

The Development of Li Ning — How to Build a Unique Sporting Brand

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Abstract. In recent decades, the sporting goods industry has been rapidly growing in China and has shown great potential for further development. Former Olympic champion, Mr. LiNing, founded his own sporting brand by his own name in 1990. Within decades of development, Li Ning has made great achievement on sales and reputation among its local competitors in the fast growing industry. However, the brand also experienced huge amount of loss during its rebranding process due to failure on brand positioning. After acknowledging brand positioning mistakes, Li Ning was able to make quick reaction and applied new strategies in order to improve the brand image of Li Ning. After several years, Li Ning has become the most popular and best-known Chinese sporting brand domestically and internationally. This paper will be analyzing the cause of failure on rebranding of Li Ning, and how the brand accomplishes its achievement from three aspects — brand positioning, product quality change, internationalization, sponsorship and spokesman.

Keywords: sporting brand, brand positioning, product quality changes, internationalization, sponsorship, spokesman.

1. Introduction

Since the listing of the Li Ning brand in Hong Kong in 2005, it can be said that the listing in Hong Kong is a clear dividing line. The front of the dividing line is the invincible achievements of the Li Ning brand in the Chinese Mainland, and the back of the dividing line is the setback and rebirth process of Li Ning, who dreams of becoming a global sports brand. This is an unforgettable experience for Li Ning and his fans. As the sporting goods industry has been rapidly growing which comes with fierce competition, Li Ning, however, had been holding the largest market share in Chinese domestic market since the brand was founded in 1990. After decades of developing and exploring, Li Ning has become an internationally leading sporting brand which represents the image of Chinese sporting brands. The performance of Li Ning has been rapidly increasing since its listing. The brand reached 9.479 billion RMB sales in 2010; by that year the brand has opened 8000 storefronts in more than 1800 cities in Chinese domestic market, with several online stores in Southeast Asian, Central Asia, and Europe. Li Ning accomplished great achievement among all the local competitors under such intensive competition. This paper will be analyzing the succeed of Li Ning base on four aspects — brand positioning, product quality change, internationalization, sponsorship, and spokesman.

2. Background

Li Ning is a retired gymnast, known as the prince of gymnastics. At that time, China had a great influence, and Mr. Li Ning wanted to turn this influence into commercial success. So, he began to build some basic businesses of Li Ning brand in 1989, and achieved certain commercial success in the short term. At the beginning, people were influenced by Li Ning's fame, so they chose to buy some products from Li Ning as a performance of star following. But gradually, Li Ning stated to produce products with higher quality than some domestic products at that time quickly attracted a

large number of followers. Most of these people are post-70s and post-80s. They began to become the first batch of regular fans of Li Ning brand. Their original intention of buying is to worship Li Ning himself and have a certain Olympic complex.

With the support of such primitive individuals, the brand Li Ning has developed slowly, achieved a large domestic market share in the new century, and has been a leading enterprise of domestic sports brands for a long time. At the same time, during the decade of the first brand, they invested in more than 40 teams, including CBA and national teams, and began to promote their brand influence abroad.

In 2005, Li Ning was officially listed in Hong Kong. It began to officially start the process of globalization of its own products.

3. Analysis of development

3.1. Brand Positioning

A clear brand positioning is considered as the core of a brand's image which is to be demonstrated to its consumers. The concept of brand positioning refers to owning a unique position in the mind of the target consumer. While in the concept of positioning a brand's communication activity is the major area of reference, it is now emphasized that positioning has a broader market impact and refers to a brand's broadly defined marketing activity. Therefore, brand positioning refers to all its external activities and, at the same time, it determines behavior within an organization [1]. A positioning strategy is the paramount part of the general positioning concept. The brand success on the market depends largely on the quality of development and realization of the positioning strategy [2].

