A new decade for social changes
Problems in Li Ning's Strategy and Countermeasures

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Abstract. Opportunities and challenges flood in at the same time in the general context of the advance of the times and the ever-changing economic situation, especially in the era of sluggish economic recovery since the pandemic. Li Ning, a Chinese brand, stood up to upcoming dares and seized the moment, and has always been one step ahead of competitors. This paper, starting with the general environment faced by Li Ning, dissected progress made by the company in virtue of market segmentation, interpreted the basis for its strategic decision with SWOT analysis method, raised effective and feasible strategic decision-making, and offered the corresponding countermeasures to make up for its deficiencies, thereby availing its growth and enabling it to sustain current position among other local competitors.

Keywords. strategic choice, implementation strategy, Li Ning

Profile: As a corporate champion in China's sporting goods industry, Li Ning is determined to open up overseas markets, and sets its targets on entering the international market, earn recognition therefrom and realize specific profits. This paper, turning to diverse research approaches, listed several suggestions on the strategic choice and implementation strategy of Li Ning. From this, it aims at shifting its currently unfavorable situation in business running, consolidating its position both at home and abroad, and charting course for its development in days to come.

1. Introduction
1.1 Research Background and Status Quo
23 years of steady progression since its establishment in 1990 has made it a pilot of sports goods companies in China and the first business in the field listed overseas. Answers to productive strategies are of great significance for this representative professional sports brand in China, which is also the first of domestic brands that sponsored the Asian Games and the Olympic sports delegation and was staged in the NBA in the United States to ascend to an international first-line sports brand.

1.1.2 Domestic Status
Booming economy in China has greatly contributed to upturn living standards. The public enthusiasm for sports and fitness, since the successful hosting of the 2008 Beijing Olympic Games, has been running high. Surge in number of people joining such activities has
greatly stimulated the development of the sports industry. That has further led to growing demands for sports equipment, venues, clothing and balls. In particular, domestic sports brands represented by Li Ning topped the industry, followed by fast-rising Double Star and Anta. Coincidentally, major international sporting goods giants have also entered the Chinese market to compete for a share, shaping up a market that houses both potentials and fierce competition.

Despite a great need of sports equipment, enterprises in the industry in China are still far from promising. For instance, lack of the corresponding technical support in the manufacture and machine-made and stereotyped products goods have lead to weak competitiveness. Compared with the internationally renowned sports brands, relatively short is the development of Chinese sportswear brands. They are no match for those mature ones in terms of technology, talents, brand awareness and other aspects. The biggest problem lies ahead of all Chinese sportswear companies is the lack of a strong and powerful brand. Nothing short of great brand edges can we access to more market share.

The huge gap lies between domestic advertising and publicity and that of the world-renowned sports goods companies, however, is held accountable for remarks such as low prices, fair quality, and lack of sense of technology by overseas markets. That has weighed heavily against our competition on the international stage.

Few are and can be counted on one’s fingers national sporting brands capable of seizing the high-end market. Most are racing for the middle and low-end share. As a result, by no means could they cater to the needs of consumers, resulting in a large demand for imported products to make up for the blank.

1.1.3 International Status

Internationalization is the key. Opening up overseas markets is put high on the agenda of all businesses and makes the only way to further develop into a world-renowned enterprise. In this regard, sporting goods enterprises are no exception. A case in point comes to well-known sportswear brands such as Nike, Adidas, Reebok, etc. who has been settling in the Chinese sportswear market and opened up the domestic market by virtue of their strong financial strength and brand advantages, and then divided up market share.

1.2 Research methods

1. Literature research: Ground on the research topic set, gathering information and data by looking up related literature helps correctly grasp the research contents.

2. SWOT: This is to study and interpret pros and cons, opportunities, threats and other factors of Li Ning.

3. Comparative research: With efforts invested in comparing similarities or differences between sports goods companies such as Nike and Adidas, this intends to understand Li Ning’s strategic choices and implementation strategies in all rounds.

2. Overview of Theories of Strategic Choice

2.1 PEST model

PEST refers to the macro-environmental analysis method that grasps the general picture from four factors that affect the formulation of strategies and strategic choices of enterprises as a whole. The specific contents are as shown below:
2.1 Political

Political environment, except for that suggested by the name, also covers other political factors of a country in a certain period of time, including economic, cultural, legal, social and other aspects. More than concerning a country's economic development and people's living standards, it is bound up with the political stability and economic, political and social development. Most countries value the construction of political environment and have rolled out targeted policies in strict accordance with their actual conditions. In other terms, it consists of political structures and political relationships. The first refers to party political principles, judicial system, legislative system, parliamentary political system, government structure, party system and others. While the other mirrors the relationship between the government and the political parties to each other or the interests of the other party.

