

STRATEGIES FROM HOME-GROWN SPORTS BRANDS

AN R3 CHINA CATEGORY REPORT

Foreign sportswear brands, long dominant in China, have faced counter boycotts from Chinese consumers in response to bans on Xinjiang cotton over potential human rights issues. As a result, Chinese consumers are turning to domestic sports apparel brands like Anta Sports and Li Ning.

Young Chinese consumers are rallying behind Chinese brands in a phenomenon called “guócháo” 国潮 (“national trend”); a term used to describe a rising group of homegrown fashion brands who are making Chinese nationalism trendy.

Against the backdrop of changing perceptions and the “Guochao” trend, Anta and Li-Ning focused on fusing sports and fashion and promoting their brands through international platforms. Anta launched “Guochao”-inspired collabs to attract young consumers. Anta is also the partner of the Chinese delegation for the 2024 Paris Olympics, as well as the official partner of the 2022 Winter Olympics. Li-Ning debuted its collections at New York Fashion Week and Paris Fashion Week.



- Anta's operational profits will rise 55% YoY.
- Retail sales for its major brand improved 35 to 40%.
- Fila brand sales improved 50 to 55%.
- Subsidiary brands sales improved 90 to 95%.



- Li-Ning net profits surge 187% YoY in first half of 2021 to over 1.96 billion yuan.
- Retail sales for clothing grew 72%.
- Footwear business grew 57%.

DO CHINESE CITIZENS TRUST THE QUALITY OF DOMESTIC PRODUCTS?

TRUST OF THE QUALITY OF DOMESTIC PRODUCTS



68%

of Chinese netizens would love to pay for Chinese sportswears

Source: iimedia Research Institute

Mostly Unknown in Overseas Markets

While Anta and Li-Ning are ubiquitous in China, they are virtually unheard of beyond its borders – Anta Sports has not reported any stores outside mainland China, and only 1.5% of Li-Ning’s revenue came from outside the country.

ANTA'S STRATEGY #1

RIVAL LARGER BRANDS WITH R&D

Part of Anta's plan to gain a better foothold in the market is to create stronger footwear. In the next five years, the company will invest over 4 billion RMB, aimed at improving its global R&D system and increasing its output of high-end products. Over its 16-year partnership with the Chinese Olympic Committee, Anta has already spent 3 billion RMB and filed 1,400 patents, setting itself apart through innovation to challenge more established players.

Anta isn't just looking to serve elite athletes with its technology; it wants to enhance the quality of its mass products too. More people in China now play a wider variety of sports at a competitive level. Therefore, by providing specialized equipment to the mainstream, Anta helps reduce China's reliance on foreign brands.

Weightlifter
Lü Xiaojun

Weightlifter Lü Xiaojun was sporting golden Anta sneakers that were stress-resistant to the weight of 14 adults when he smashed three Olympic records. His competition suit was also specially designed by Anta to provide waist support and prevent muscle damage.

Anta's Smart Manufacturing Plant

ANTA'S STRATEGY #2

TEAMING UP WITH SPORTS INFLUENCERS

Another way Anta is targeting sports lovers, particularly Gen Z, is by recruiting several "high-quality" sports stars, including dancer Wang Yibo, freestyle skier Eileen Gu, and NBA player Klay Thompson, to promote the brand.

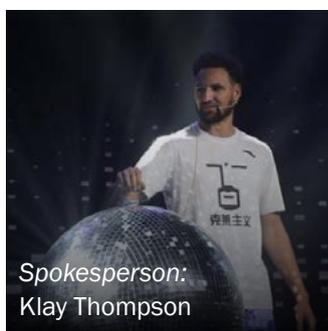
But while these big names come with loyal and ready-to-spend fan bases, working with KOLs is not without risk. The recent slew of celebrity scandals, which saw luxury brands bid goodbye to idols Kris Wu and Zhang Zhehan, shows just how tricky it can be to engage the right voice.