Around 2010, there were serious problems in Li Ning's market positioning, but it can also be said that it was necessary to have some pains to change and adapt to the new era. There is no doubt that what a brand wants most is the recognition of young people. To cater to young users, Li Ning has raised the price and made clothes and shoes younger. On the surface, there seems to be no problem with this strategy, but in fact, most of Li Ning's brand users are a group of people who had idolized Mr. Li Ning in the 1980s. However, these people are generally unwilling to spend so much money on sports equipment. At the same time, it also makes their impression that Li Ning, a Chinese product, has been subverted. They think that Li Ning is not the old Li Ning, nor the brand they like, so they start to choose Anta and other Chinese products to replace Li Ning. Relatively young people, such as the post-90s generation, pay more attention to cost performance. At that time, the overall quality of Li Ning was not as good as that of Adidas and Nike. Moreover, a large number of people liked imported products from abroad. When they saw that the price of domestic Li Ning was almost the same as that of foreign top brands, they would naturally choose everyone.

At the same time, the experiment of embracing young people also exposed many problems of Li Ning. For example, the personality of the brand is not clear. In the eyes of real consumers, the personality of Li Ning's brand is connected with Li Ning's image, which is "affinity, national, sports and honor". It is not the "young and fashionable" brand personality that the Li Ning company has striven to create in recent years. And the product line of the Li Ning brand is constantly expanding. It's hard to figure out what his "flagship product" is. More products will make consumers unable to understand what the concept of the "Li Ning brand" is, and such undoubtedly hurt the brand interests and brand value of Li Ning. Li Ning began to reflect and change for a long time.

Li-Ning experienced losses in successive years due to blurry brand positioning during its re-branding process. As previously mentioned, LI-NING's target market was post-80s. As its old-fashioned design cannot meet the emergent market needs, in order to attract consumers from younger generations, in 2015, LI-NING decided to dramatically reposition its target market and re-construct its brand image to attract millennials [3]. Li-Ning also raised overall product prices for a high-grade brand position they intend to define, however, such re-branding strategy only ended up damaging the passion of consuming of its original consumer groups; at the same time, the new targeting consumers, the millennials, were not able accept such a brand-new brand story in a short period of time. Meanwhile, LI-NING's impact on generation Z's sportswear, which is their current audience, is not

as significant as before [5]. Due to various poor brand positioning strategies, Li-Ning experienced loss of profit since 2011, with 16% drop of share price. The amount of loss reached 1.979 billion yuan in 2012, with the closing of 1800 storefronts.

After experiencing tremendous profit loss, the founder of the brand, Mr. Li Ning took over the position of CEO and intended to reconstruct the brand. Li-Ning redefined its brand position as “internet + sports life experience supplier”. In order to bring a more vivid brand image to target consumer group, and to identify trading positioning accurately and demanded elements from potential consumers, Ling Ning published an idea of “who they serve for”. This new slogan represents the intention of Li Ning to define and materialize the new differentiation character of the brand, and to build brand loyalty with fans based with a distinctive brand image. With the intention of professionalizing the brand, Ling Ning explicated a clear target for its brand positioning — not to be the Nike of China, but to be the Ling Ning of the world. Later on, Ling Ning set a new idea for its brand positioning — to be professionalized, fashionable, and internationalizable with eastern-oriented style. With such action, the brand was able to demonstrate a more recognizable brand image to consumers and set up a path for the brand’s succeed of its internationalization.

3.2. Product Quality Change

The quality of Li Ning's products has changed greatly with the constantly updated technology on sports shoes. From the beginning of the simple and even the simplest board shoes, the material of the basic shoes gradually transited to the material of sports shoes. Li Ning cloud technology was invented. This technology may not be compared with Nike's zoom at that time, but it is a great chance for Li Ning, who has no sense of technology and is heavy and uncomfortable to wear on his feet. People also began to recognize the difference between Li Ning and some other domestic brands in science and technology and began to acquiesce that Li Ning was the leader in domestic products.

