

Analysis of Li-Ning's Brand Internationalization Strategy

Siyu Chen^{1,†}, Binghui Huang^{2,†}, Mengcong Li^{3,*}

¹ Shanghai United International School, Shanghai, China

² Guangdong Experimental High School AP International Curriculum, Guangzhou, China

³ The High School Affiliated to Renmin University of China Beijing, China

* Corresponding Author Email: 15030340110@xs.hnit.edu.cn

[†]These authors contributed equally.

Abstract. With the rapid growth of China's economy since the reform and opening up, many industries have entered a period of rapid growth. Therefore, the macro environment at that time gave many industries the opportunity to develop. In the 1990s, the famous Chinese athlete Li Ning created the sports brand "Li Ning". Under the continuous improvement of the brand, Li Ning has become a world-famous sports brand after decades of development. Although Li Ning is a world-famous sports brand, its consumer group size still lags behind that of the world's top sports brands. This study found two solutions for Li Ning. First, create a co-brand. Second, increase the sponsorship of more influential events. This study puts forward some research methods for Li Ning. By strengthening the connection between the brand and consumers, Li Ning can have better fan effect, so as to achieve the purpose of expanding the international market. However, this study is only limited to the fans and brand linkage, and there are many aspects that are not discussed in this study.

Keywords: Li-Ning Brand, Internationalization, Crossover.

1. Introduction

In the 1990s, in the ten years after China's reform and opening up, China's economy developed very fast. China is in a period of rapid development of major markets, China's sports brand market is no exception. At that time, there were not many local sports brands in China, and Warrior was the only big domestic brand and grabbed most of China's sportswear market share. In addition to Chinese domestic brands, foreign brands Nike entered the Chinese market in 1980. As the foreign brand Nike enters the Chinese market, the competition between brands became more and more fierce. However, competition is not necessarily a bad thing. Fierce market competition will stimulate the development of domestic companies, because the pressure on them will be greater than before foreign companies entered China. Therefore, they will strengthen their strength to compete with competitors. In this case, the macro environment of local sports brands in China had a very bright development prospect.

As a famous athlete in the 20th century, Li Ning won the Olympic gold medal in gymnastics in 1984. He has a very sensitive sense of business. As an athlete, he saw the gap in Chinese sports brands and had the courage to make bold innovations and try to fill the gap in the Chinese sports brand market. In 1990, after Li Ning retired, Li Ning founded his own brand, Li Ning. After years of development, Li Ning let many celebrities endorse their products and appeared in every major competition. Li Ning Company has perfect brand marketing, research and development, design, manufacturing, distribution and sales capabilities, mainly engaged in professional and leisure sports shoes, clothing, equipment and accessories products of Li Ning brand. It has established a huge retail distribution network and supply chain management system in China, and continues to expand its e-commerce position and build an e-commerce ecosystem [1]. In the following decades, many sports brands emerged in China's sports market, which enriched the diversified Chinese sports brand market and created the prosperous scene of today's Chinese sports brand market.

With the development of Li Ning Company, they have now become the top sports brand in China, also the world-famous brand. But there is still a certain gap between the best sports brands in the

world. Li Ning Company has some problems that need to be improved. First, Li Ning's international influence is far less than that of other big sports brands in the world, such as Nike and Adidas. It can be seen through comparing the number of fans of Li Ning's foreign social media accounts with those of other sports brands. Second, Li Ning is not able to sponsor in the world's major competitions, such as the Olympic Games and World Cup, because of their product level and influence. Next, this paper will describe the literature review, the advantages of Li Ning brand, and give two solutions respectively.