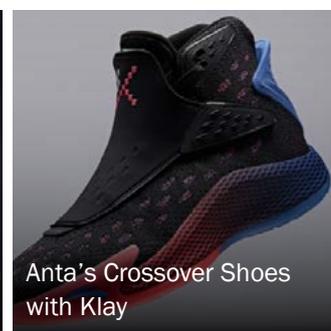
Spokesperson:
Eileen Gu



Spokesperson:
Wang Yibo



Spokesperson:
Klay Thompson



Anta's Crossover Shoes
with Klay

The main advantage of picking athletes over idols is that athletes are less likely to be under the spotlight of paparazzi and less likely to be involved in scandals. However, athletes don't draw as many eyeballs and sales as idols do. With everything politicized globally, international brands also need to be aware of their non-Chinese brand ambassadors' public comments about China.

ANTA'S STRATEGY #3 RIDING CHINA'S WINTER OLYMPICS FEVER

China's government has devoted substantial efforts toward promoting winter sports in support of the 2022 Winter Olympics in Beijing. Anta has smartly leveraged this trend, standing out among sports brands through its marketing.

Anta's initiatives combined female empowerment and the Winter Olympics hype, helping the brand further expand its influence among Chinese youth.



Anta launched its "Keep Moving" campaign in collaboration with ambassador Eileen Gu — a freestyle skier who, on March 13, clinched her second gold of the International Ski Federation Snowboard and Freeski World Championships. The next-generation sports idol was also featured on the cover of the last edition of SuperELLE magazine.

Meanwhile, the brand has initiated online conversation under the campaign's hashtag by teaming up with the five female celebrities involved in the second installment of China's popular reality TV show "Sister Who Make Waves."



Anta has also created immersive exhibitions called "Snow Land" for the Shanghai TX Huaihai Mall and the Wanda Plaza (Wujiaochang), which has brought the interactive experience of winter sports to local consumers.

ANTA'S STRATEGY #4 BANKING ON FAVORABLE LOCAL POLITICAL CONDITIONS

Following the Xinjiang cotton controversy in early 2021, Chinese sports brands have seized the opportunity to appeal to Chinese patriotic sentiments. After allegations from the West of forced labor in Chinese factories, Chinese consumers have boycotted many western brands such as H&M and New Balance that have previously made statements about this issue. Anta Sports has taken a stance to continue sourcing cotton from Xinjiang and has left the Swiss-based Better Cotton Initiative (BCI). Anta's firm attitude has won Chinese nationalist support and improved the brand's image.



LI-NING'S STRATEGY #1 GUOCHAO MARKETING

Li-Ning has broken away from the “old-fashioned national product” label and has established its own aesthetic image in design to cater to Guochao.

In 2018, Li-Ning managed to engineer a turnaround from 3 billion RMB of losses to today’s “light of Chinese goods” (国货之光) by reconnecting the brand to its Chinese roots. Li-Ning is regarded today as “glory of Chinese products” (国货之光).

Giving up on having an international appeal and revisiting its pride and confidence in “Made in China,” Li-Ning has renewed its brand image by incorporating more Chinese elements in its design. At New York Fashion Week and Paris Fashion Week in 2018, Li-Ning impressed China and the world with its “中国李宁” (China Li-Ning) logo print and fashion sense.

Blending traditional Chinese characters and modern fashion styles into its design, Li-Ning’s comeback show built just enough hype for the brand to lead China’s sportswear market into a fashion revolution.



LI-NING'S STRATEGY #2 COLLABORATE WITH DOMESTIC BRANDS

After the success of its huge comeback, Li-Ning has conducted a series of marketing campaigns collaborating with big IPs, brands, and variety shows.

Co-branding is a very popular strategy in China that helps brands increase exposure among other brand fans. The collaborations with domestic brands also demonstrate that Li-Ning devotes itself to spreading Chinese culture. The design of its clothing shows the sense of national pride.

In 2019, Li-Ning collaborated with the media department of *People's Daily* (人民日报), one of the oldest Chinese newspaper publishers, and launched a series of co-branding products with retro designs including T-shirts, caps and shoulder bags. Outside the media department of *People's Daily*, Chinese young consumers were standing in long queues to purchase Li-Ning’s new products. Today, Li-Ning is no longer considered an outdated Chinese sportswear brand, but a trendy brand young people are proud to wear.