By 2010, Li Ning's technology had developed to a fairly high level. It was the long-term investment that enabled Li Ning to obtain very good Beng technology and even compete head-on with Adidas. This Li Ning Bang lightweight technology is a long carbon chain polyamide elastomer PEBAX formed by the supercritical fluid foaming process. Every step will receive strong feedback, and it is very flexible. The remarks to introduce this new technology in detail are as follows: "Li Ning Beng" lightweight technology platform is PEBAX, a long carbon chain polyamide elastomer ® Material (hereinafter referred to as "PEBAX ®") Formed by supercritical fluid foaming process. Elastomer PEBAX ® Because of its wide hardness range, good resilience, outstanding low-temperature impact resistance, and excellent anti-aging and light exposure resistance, the material is widely used in medical devices, sports equipment and other fields. The brand that can be used for supercritical foaming is PEBAX ® This is an innovation and extension of materials in the field of sports shoes. At the same time, Li Ning Sports Science Research Center and shoe material R & D team have successfully applied supercritical fluid PEBAX ® The density of bead foaming material shall be controlled within 0.11-0.14g/cm³ Within the range, analogy is made with TPU foam midsole materials widely used in the industry (0.24-0.26/cm³ Density range), sole weight is reduced by 50%, energy feedback is more than 80%, and energy loss in running and jumping is reduced as much as possible

PEBAX ® The material belongs to the high-performance thermoplastic elastomer material, which has the characteristics of ultra-wide use temperature range, excellent aging resistance and light resistance. Therefore, PEBAX ® The "Li Ning Beng" formed for supercritical foaming of materials has longer fatigue resistance. Shoe products equipped with the midsole material of the "Li Ning Beng" lightweight technology platform are more resistant to yellowing, still maintain high resilience and do not harden under the extreme cold condition of - 40 °C, and are suitable for more frequent and longer-distance competitions and training, as well as more sports scenes. This technology was discovered in 2014, gradually took shape in 2016, and began to be applied to Li Ning. Whether basketball shoes or running shoes, these materials have enabled Li Ning to gain a special fan base. Due to China's GDP and good economic situation, people generally choose shoes with high-cost performance. The

situation that only Nike and Adidas are king no longer exists. Now, Chinese consumers tend to buy shoes that are cost-effective, beautiful and suitable for themselves, rather than buying wallets only when they see some international brands. Therefore, the improvement of technology and quality of Li Ning shoes has indeed enabled Li Ning, as a domestic brand, to gain more shares in the sports market. Every step will receive strong feedback, and it is very flexible. This technology was discovered in 2014, and gradually took shape in 2016, and began to be applied to Li Ning. Whether basketball shoes or running shoes, these materials have enabled Li Ning to gain a special fan base. Due to China's GDP and good economic situation, people generally choose shoes with high-cost performance. The situation that only Nike and Adidas are king no longer exists. Now, Chinese consumers tend to buy shoes that are cost-effective, beautiful and suitable for themselves, rather than buying wallets only when they see some international brands. Therefore, the improvement of technology and quality of Li Ning shoes has indeed enabled Li Ning, as a domestic brand, to gain more shares in the sports market.

What needs to be noticed is the huge difference between Li Ning cloud technology and Beng materials. Objectively speaking, the cushioning limit of Li Ning cloud was the highest level in China at that time, and it was also the best product that Li Ning could make under the existing environment. However, the appearance of Beng has changed the situation of complete monopoly of overseas brand quality, allowing more consumers to see that Li Ning is a Chinese enterprise with great potential, guaranteed by cash, sports materials and sneaker technology.