2.1.2 Economic

The economic environment are mainly macro and micro. The macroeconomic environment mainly refers to the country's macroeconomic policy environment, that is,
economic policies including macroeconomic policies, fiscal policies, and industrial policies. And the other focuses on the level of consumers’ income, preferences, savings, employment situation, etc. Simply put, it refers to factors directly determining the size of the market that one can seize now and then.

2.1.3 Society
Material, behavioral and social relationship environment are involved in this part. Specifically, the term incorporates the social spiritual and cultural factors accepted by people in social life, and the systems, behaviors and concepts related to the social and cultural environment, as well as the education level and culture of residents in a country or region., their religious beliefs, customs, aesthetic views, values, etc.

2.1.4 Technology
In addition to examining the development and changes of technical means and products directly related to the activities of an enterprise, this aspects also requires efforts to keep abreast of the investment and support priorities of the country in which the enterprise is located for scientific and technological development, technological development trends in this field, and R&D costs, as well as the speed of technology transfer and commercialization and the status of patents and their protection.

2.2 Porter's Five Forces
The "Five Forces Analysis Model" refers to an industry structure analysis model proposed by Michael Porter in the book "Competitive Strategy". The Model guides all members of an organization by analyzing its strength, so as to enable leaders and managers to make full use of their strengths. By analyzing the specific requirements for talents of varying organizations, it directs enterprises to properly produce talents and streamline human resources. Furthermore, it comes handy in providing reference for managers as it also organically integrates successful practices of each management team with the status quo of the enterprise itself. Competition in an industry, as concluded by Porter, is not just among existing competitors, but involves five basic competitive forces: potential new entrants, threat from alternatives, bargaining power of buyers, bargaining power of suppliers and competition among existing competitors. As they determine the degree of competition in the industry and the market, they are essential and vital to the final profit that an enterprise could make. One's strategic choice should be landed on the right industry and at the most attractive competitive position.
2.2.1 Bargaining Power of Suppliers

Suppliers themselves have strong bargaining power, which is a very important factor for enterprises. If we compare it to human ability, then suppliers are like our heart. Although this heart is inconspicuous, the tasks it undertakes cannot be ignored. If the supplier has bargaining power, then he can more actively and effectively sell products to the enterprise. The threats of suppliers are generally divided into two parts, one is to increase the price of the supply, and the other is to reduce the quality of the corresponding products or services, thereby reducing the profits of the downstream industry.

2.2.2 Bargaining power of buyers

Buyers and sellers are in two game states of buyer and seller. For the seller, because he has a certain bargaining chip, he has strong bargaining power and can raise the price at any time; but for the buyer, it is more difficult, his bargaining power is relatively weak, so there are fewer opportunities for bargaining. When the seller's bargaining power is low, he has fewer bargaining opportunities; the buyer's competitiveness needs to be determined on a case-by-case basis, but is mainly determined by three factors: the quantity required to buy a house, and the buyer's turn to buy alternative products. The cost comparison, the goal pursued by the buyer, requires high-quality products and more excellent services.

2.2.3 Potential new entrants

Potential new entrants in the industry are an important force in industry competition. For new entrants, if they have enough resources to quickly enter this field, they can form a leading edge. In addition, when a market segment has just entered a new field, there are often some potential new entrants that leave competitors far behind. If this phenomenon gets more attention from investors, markets, users, policies, etc., potential new entrants to the industry may quickly occupy a place in the future. But unlike the United States, China's capital market has always been relatively closed. From the perspective of the US capital market, although there are a large number of corporate mergers and acquisitions and listings, they are basically
dominated by smaller-scale mergers and acquisitions. To a certain extent, these mergers and acquisitions have played a decisive role in the industry structure. However, there are still many companies in China taking advantage of capital to enter this industry, but with the transformation of the economic structure and changes in market competition and many other factors, it may have a huge impact on the industry structure.

2.2.4 Threat from alternatives

One industry is often in a state of competition with companies in another industry because the products of these companies are substitutes for each other. In the process of industrial development, a substitution relationship or mutual substitution relationship is formed between competing products. In the early stage of industrial development, due to the constraints of production factors and production conditions, there are a large number of similar products in the market. With the continuous upgrading of the industrial structure and the development of productivity, enterprises have gradually formed a relationship of mutual substitution or mutual substitution between new competitive products and original competitive products. When the new product has a substitute relationship with the old product, it will appear that the new product is more competitive in the market than the old product; when the new product is more competitive than the old product, there will be more similar products (including competition competitor products). This limits the profitability of the industry.