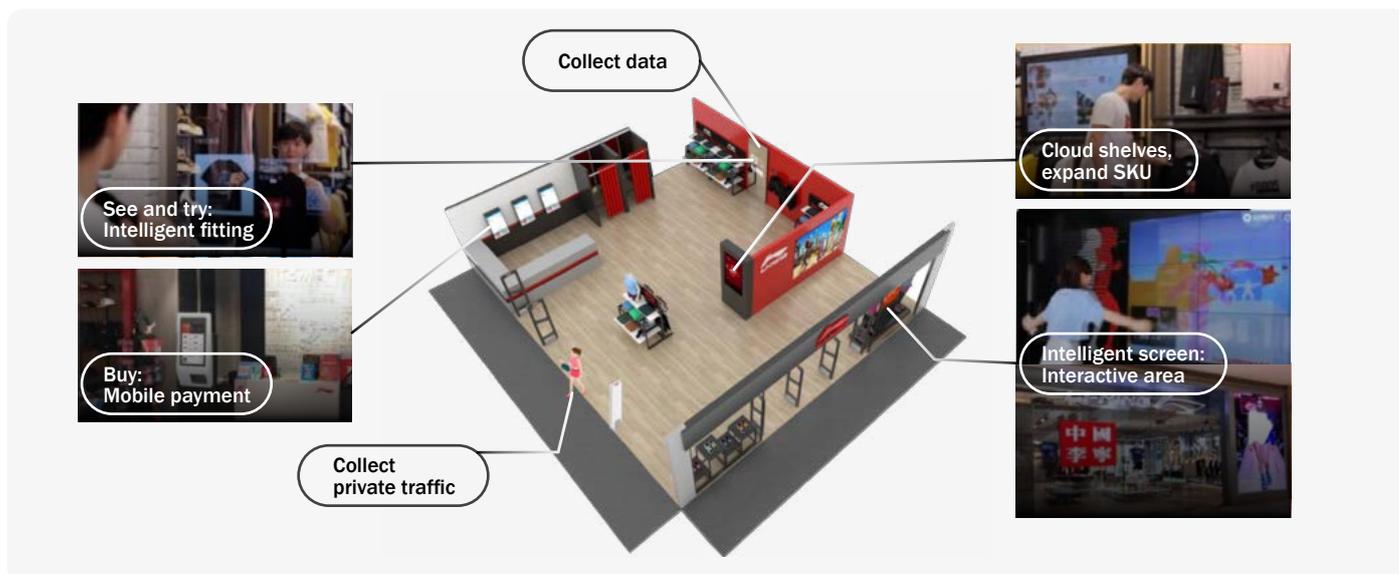


LI-NING'S STRATEGY #3

DIGITAL TRANSFORMATION: FROM BRICK-AND-MORTAR TO OMNI-CHANNEL

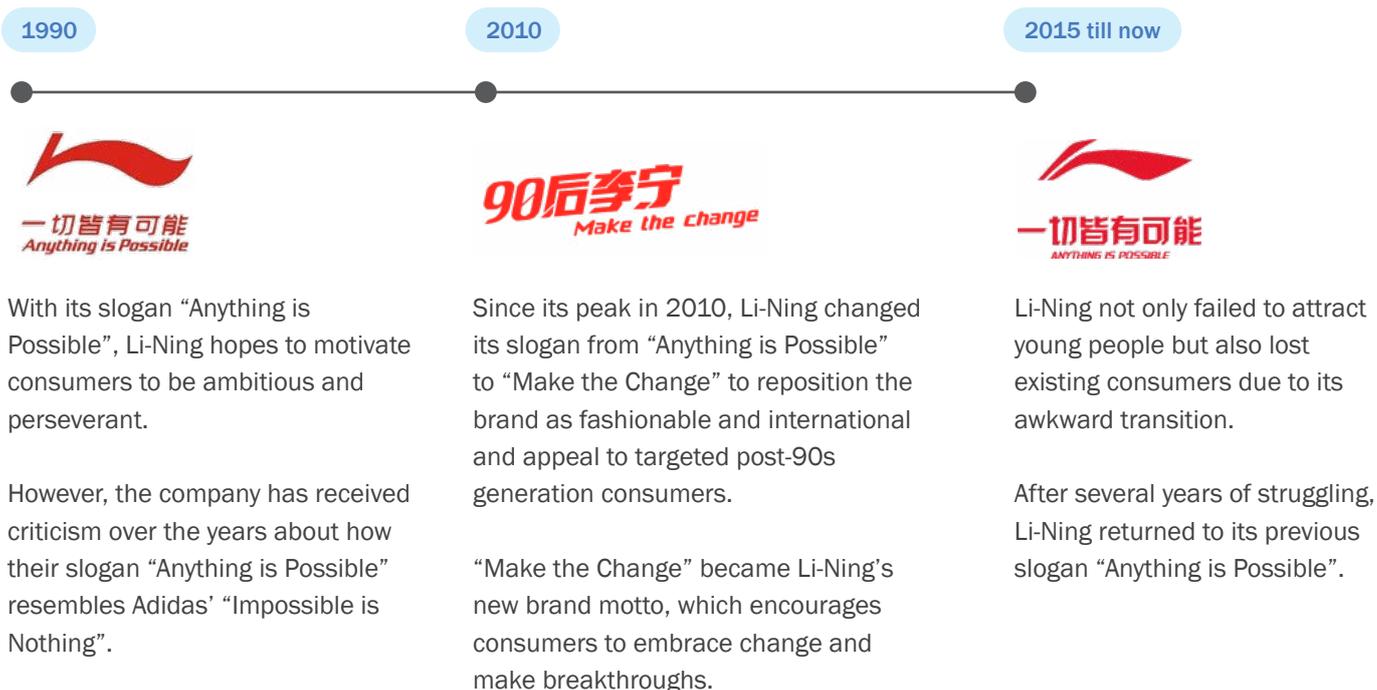
As the concept of New Retail becomes popularized, traditional retailers seek digital transformation to establish a strong online presence. In 2015, Li-Ning cooperated with Alibaba to build its own “Data Middle Platform”(数据中台); an omni-channel data system, which helped Li-Ning remove the chokepoints of its supply chain and largely accelerated Li-Ning’s digital transformation.

E-commerce has risen to be Li-Ning’s second-biggest channel, which contributed 29% of the total revenue. Li-Ning has shut down over 500 physical stores as of 2020, shifting focus from the number of physical stores to operational efficiency.



LI-NING'S STRATEGY #4

SLOGANS THAT APPEAL TO NATIONAL PRIDE



NEXT STEPS

MAKE INSIGHTS-DRIVEN DECISIONS IN DETERMINING YOUR ROUTE TO MARKET

Linking first-party data with market insights, trends data and behavioral data can help brands identify where the strongest areas of opportunity lie in their sector. This can be achieved with the right people and the right technology. Data can also identify precisely what consumers really need, and therefore where the opportunity lies for Chinese brands.

BESPOKE DIGITAL ECOSYSTEM BENCHMARKING

Get a quantitative and qualitative evaluation of your brand's performance on digital channels, benchmarked against a bespoke list of competitors, based on metrics that matter to your business.

ASSESS YOUR ACTIONABLE CHANNEL & CONTENT STRATEGY

Engage a study of relevant leading brands to learn from their channel and content strategies – particularly social media and e-commerce.



ABOUT R3

In a word, we are about transformation. R3 was established in 2002 in response to an increasing need from marketers to enhance their return on marketing, media and agency investments, and to improve efficiency and effectiveness. We want to help CMOs make marketing accountable.

We've worked with more than one hundred companies on global, regional and local assignments to drive efficiency and effectiveness. We have talent based in the US, Asia Pacific and Europe and partners in LATAM and Africa. Through global work for Unilever, Samsung, Colgate-Palmolive, and others, we have developed robust benchmarks and process targets for more than 70 countries.

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