2. Literature Review

Empirical studies have commented that Lining can improve in many ways by marketing strategy. Hao Xiang and Darodjat 2021, evaluated two well-known brands in China's sports goods industry, Li Ning and XTEP as their focus, and analyzes the positive and negative effects of social media platforms, social media content and digital marketing [2]. The researchers of the investigation identified the limitations of Li Ning's current inadequate branding and marketing strategy. First of all, through their investigation, they oppose the idea that brands should increase advertisements using social media. Suggestions were mentioned, TikTok could be a suitable way of advertising. This is because TikTok is the most popular digital platform from both a brand and consumer perspective. Twitter and YouTube are conversely low in usage. Secondly, brands should showcase star products more frequently on social media platforms. Li Ning Company should make efforts in the content presented on the digital marketing platform. For example, put more information on social media and work with sportswear bloggers. In order to have a positive impact on consumers and improve the conversion rate, brands should pay attention to the use of social media, in addition to other influencing factors. This is an effective and practical modes that Li Ning can actually achieve in reality.

It is easy to make European and American consumers accept the concept of "Made in China" is cheap, but it is challenging to make them accept Chinese brands are strong. For Lining, the weakest link is the brand equity, Li Ning has not yet formed an overall influence which does not help it to shape the brand image. Moreover, studies have shown different strategy modes for brand equity and marketing. In 2015, Ali Mahdi focused on conceptualizing, measuring and analyzing annual reports of Nike and Adidas reveals strategies and their impact on corporate performance [3]. The results underscore Nike's strategy of focusing on innovation and emphasizing its research and developing department, which offering premium prices to its customers. Adidas' strategy focuses on broad differentiation, innovation and attempts to produce new products, services and processes to respond to competition. They focus on reducing production costs and time, expanding the market, and enhancing the appeal of sneakers and equipment. These strategies, together with their resources and unique capabilities, form the basis for sustainable competitive advantage for both companies. Nike and Adidas' strategies have helped them survive and maintain their positions in the market. Li Ning needs its own core competitiveness and brand focus. An important reason for the blurred professionalism is the lack of core competitiveness. Li Ning's product line is said to be a rich, but each series of products cannot be distinguished from competitors' professional characteristics, so it is difficult to attract consumers and social media. This makes it difficult to attract consumers, and social media marketing does not have a major focus.

3. Li Ning International Development Attempt

Li Ning was founded in 1990, after its establishment, Li Ning wanted to open its international market and fame, so they focused on an internationalization strategy. In the 2004 Athens Olympic Games, the Argentina men's basketball team who wore Li Ning jersey defeated the United States "Dream Team", and became a major highlight. In 2005 Li Ning became the official partner of the NBA, continue to be exposed in the leading world countries.

Meanwhile, at the beginning of the 21st century, when China joined the world trade organization (WTO), many foreign competitors entered China. This movement was definitely impactful for Li Ning, as they felt the pressure to adjust its internationalization strategy, which made it clear that it would first build an international brand and then develop the international market. But the result was that Li Ning only had few stores outside of China, which cannot support enough sales. Alternatively, in 2009, Li Ning launched its second strategy, setting the goal of being among the top five sporting goods brands in the world by 2018 and achieving 20% of its revenue from overseas.

The opportunity this time was the 2008 Beijing Olympic Games, where Li Ning launched their second internationalization strategy, becoming sponsors. The gymnastics prince Li Ning lit the main torch in the Bird's Nest. At that time, Spain's Raul (whose family does sports apparel processing) saw the business opportunity and found Li Ning to cooperate. But unfortunately, until 2010, Li Ning's revenue in the international market was less than 1.5%, failed to build itself into an international brand as expected. This is attributed to Li Ning's lack of international experience because their brand recognition is not high, and overseas sales results are dismal. Thus, they cannot correctly use the opportunity of the partnership model to reach their brand equity. In the past few years, Li Ning has captured the wave of the national tide by adding strong Chinese elements to its products, thus gaining great success. But the progress aims to enter the foreign market, which Li Ning has always been trying to open, is still behindhand. Moreover, Li Ning decided to put more effort and attention to sponsoring and advertising to start establishing their brand image in foreign markets.