2.2.5 Competition among existing competitors in the industry

Competition among existing competitors is an important mechanism in the mechanism that effectively promotes fair competition. The interests of enterprises in most industries and enterprises are closely linked, and the purpose is to make their own Therefore, in the implementation of this strategy, conflicts and confrontations are bound to occur, and these conflicts and confrontations form the competition among existing enterprises.

2.3 Value Chain

The value-added activities of the value chain can be divided into two parts: basic value-added activities and auxiliary value-added activities.

Enterprise value-added activities include two parts, namely general value-added activities and additional value-added activities. General value-added activities refer to all manufacturable activities in the production process; additional value-added activities refer to various products or services that are consumed by the enterprise itself and obtain profits in the production process, such as obtaining orders from raw material suppliers, production equipment and the manufacture of raw materials, etc. Additional value-added activities refer to a value chain that includes a large number of activities that can create value, including directly providing services for enterprise products, converting labor costs directly consumed such as raw material procurement into auxiliary value-added activities such as sales and profits.
Additional value-added activities include providing necessary warranties and other ancillary services for new products. Additional value-added, also known as special value-added matters, is one of the important features that enterprises can obtain performance advantages and market competitiveness of products with less investment without increasing costs and burdens in the production process. Therefore, some special value-added tasks in the value chain can be seen as a way for companies to make profits when they invest in other companies' products.

3. Analysis of the environment in which Li Ning clothing is located

3.1 Macro-environmental analysis

(1) Analysis of the political environment

According to Li Ning's official website, the company has always adhered to "market-oriented, consumer-centric" from its establishment to its development. The company is headquartered in Hong Kong, China, and has a wholly-owned subsidiary in Hong Kong. Currently, Li Ning is headquartered in Beijing, with three branches and a major production base in Beijing. China is an open country, but also a rapidly developing and prosperous country. This is very beneficial to the development of our country.

(2) Analysis of economic environment

In the context of slowing global economic growth and intensifying competition, international brands are turning their attention to developing countries. In recent years, the global apparel retail market has seen an accelerated growth trend. The leading brands in China's domestic market are expanding overseas. International brands have entered our country for sales. In the face of fierce competition, Li Ning has achieved good results. Especially in 2008, China's economy continued to grow, which is a good opportunity for the Li Ning. At the same time, it also puts forward higher requirements for its development. In recent years, China's economic growth has slowed down, but it still maintains a medium-to-high-speed development trend. Rapid economic growth is the result of favorable sustainable development for any enterprise. Attracted by the huge market potential of our country, more and more international
well-known luxury brands have entered the Chinese market one after another to expand their territory. The sporting goods department of Li Ning is no exception when facing these international brands.

(3) Social environment analysis
In the context of the continuous growth of the global economy and the entry of society into a new normal, the growth rate of China's national economy will continue to slow down. How to seize the opportunity to promote sustained and rapid economic growth has become a concern of many Chinese enterprises. At the national level, the government has issued a series of policies to encourage national fitness, and major companies are also actively launching various sports and fitness products. In 2014, China held the 18th National Games. In 2014, 837 million mass sports and fitness activities of various types were held across the country, with 1.602 billion participants, and 948 million sports events at all levels. This not only played a good role in promoting the fitness awareness of the people, but also greatly promoted the rapid development of China's sporting goods industry in the future. According to the statistics of the National Bureau of Statistics, the output value of domestic sporting goods has increased year by year since 2015. In 2015, the total output value of domestic sporting goods was about 315 billion yuan. According to this calculation, the market capacity of the domestic sporting goods industry will exceed 600 billion yuan in the next few years. RMB. By 2020, nearly 40% of people in the country will participate in various sports activities. These factors will promote the rapid development of the domestic sports goods market in the future. With China's economic and social development entering a new normal, economic transformation and growth mode changes have become one of the important factors restricting China's economic growth and economic structure adjustment and optimization.

4. The strategic choice of Li Ning clothing based on SWOT analysis
4.1. SWOT analysis
4.1.1 Advantages
(1) Clear positioning and accurate market positioning
Li Ning has a good brand reputation in the domestic sporting goods industry, and has a certain position and influence in the Chinese sporting goods market. Li Ning Company is one of the leading enterprises in China's sportswear industry. Li Ning's product positioning is: "sports, fashion, China", and has achieved good results in the market, leading to its high popularity.