3.3. Internationalization

The development of the Li Ning in domestic market has reach to the bottleneck as it has become the leading Chinese sporting brand with excellent brand image. Since the consumer market is no longer easy to extend, Li Ning's internationalization strategy is the exact right choice, especially under the intensive competition of sporting goods market in China. As a subsidiary industry of the sports industry, with the reform and marketization of the sports market system, the space for the future development of the sporting goods industry is huge. Facing strong competitors, in order to become a competitive international brand, it is necessary to weigh the domestic and foreign markets [3]. In 1999, Li Ning proposed development strategy for their first attempt of internationalization. The brand hired high-level designers, pattern makers, and management personnels from Italy, France, and Korea in order to improve product design and market research. Since that the Li Ning series products were infused a livelier designing style. The company analyzed this first attempt for further international development. Ling Ning proposed a staged internationalization strategy for their second attempt — focus on domestic market from 2004 to 2008 in order to increase international brand image; increase internationalized ability for the preparation stage from 2009 to 2013; and enforce fully internationalization from 2014 to 2018. Li Ning achieved significant succeed by licensing in European market, in which they authorized local parters for designing, producing and selling under their logo. Until now Ling Ning has operated multiple stores in various European countries, and the number is still gradually increasing. Li Ning also extended their fashion line internationally and have been actively attending in the two years from 2018 to 2019, Li Ning has boarded New York and Paris fashion week four times, putting imagination and creativity first, so as to show the world the confident Chinese culture, and has attracted the attention of consumers at home and abroad. In the performance forecast released by Li Ning in June 2019, in the first half of 2019, Li Ning expects to achieve revenue growth of more than 30%, the highest growth level in a decade.

3.4. Use of sponsorship and spokesman

Sponsorship of large sporting and cultural events has become a major marketing communication tool, particularly when firms obtain exclusive rights and garner the hype associated with this honor [6]. Sport sponsorship is used to support marketing objectives, such as enhancing brand image and increasing consumers 'intentions to purchase product or service [7]. Sponsoring sports events help brands establish a good brand image. In recent years, Li Ning have sponsored many domestic and

international sporting events or sports teams. In January 2005, Li Ning signed a contract with NBA as official cooperative partners. In January 2006, the brand sponsored Damon Jones of Cleveland Guardians, as Damon Jones will appear in the games wearing basket shoes from Ling Ning, which made Ling Ning the first Chinese sporting brand which ever appeared in an NBA game. In June 2007, Ling Ning signed a contract with Spanish Olympic Committee as official cooperative partners, and later signed with Swedish Olympic Committee in 2007. Li Ning also sponsored sports stars from various areas, such as badminton player Chen Long, Ping-pong player Ma Long, and various national sports teams, which has boosted the popularity of the brand.

As an enterprise that wants to become an international top brand, it is of course essential for Li Ning to choose a spokesperson. [8]. Li Ning favors to choose strong influencers in sports industry as their spokesmen. The first spokesman of the brand was Li Ning himself, an Olympic champion and the prince of gymnastics. The influence of the brand was largely increased due to his celebrity effect. In late 90s, Li Ning invited domestic trending sports stars such as Li Xiaopeng, Liu Yanan, Kong Linghui, Zhang Jinso to their spokesman team, which helped the brand build an unforgettable brand image and reputation to their customers. Due to the internationalization of the brand, Ling Ning started to sign foreign sports stars as spokesmen, including NBA star Shaquille O'Neal, Baron Davis, and Russian pole vaulter Yelena Isinbaeva. Such action has greatly improved the competitiveness of the brand in international market.

Although Li Ning is still not the mainstream brand of the NBA, and its voice position within the stars is still inferior to that of Adidas and Nike, in this process, it is also an attempt to attract some foreigners from different regions from outside. In this attempt of nearly 30 years, Li Ning has grown from weak to strong, From the beginning when he could only pay sky high endorsement fees to invite stars to now when he can even be on an equal footing with Nike ADI in the internal market of stars, these are the results of Li Ning's long-term efforts. It can be said that the process of Li Ning getting favor from foreign stars is also the process of getting favor from foreign consumers.

4. Conclusion

Li Ning achieved significant success while the sporting goods industry in China is becoming a rapidly developing emerging industry. The brand experienced huge loss of sales in the early 2010s during their re-branding process which intended to attract younger consumer groups. However, due to unclear brand positioning, the new image of the brand was unaccepted by both original and new consumers and results in losing desire of consuming. Fortunately, the issue was noticed on the time and the brand was able to make quick reaction by redefining the brand and extending several product lines. With significant improvement on product quality and technology, the brand was able to compete with other well-known sporting brands. By using marketing strategies such as extending fashion line, using sponsorship and defining different consumer groups, Ling Ning gained tremendous sales figures and had become the best-known sporting brand from China. The case of Li Ning represents the essential elements to build a successful sporting brand.

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