

LI-NING Sport Brand: The Boomerang Effect of Opportunism

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EXECUTIVE SUMMARY

LI-NING is a Chinese sports brand founded in 1990 by a famous Chinese athlete. It is a professional sports brand covering shoes, apparel, accessories, and other products, integrating research and development, design, production, and sales. In the aftermath of the Xinjiang Cotton Incident that affected many foreign brands such as H&M and ADIDAS, Chinese consumers began to boycott foreign brands and shifted their consumption focus to domestic products. As a result, sales of LI-NING's products soared and demand exceeded supply. However, it wasn't long before consumers found themselves paying more for LI-NING's products, which angered them and prompted internet users to condemn the company.

BRAND BACKGROUND

LI-NING is a professional sports brand founded in 1990 by the “prince of gymnastics” Li Ning. It is a professional sports brand covering sports shoes, sports apparel, sports accessories and other products, integrating research and development, design, production and sales. Now the LI-NING group has become one of the best sports brands in China, and its international popularity has also greatly improved. In recent years, LI-NING has positioned itself as an “Internet + sports life experience provider”, expanding e-commerce channels, and digital operations, re-using the super brand advertising of “Everything is possible”, and establishing a glorious image of a national sports brand. In 2020, LI-NING's operating revenue was 14.457 billion yuan, up 4.2% year on year; Net profit reached 1.698 billion yuan, up 13.3% year on year (LI-NING, 2020). On June 28, 2021, LI-NING's market value hit an all-time high of HK \$261.8 billion (Xin, 2021).

The Development of Li-Ning has Roughly Gone Through Three Stages:

Rising Stage (1990-2008) The Brand was Born in Rapid Development

From the perspective of brand building, the success of the LI-NING brand first benefits from the identity of LI-NING company owner Lining Gymnastics prince. The Star effect can rapidly expand the influence of the LI-NING brand. Second, at that time when Nike and Adidas were new to Chinese consumers, LI-NING succeeded in conquering the Chinese market without strong competitors. In 2002, it established a new brand positioning: “Everything is possible” (the original Chinese “一切皆有可能”). This slogan has become the rise and fall of the LI-NING brand throughout its 30-year marketing history.

The LI-NING brand has rapidly developed in the professional and international aspects. In 2004, LI-NING became the first mainland sportswear company to list in Hong Kong. During this period (2004-2008), LI-NING sponsored several domestic sports organizations and provided professional equipment. The signing of LI-NING as the NBA’s official marketing partner and the signing of NBA players made LI-NING become the first Chinese sports brand to appear in NBA arenas. Mr Lining’s lighting of the Olympic flame in Beijing in 2008 marked the culmination of this phase for the brand.

Downturn Stage (2009-2013) The Competitiveness of the Brand Declines

After the successful rapid expansion, LI-NING’s growth rate plummeted. After the “Olympic fever” in 2008, the growth rate of the sneaker and clothing market declined, and other domestic brands such as Xtep, and ANTA and 361 degrees rose one after another. ANTA’s market shares surpassed LI-NING’s. Furthermore, LI-NING made some marketing changes. Its logo evolved to a new design. The brand slogan also changed to “Make change happen” (or “让改变发生”); At this time, LI-NING improved its product price positioning, aimed to be a high-end brand. This brand remodeling strategy not only hurt the confidence of the original consumer groups but also the newly positioned “post-90s group” who cannot accept the new brand positioning. According to the company’s survey, compared with Nike and Adidas, 60% of the LI-NING brand’s loyal users are over 24 years old, with a relatively traditional lifestyle. LI-NING’s positioning deviated from those actual consumers. In the eyes of these consumers, LI-NING brand personality and Lining’s image together stood for: “friendly, national, sports, honor”.

Brand Recovery Stage (2014-Now) LI-NING Shows Good Momentum of Development

The brand recovery stage, with the “Internet + sports life experience service provider” brand positioning and fashion concept, led LI-NING back to a high position. LI-NING’s profits began to plummet in 2011, and its share price fell 16%, thanks to a series of missteps in branding. In 2012, LI-NING lost 1.979 billion yuan. In 2012, LI-NING closed 1,800 stores (Enxun Media, 2021), making losses for years. After this setback, founder LI-NING returned as CEO. In terms of brand positioning, the slogan of the brand is restored to “Everything is possible”, and brand positioning is clearer: the Internet + sports life experience provider.

The brand adopted the marketing strategy of “single brand, multiple categories” to position itself across different consumer markets. It also entered in more professional sports fields, acquisition or franchising, to form a more efficient diversified brand portfolio. After a series of adjustments, LI-NING has

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