(2) Stable customer base
The company's current main customer groups are consumers, sports enthusiasts, and ordinary consumers. The continued stability of the customer base has brought a great profit improvement to the company. At the same time, due to the large scale of the company, the market has developed rapidly.

(3) Unique product style and connotation
Li Ning’s products have unique styles and connotations, and also strong market competitiveness. They are favored by consumers. At the same time, the company's product design is novel and outstanding, and has a unique design style in the same type of products. Li Ning Company makes design improvements for different consumer preferences. The products of female consumers with high demand for sports have unique style design, and the products of male consumers have unique product function design.
4.1.2 Disadvantages
(1) Weak advertising and publicity: Compared with the huge advertising expenses of Nike and Adidas, Li Ning's grass-roots advertising strategy cannot attract the attention of modern consumers in terms of star selection, advertising quality, and communication carriers.
(2) Poor brand connotation and influence: Nike and Adidas, with a development of nearly 50 years, have a great influence on the psychology of Westerners. Help inspire confidence and fighting spirit. The brand connotation of the Li Ning brand seems to still remain in the era of the athlete Li Ning, making consumers unable to raise interest.

4.1.3 Opportunities
(1) The trend of a new round of sports consumption upgrade will bring opportunities for product upgrade.
With the continuous growth of the sports industry, the national fitness boom is on the rise, and more people are joining sports activities to keep fit. Especially in recent years, the number of Chinese residents who have participated in fitness activities has increased rapidly, which will also become one of the main driving forces for a new round of sports consumption upgrades in the future. As people grow older, their needs for exercise will change, and so will the forms and methods of exercise. More and more people like sports and fitness, and sports programs are constantly enriched and refined. In such an environment, Li Ning also needs to actively comply with the new round of sports consumption upgrading trend, provide more choices in sports product development, and provide more innovative elements in design to adapt to changes in different consumer needs of consumer groups.
(2) With the acceleration of urbanization and the intensification of population aging, population growth will be one of the important driving forces for the development of China's sporting goods market.
Nearly 100 million rural population in China will move from rural areas to cities amid the continuous advancement of urbanization China. The urbanization rate will continue to increase, which will help improve people's living standards and drive demands for sports fitness and sporting goods.
(3) The vigorous support of the Chinese government has created more potential demand for sports products.
In recent years, the Chinese government has given more and more support to the sports industry that has always been regarded as one of the important strategic pillar industries in China. Every year, the state formulates and promulgates many support policies to promote its development. At the same time, the country has higher requirements for the consumer groups in the sports consumer market. Consumers pay more attention to factors such as brand quality, product function, service experience, brand culture and other factors by the time of placing orders. In this regard, the state has given certain support policies to sports goods enterprises, which has promoted the development of the entire sports industry to a higher level in more fields and provided broad prospects for the Chinese sports industry.

4.1.4 Threats
1. Market Share
In recent years, Li Ning has sized a relatively huge market share in the sportswear and sporting goods industry. In the domestic sportswear category, internationally renowned brands such as Nike and Adidas are the objects of "competition" by well-known domestic sportswear
and apparel companies. At present, many domestic brands are also facing the impact from international famous brands and the fierce market competition of domestic brands. In recent years, international well-known brands have expanded their sales channels in China and continuously increased their market shares. Before Li Ning launched its own brand, the market structure was relatively simple. At present, Li Ning has more than 120 directly-operated and franchised stores in Chinese mainland, Hong Kong, Macau, Taiwan and Japan, covering sportswear products, sports shoes and hats, sports accessories and other sports products. Its product line has covered everything from professional running equipment to a full range of products. Relying on excellent product quality and excellent marketing strategies, domestic and foreign sporting goods companies represented by Li Ning have entered the sports equipment market in mainland China one after another, and achieved good sales performance and a certain market share.

2. Highly-concentrated brands and unstable demands
Since its establishment, Li-Ning has been committed to building the best sports brand in China, and has more than ten international famous brands. However, because the awareness of Chinese consumers on sports brands is poor, in the eyes of most people, these sports brands are backward already, so consumers will not choose them as their preferred brands. Secondly, the low awareness on sports products makes them do not consider the relevance or safety of the brand and whether it is suitable for their sports style. Therefore, Chinese consumers are more concerned about these brands but not very familiar, which makes Chinese consumers less aware of them. Due to the unpredictability of market demand brought about by the high awareness of Chinese consumers in sports brands, internationally renowned brands such as Li Ning have been unable to threaten the industry. Domestic brands such as Li Ning Company can curb the development momentum of domestic and foreign sports brands to a certain extent, but Chinese consumers have relatively high requirements for product quality, so there is still a lot of room for Chinese brands.

