats, and other sporting goods. Surveys show that among the nine sports that Erke has sponsored, only one has a more than 50% consumer awareness rate [6]. The marketing positioning of this brand still needs to be examined more carefully.

Today, when the sports marketing market is gradually maturing, well-known foreign enterprises set their marketing goals on large-scale sports events. Moreover, enterprises focus on building brand marketing cards to do a good job in marketing strategies early. However, China's sports enterprises pay more attention to the benefit of efficiency and effect. Play the marketing card to increase the enterprise inventory and open the number of brand stores as quickly as possible. By paying attention to the return rate of sales volume and speed, pursue the short-term effect of marketing objectives but ignore the long-term sustainability of the marketing market. According to the analysis of the interim financial reports of the six major sporting goods companies in 2021, in the first half of the year, the average inventory turnover days of six companies, Erke, Anta, Tebu, peak, 361°, and China trend, were all rising. At the beginning of 2020, it was announced that there was an inventory crisis in China's sports enterprise brands, which was even worse. At the same time, in order to avoid the attack of Nike and other international brands, six sports enterprises, such as Erke, took the initiative to give up the release of high-end products and changed their marketing targets to local middle-class and middle-end products [7]. However, the fact is that the consumer demand market has enabled Nike to take away the high-end and low-end markets, increasing the inventory of China's local sports enterprises. Now, these enterprises will attack the battle of eliminating inventory. It can be said that the gains outweigh the losses. The marketing strategy of sports enterprises is a long-term systematic project which can't be rushed for success. If they want to achieve immediate results through short-term market share, they are often inefficient and ignore the importance of long-term marketing strategic objectives. They need to position themselves accurately and take a long-term view. Only in this way can they keep healthy and sound development and receive sustainable and reliable benefits.

Erke mostly adopts the “sports marketing” strategy to carry out its activities, and the most common way is to conduct marketing through advertising. Sports enterprises often play the marketing board of advertising without sparing huge advertising expenses. Or be good at capturing popular sports stars as image spokesmen, regardless of whether sports stars can bring long-term benefits. Or, just through sports sponsorship activities for marketing, it may disappear after a short sponsorship activity, and it does not accurately position the market prospect of its products. These are the individual marketing strategies implemented by sports marketing. In the specific practical operation, they have not organically integrated various marketing strategies and paid no attention to the rational allocation of advantageous resources. Often, they can only receive temporary short-term benefits and form a short board effect in the long-term marketing process. The implementation of a sports marketing strategy needs complex system engineering. Sports enterprises must re-plan and accurately position their products and images while carrying out sports sponsorship activities to match sports culture. Integrate other enterprise resources, extensively use various marketing strategies, and integrate sports culture into each link of sports enterprise marketing. Finally, the products of sports enterprises resonate with the needs of consumers. It can be seen that the “sports marketing” strategy is not a simple event marketing strategy, hype activities, promotion activities, and market public relations, but a complex and diversified marketing strategy. The implementation of the marketing strategy of sports enterprises has a bearing on the product development and promotion, brand positioning, and publicity of enterprises. This all has a bearing on the fate and success of enterprises. It can be said that the marketing strategy of sports enterprises needs to form a systematic marketing chain.

In addition, as the largest sports enterprise in China, Erke company still has some problems with its distribution strategy. The distributors open exclusive stores under the trademark of “Erke” and sell other brand sports goods as agents. At present, Erke has more than 130 distributors and more than 2000 distributors, most of which are small in scale, with an average of two stores, and more than 1700 distributors only operate one store. According to the investigation of BOCI, Erke company’s situation and recent situation are not optimistic. The company’s sales channels in the second and third-tier cities show prominent structural problems. Nearly 2000 distributors operate stores with low efficiency. For example, there are problems in commodity procurement and inventory management, resulting in overstocking inventory and difficulty putting new goods on the shelves [8].

At present, Erke pays more attention to the marketing strategy of sports events in the implementation of marketing strategies, rarely combines the brand marketing of enterprise products with culture and sports, and often only focuses on selling products. That is, until the buyer and the seller reach an agreement, they have not grafted the enterprise’s brand on the level of sports events and sports culture, resulting in the dislocation or fault of marketing culture. Sports enterprises should implement their brand specialization strategy separately from popularization. Brand specialization pays more attention to the technical level. Although popularization requires certain technical content, it will pay more attention to the needs of the masses. Integrate the cultural value of the brand into the implementation of the marketing strategy so that the cultural nature of the brand is deeply engraved in the emotional consumption of consumers.

In addition, the symbolic culture of the brand is also a special marketing strategy. Each brand has a corresponding logo, which is conducive to consumers’ easy identification and clear memory of the brand, and also saves enterprises a certain amount of marketing costs. For example, Li Ning’s logo exaggerates the Pinyin letter “L” horizontally, with red as the main title, symbolizing flying youth. Anta’s logo is the modified “A”, which shows the perfect combination of strength, speed, and beauty with its rising image and the concept of continuous pursuit of excellence and self-transcendence. It can be seen that the brand culture marketing strategy is not only the brand of the product but also the affiliated thing outside the product - the associated culture. Therefore, Erke needs to pay more attention to the characteristics of marketing culture and its added value in the implementation of marketing strategies in the future.