Therefore, in 2010, Li Ning became the sponsor of La Liga team, and in 2011 became the main sponsor of Sevilla team jerseys and training supplies. According to the data released at that time, in 2010, Li Ning's footwear sales in Spain exceeded 6 million euros, and the distribution network reached more than 500 points [4]. But it didn't last long, as the Spanish market, which Raul was in charge of, suddenly fell into a financial crisis in 2012 and had to ask for help from headquarters. At the same time, Li Ning is experiencing a rebranding and inventory crisis in China, revenue has been surpassed by Anta. Therefore, they did not focus on the situation of Raul. This phase of the internationalization strategy again broke down; Li Ning's overseas market has been stagnant for more than 20 years. Li Ning's target for the future is definitely to expand its brand recognition overseas. However, by looking at how competitors brands such as Nike expands and promote their brand, interpreting the marketing strategy of how Nike works would be beneficial to Li Ning's future growth.

Furthermore, since last season, the NBA's jersey sponsor has changed to Nike. This contract also includes the socks. At the same time, more than 70% of the players in the league are wearing Nike shoes. Nike's share of the North American market has also reached 55%. Its five signature shoes James, Kobe, Durant, Irving and George series are all big seller. It is also worth mentioning hat sub-brand Air Jordan, which is a standout in the trend field. Today Nike has grown to be the world's largest sports product company, Nike has almost cornered the basketball market. Some of these rare operational strategies and business models are worthy of Li Ning's reference.

Nike accurately mastered the taste of consumers, which effectively use strategies to attract customers and develop new markets. One strategy is producing limited edition, especially the products are co-branded with players or fashion brand. Nike has realized that the kind of 10,000 pairs of global goods is more attractive. They used the limited and co-branding trick to promote its new shoes. For example, the "The Ten" series, co-branded by the well-known trendy brand Off-White and Nike is basically the classic style of Nike, but the additional deconstruction, self-adjustment buckle and other special design, coupled with a very small amount of goods, directly let the shoes gain high visibility. Li Ning can cooperate with more trendy brands or celebrities. For one thing, it increases its exposure, because trends and idols are the mainstream of modern youth. And can also strengthen the brand image and reputation. In the case of sales guarantee, the limited and co-branded strategies will definitely monopolize the market and develop more new products.

Nike has contributed to basketball and basketball culture, Li Ning has accumulated in badminton, gymnastics and other sports, but it does not have a full "monopoly" yet. Li Ning should choose a sports business and promote its development, so as to establish a modern sports brand in consumers'

minds. They can establish the value of a modern sports brand in the hearts of consumers, which will be more easily accepted by foreign consumers.

From a marketing point of view, Nike has a large number of fans on overseas apps, which are the most used apps. This proves that their promotion is very effective. Li Ning can combine with foreign media for social media marketing, which aims to hire local staff, operate local media communities, and understand the specific needs of the target consumer market. Just like in Chinese media, Li Ning has its own set of exclusive models for operating communities in Xiaohongshu, TikTok, and WeChat. For example, there are several promotion modes like Xiaohongshu planting, TikTok live streaming, and WeChat fainting. In major foreign media such as Facebook, Instagram, WhatsApp, they explore the mode of operation and localize the social media marketing model to attract target consumers.

4. Possible Suggestions for International Development

4.1. Cross branding

In 2018, Li-Ning took its step to New York Fashion Week. The combination of traditional Chinese culture and modern design impressed the audience. This event conveys Li-Ning's determination to take attempts in other industries.

Crossover is an often-used strategy for launching a new product or expanding new fandom. The consumer profile of Li-Ning is cumulated by Gen-X and Gen-Y. Ho In 2018, Li-Ning took its step to New York Fashion Week. The combination of traditional Chinese culture and modern design impressed the audience. This event conveys Li-Ning's determination to make attempts in other industries.

Fast-moving goods can usually reach the consumer instantly. To complete the campaign, Li-Ning could build up a collaboration with brands of fast-moving goods. For example, Starbucks. Starbucks, with more than 32,000 stores in 82 markets worldwide, is the world's leading professional coffee roaster and retailer. As a successful commercial retailer, it is well-known for its distinguishing logo and modern interior design. Visual identity usually plays a crucial part in structuring the brand because it can affect fans' attitudes about the brand in a visual stand according to Keller's framework of Brand Equity [5]. When thinking about coffee, people spontaneously recall Starbucks [6]. The visual elements identify the brand and that is the brand awareness Li-Ning missed out on. On the other hand, two brands from different industries indicate disparate consumer profiles. Li-Ning and Starbucks could gain potential fans from the cooperation since spectators can be transformed into fans. Hence, it is an opportunity for both brands to enhance their diversity and expand their fandom.