3. Relatively long industry chain and stereotyped sales channels
So far, China's sportswear and other sports goods market sales channels mainly include: physical sales, outdoor sales, etc. In terms of physical sales, stores of Nike, Li Ning and other brands are mainly distributed in first-tier cities, while there are almost no competitors in online channels; in terms of offline sales, the sports industry has a very complete sales network system and a huge sales force. As China's sports shoes and apparel industry has formed a relatively complete and mature sales network system after years of reform, enterprises can have sufficient time to find consumer groups from the Internet for consumption. Domestic sales channels in the industry have gradually become saturated and the sales model has been continuously innovated. The emerging sales methods represented by the Internet have been continuously applied to the sportswear industry.

4.1.5 Conclusion
Li Ning enjoys a quite prominent brand advantage in the domestic sporting goods industry, which is the core of a brand and exudes a high market concentration. Product advantages come from continuous innovation and improvement in product design and manufacturing. In the meantime, the continuous improvement in product quality has also improved its brand awareness, and occupied a certain market share in the international sports goods market, but also leaves a certain room for improvement and development. However, high operating cost, stereotyped and high-end channels affect its profitability. The imperfect channels also restrict its business and product upgrading. The growing demands of consumers
have put forward more stringent and critical requirements for Li Ning: for instance, products now must be made in excellent quality and cost-effectiveness; they have to adapt to current consumption habits under the trend of consumption upgrading; at the same time, they should pay more attention to product design and quality assurance and have strong profitability; and low prices, etc. "If it can't meet the demand, it will be eliminated" This is the first reaction of consumers when they buy the company's sportswear products. Therefore, there is a certain potential risk point for Li Ning. With the continuous and rapid development of China's sports industry, the continuous update of products and the continuous changes and updates of consumer demands, the company's future business strategy and direction will be affected. In addition, it should be noted that in recent years, Li Ning has deviations in product and brand positioning due to its positioning problems. This is also the reason why Li Ning has been carrying out reforms and adjustments in recent years, as well as constantly upgrading its products and improving quality to enhance its brand competitiveness.

5. Suggestions on the implementation of Li Ning's clothing strategy

Increasingly fierce competition in China's sporting goods industry surely will put Li Ning into unprecedented challenges. Despite shortcomings compared with other sporting goods brands, Li Ning's advantages are still very prominent, unluckily, so are its flaws. On the whole, Li Ning has neither dominant nor core position in competitive advantages and disadvantages. In view of the above shortcomings and weaknesses, it should take measures for product development, channel construction, manufacturing, brand promotion and other aspects, basing current market situation and its accumulated resources.

6. Summary

China's sportswear market is exposed to unprecedented opportunities and huge challenges at the same time. We must develop a clear understanding of the current situation, change concepts as soon as possible, emancipate our minds, take the initiative to serve the domestic market, strive to participate in international competition, and form a famous brand and key market. In general, brand marketing capability makes one of the core competitiveness of Li-Ning. The brand pays attention to sports marketing mix strategy, and regards the characteristics of oriental culture as its strategic positioning. That makes it a deep cultural separation from competing brands and greatly improves the competitiveness of its own brand and provides practical ideas for building a successful Chinese sports brand.

Therefore, Li Ning should values the sales of its clothing, as it accounts for the vast majority, by the time of adjusting its product mix, so as to access to handsome profit. Given the external environment where stand international giants such as Nike and domestic fierce competition with rookies such as Anta and 361°, this No. 1 brand in the sporting goods industry has to seek breakthroughs from brand marketing to strengthen its market position. Efforts should be invested in strengthening the brand marketing strategy, integrating existing brands, endowing the brand with connotation, and accelerating the development of the brand with the spirit of professionalism and internationalization. Nearly ten years of endeavors has enabled the brand to make a figure in the international sports brand market. But whether it can grasp the current favorable international and domestic situation and grow into an internationally renowned sports and leisure brand in a short period of time is jostling for public attention. Therefore, this paper, starting from the development course and strategy and marketing strategy of the "Li Ning" brand, analyzed the development history and international marketing strategy at length, so as to help more Chinese national sports brands go global.
References