4. Discussion

When Erke's development level is still in the domestic brand cultivation stage, product quality and technological content are the core points of the enterprise. However, most of the brands with high market share in China are international, so the development of the possibility of brand internationalization will help improve the recognition of products in China. When the brand has a certain recognition in China and plans to develop the international market, relevant preparations should be made. We should consider which markets to enter and how to register the trademark and international issues. After successful registration in overseas countries, the most important issue is how to effectively and quickly enter the local market and improve sales. Therefore, channel strategy is a very core key point. When an enterprise successfully enters the international market, how to improve the brand's international reputation is particularly important at this time. When an enterprise has a certain brand awareness overseas, how can the brand develop more vigorously and rapidly becomes a problem that enterprises need to face and think deeply? Furthermore, the promotion and dissemination of corporate culture overseas, that is, the launching of cultural strategies, is an assistant for enterprises to develop from well-known international brands to top international brands. And finally, the international strategy of improving the brand rises to the global strategy of the brand. Enterprises should implement different strategies at different stages of brand internationalization to create more favorable supporting conditions for the rapid development of brand internationalization.

To this end, Erke can participate in overseas exhibitions and fashion shows. Participating in overseas product exhibitions can help enterprises quickly improve their brand image and open up overseas channels, which is the most common way for Chinese sports goods brands. That is to recruit overseas brand dealers and agents to develop the international market. Overseas exhibitions can provide a good business opportunity for enterprises, which is an efficient marketing method. For example, Anta and Peak have participated many times in Russia Moshoes Exhibition and Hong Kong Fashion Week Exhibition; PEAK participated in Munich, Germany, and Pakistan International Textile Expo [9].

The combination of sports and fashion, the integration of technology and fashion, forms the trend of sports fashion. For example, Nike and Adidas cooperated with Johanna F. Schneider, the designer of Acronym, and Kolor, the designer of Junichi Abe. Nike teamed up with Berlin-based designer Johana F. Schneider to release NikeLab x JFS. These two world sportswear giants have been engaged in frequent fashion activities recently. Chinese sporting goods enterprises have also integrated fashion into sporting goods products and frequently participated in various international fashion week activities. Chinese sports goods brands such as Anta and Li Ning have also transformed into young and fashionable products, attracting many young people to follow. For example, Anta held its closing international fashion show in Beijing in 2016, and its brand awareness has improved [10].

Sponsorship of international events also helps to enhance the domestic image. Sponsoring international events seems to be the patent of sportswear brands. The purpose of sponsoring international events is to exaggerate the brand's popularity in foreign countries. It is similar to advertising in overseas markets. Sponsoring well-known international sports events and activities will greatly benefit the brand's international popularity.

China's sports goods actively plan and use the Olympic strategy. For example, 361° sponsored the Brazilian Olympic Games and the Paralympic Games, replacing Adidas, the sponsor of the previous three consecutive sessions. 361° sponsored sportswear and sneakers of their brands for all volunteers, torch runners, technicians, and other venue staff and won the marketing right. 361° sponsored Guangzhou Asian Games, Nanjing Youth Olympic Games, and Incheon Asian Games. 361° has set up more than 400 brand stores, 10 sales representative points, and a logistics center in Brazil. 361° has consolidated its competitive advantages in South America and Brazil.

In 2015, the economy recovered, the sports industry recovered, and Li Ning's sales rebounded, gradually turning losses into profits. Li Ning and the Chinese Olympic team agreed on sponsorship equipment for badminton, diving, shooting, and table tennis at the Rio Olympic Games. In addition, we confirmed the sponsorship of the Rio Olympic Games with the Indian delegation.

Peak became an Iraqi sponsor at the Beijing Olympic Games, sponsored 7 teams at the London Olympic Games, and 10 teams at the Rio Olympic Games. Its brand acceptance and sales scale have achieved good results. PEAK signed a sponsorship cooperation agreement with the Ukrainian Olympic Committee in November 2014 to launch the sponsorship marketing strategy for the Brazilian Olympic Games. Later, PEAK signed the Olympic teams of Palestine, Cyprus, New Zealand, Jordan, Slovenia, Lebanon, Egypt, Algeria, Nigeria, and 10 other countries. PEAK sponsored the first number of delegations and became the third largest sports brand in the world to support the Olympic Games. PEAK has improved its brand awareness and international image by sponsoring national sports delegations. Therefore, Erke should also sponsor sports events to enhance its international popularity.

In addition to internationalization, Erke can improve products by enriching its brand culture. Sporting goods display and transmit culture to consumers through products. The products win the recognition and loyalty of consumers through rich cultural connotations.

Erke must understand that differences in cultural understanding may lead to the local acceptance or rejection of a brand. At this stage, Erke is still exploring the brand culture strategy, which is still in the primary stage. There is no direct case textbook to copy. Cultural strategy is an extremely important part, and Erke should pay more attention to the application of cultural strategy. Let culture be integrated into products and life.

The most acceptable way to consolidate market strategy is to spread brand culture by integrating culture into a life. Different Chinese provinces have different lifestyles and customs. It is popular for people to have characteristics and meet the lifestyle of local people. Thus, the way of selling brand culture while experiencing products is the most acceptable.

5. Conclusion

This paper briefly analyzes the current brand strategy of Erke, finds out the problems, and puts forward two solutions to the problems: the cultural strategy of consolidating the brand and the development towards internationalization. This paper puts forward clear suggestions for improving Erke's marketing strategy to help Erke consolidate the domestic market and improve its competitiveness, which is of practical significance for the future development of Erke. However, due to the author's shallow understanding of relevant theoretical knowledge and the lack of data analysis, the suggestions put forward in this paper are one-sided. In the future, the author will add data analysis to relevant literature to improve the referential value of suggestions.

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