For the execution part, Starbucks launches new drinks by season and festival. January to February is the Chinese New Year holiday. Celebration is a positive factor people hardly deny. In this context, Li-Ning and Starbucks can produce a new cup sleeve, associated with holiday drinks. The sleeve design is supposed to have elements symbolizing both brands: red background with different stickers hiding behind it. The number of stickers can evolve into a variety of play: For example, the whole collection of stickers has six different designs. When consumers gather all six designs, Li-Ning may offer them an exclusive gift box containing signature products of Li-Ning with Starbucks' feature: T-shirts, sweatpants, or sports equipment. When consumers get the lunar year special edition sticker, they may have a full refund of the drink they purchase.

In addition to co-branding, a collaboration with brands from the same field is likely to create sparkles. Lululemon is interpreted as female sports athleisure. The target consumer is females in 20- the 30s. Gender equality is a recent hot topic throughout Gen-Z. The case of Pete Alonso & Mets shows that by bringing social responsibility to the brand, purchases can be rationalized because the consumers are willing to make contributions to society. Li-Ning could follow the tide. While the high prices of lululemon have frightened off many customers, Li-Ning could launch a new product line with Lululemon which is priced at an affordable level, enabling students to make a purchase. Besides, 20% of the earnings are covenanted to charities supporting women's rights. Based on Keyes's Social Well-Being scale, this marketing matches the factor of contribution: elevating the brand's social value

[7]. Ultimately, Li-Ning could achieve an overall positive and devoted image to the public. However, the mainstream consumer base already shifted to Gen-Z. Under this circumstance, Fast-moving goods have several advantages which can be adopted: convenience, visibility, simplicity, and compulsive and emotional purchase.

4.2. Sponsorship

The fact that sponsorship can be useful for sports brands has been confirmed by many academics. They also suggest some considerations and points for brands when it comes to sponsorship. Kunkel and Rui analyze the consumer mindset of sports brands with regard to sports sponsorship. They argue that when a sports brand is able to sponsor sporting events and appear frequently in front of consumers, it in fact constitutes an ecosystem with its products, which increases its awareness and consumer perception [8]. Koronios et al. point out the important role of modern technology in sporting event sponsorship and encourage sports brands to actively use the Internet, online promotions, and VR technology are encouraged by sports brands to improve the effectiveness of their sponsorship campaigns [9]. Jensen and Bettina, on the other hand, point out the important role of overseas sports event sponsorship from the dimension of business cooperation. Their study shows that a sports event sponsorship can bring more collaborators and partnership opportunities to a brand, and such opportunities can even be expanded to other areas beyond the sports event. This is beneficial to the company [10]. Pradhan et al. emphasized the important role of consistency in sponsorship. This consistency includes many aspects. When a sports brand attempts a sponsorship campaign, the first thing to look at is its alignment with its own business, values, and vision. After this business dimension has been aligned, it is also important to focus on the alignment of the partners and the consumers. This includes the awareness, support, and approval of the sponsorship by the relevant audiences, sports fans, and consumers. This is the only way to achieve a satisfactory sponsorship [11].

For the Li Ning brand, it also needs to follow these requirements and plan properly to get better sponsorship results. This study provides a possible sponsorship program for the Li Ning brand as follows. Li Ning brand will be recommended to sponsor the French league 1 in Europe. Since the World Cup fever has not yet subsided, this could prompt Li Ning to catch this wave of soccer dividends. At the same time, as a world superstar such as Messi, who just won the championship, France's soccer league is also with strong influence. It caters to the preferences of domestic Chinese fans and also allows Europeans to become more aware of the brand, which meets the requirement for consumer relevance. As a sport that traditionally requires shoes, clothing and other popular sports equipment, this sponsorship is also relevant to Li Ning's business. Li Ning can sponsor through advertising, jerseys or even direct investment in the club. This sponsorship would be long-term and stable to create continuous perceived growth. At the same time, Li Ning cannot ignore online promotions and other high-tech tools. This includes taking viewers on a panoramic tour of the French League 1 or using technology to its advantage to provide more worthwhile exposure of sports equipment.

5. Conclusions

In summary, this study found that the consumer groups of well-known sports brands still have great development potential. Although Li Ning has such a large consumer base in China, Li Ning's international influence is not as great as in China. The research found that Li Ning has two problems. First, the number of social media fans of Li Ning Company on the Internet is far less than that of the world's top sports brands, such as Nike and Adidas. Second, Li Ning Company cannot get sponsorship in the world's major sports competitions, such as the Olympic Games and the World Cup, which means that it is difficult to effectively promote its brand in the world's large-scale sports events, which means that it loses many opportunities to gain consumers. The two solutions are co-brand and improving sponsorship. This study only finds out the problems between Li Ning fans and consumers, and proposes solutions based on the problems. However, this study is only limited to exploring the

problems and solutions between Li Ning and its fans and consumers, and does not explore the problems and solutions such as Internet publicity. In the future commercial development more mature, Li Ning's brand publicity will be more effective.

References

- [1] Li Ning Brand History. Retrieved on January 21st. Retrieved from <https://www.lining.com/brand/history.html>
- [2] Hao Xiang, and ubagus Achmad Darodjat. Digital Marketing Strategy Research on Sport Brands: Case of Lining [J]. DIGITAL MARKETING STRATEGY RESEARCH ON SPORT BRANDS: CASE OF LINING AND XTEP, CHINA, <https://media.neliti.com/media/publications/429221-none-2fdca220.pdf>.
- [3] Hussain A. Ali Mahdi, et al. A Comparative Analysis of Strategies and Business Models of Nike, Inc. A Comparative Analysis of Strategies and Business Models of Nike, Inc. and Adidas Group with Special Reference to Competitive Advantage in the Context of a Dynamic and Competitive Environment [EB/OL], <http://modir3-3.ir/article-english/isi328.pdf>.
- [4] Tang, Bohu. "Internationalization strategy for more than 23 years, Li Ning's overseas revenue is less than 300 million" [EB/OL]. Baijiahao.baidu.com, 9 Apr. 2022, Retrieved from: baijiahao.baidu.com/s?id=1729502652716949424&wfr=spider&for=pc. Accessed 2 Feb. 2023.
- [5] Keller, Kevin Lane. Conceptualizing, Measuring, and Managing Customer-Based Brand Equity [J]. *Journal of Marketing*, 1993, 57(1): 1–22.
- [6] Aaker, David A. Managing the Most Important Assets: Brand Equity [J]. *Planning Review*, 1991, 20(5): 56–58.
- [7] Keyes, Corey Lee M. Social Well-Being [J]. *Social Psychology Quarterly*, 1998, 61(2): 121–140.
- [8] Kunkel, Thilo, and Rui Biscaia. Sport brands: Brand relationships and consumer behavior. *Sport Marketing Quarterly*, 2020, 29(1): 3-17.
- [9] Koronios, Konstantinos, et al. Online technologies and sports: A new era for sponsorship [J]. *The Journal of High Technology Management Research*, 2020, 31(1): 100373.
- [10] Jensen, Jonathan A., and T. Bettina Cornwell. Assessing the Dissolution of Horizontal Marketing Relationships: The Case of Corporate Sponsorship of Sport [J]. *Journal of Business Research*, 2018.
- [11] Pradhan, Debasis, Ritu Malhotra, and Tapas Ranjan Moharana. When fan engagement with sports club brands matters in sponsorship: influence of fan–brand personality congruence [J]. *Journal of Brand Management*, 2020, 27(1): 77-92.