

Li-Ning



Sporting goods company transforms into fashion brand

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Li-Ning: Sporting goods brand gone fashion brand

- Li-Ning is a sports apparel company founded by Chinese gymnast Mr. Li Ning.
- Li-Ning managed to be regarded as today's "glory of Chinese products" (国货之光) by reconnecting the brand to its Chinese roots. As the global fashion community has now seen, it combines the western sportswear silhouettes and Chinese traditional elements.

Li-Ning was founded



May 1990

Launched first professional football shoes and basketball shoes



2004

Participated in New York Fashion Week, becoming the **1st** Chinese sports brand to appear.



February 2018

1992



Selected as the designated medal apparel and shoes for the Chinese delegation at the 25th Barcelona Olympic Games

January 2005



Li-Ning signed with the NBA as an official NBA marketing partner.

November 2020



Li-Ning ranked as the **No.1 domestic brand** in the sports category during the 11.11 Shopping Festival on Tmall and Taobao

Digital transformation: from brick-and-mortar to omni-channel

As the concept of new retail becomes popularized, Li-Ning seeks digital transformation to establish a strong online presence.



Source: Rongyi net, digital construction service provider for retail industry designed by Daxue consulting

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Shifting focus from the number of physical stores to operation efficiency:

Shut down **over 500 physical stores** as of the end of June 2020



According to Li-Ning's annual report in 2020:

E-commerce has risen to be the **second-biggest distribution channel**



Concessionaires contributed **29%** of the total revenue, increasing to 5% from 24% in 2019.



Sales contributed by the retail channel **fell from 27% to 23%**.



Strategy 1: Renew its brand image by incorporating more Chinese designs

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

Minimalist and Retro style

- Li Ning creates a simple and casual sporty look through retro style.
- Drawing inspiration from national sports such as table tennis.



Ping-pong print on clothing



A blend of Chinese culture

- Spreading Chinese culture globally.
- Drawing inspiration from traditional Chinese culture, elements or history



Elements from Silk Road, embroidery, Dunhuang



The red-crowned crane

Combination of clashing colors

- Uses a combination of clashing colors and lines to imitate China's national history and treasures.
- Practical, natural, and with a hint of hip-hop.



Strategy 2: Co-branding with domestic brands

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



#Co-branding with domestic car brand Hongqi
The use of traditional Chinese characters and retro elements, shows the full of Chinese retro style.



#Co-branding with E-sports clubs EDG
The co-branding of traditional sports brand and "new trend of sports". E-sports has generated a great response among its fans and has reaped considerable traffic.

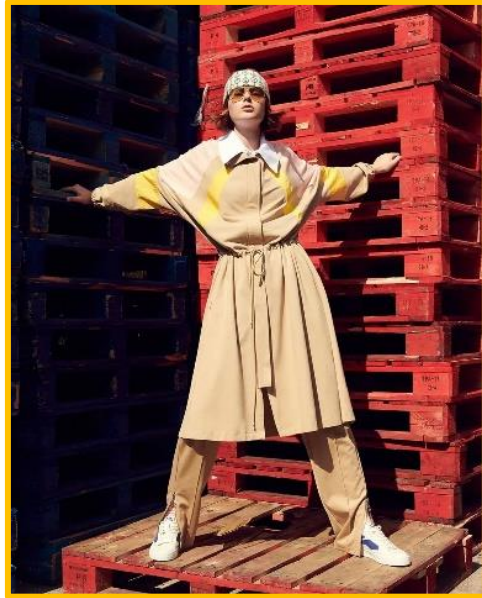


#Co-branding with domestic newspaper People's Daily
The clippings from old newspapers (People's Daily) about 'Li Ning' are cut and pieced together to create a full-print design.



Strategy 3: Broaden its product range to attract more consumers

Not limited to sports brands or sportswear, Li-Ning also produces trendy clothes and accessories fit for different occasions.



Fashion accessories

The wristlet bag and the tote bag demonstrates the unique design and aesthetics of Li-Ning.

Li-Ning turned its previous core product, a ping-pong paddle, into a design along with phone lines to incite nostalgia.

Street clothes

Knitted Suit Dress: Clashing colors make a bold statement while maintaining Li-Ning's brand image.

Khaki coat with open-front casual trousers for edgy streetwear

Long shirt with skirt, a new collocation with sports elements



Strategy 4: Slogans that appeal to national pride

During the brand's development Li-Ning has changed its slogan twice in order to focus on segment market and cater for new groups of consumers.

1990-2010

2010-2015

2015 till now



- With its slogan "Anything is possible", Li-Ning hopes to motivate consumers to be ambitious and perseverant.
- However, The company has received criticism over the years about how their slogan "Anything Is Possible" resembles Adidas' "Impossible Is Nothing".



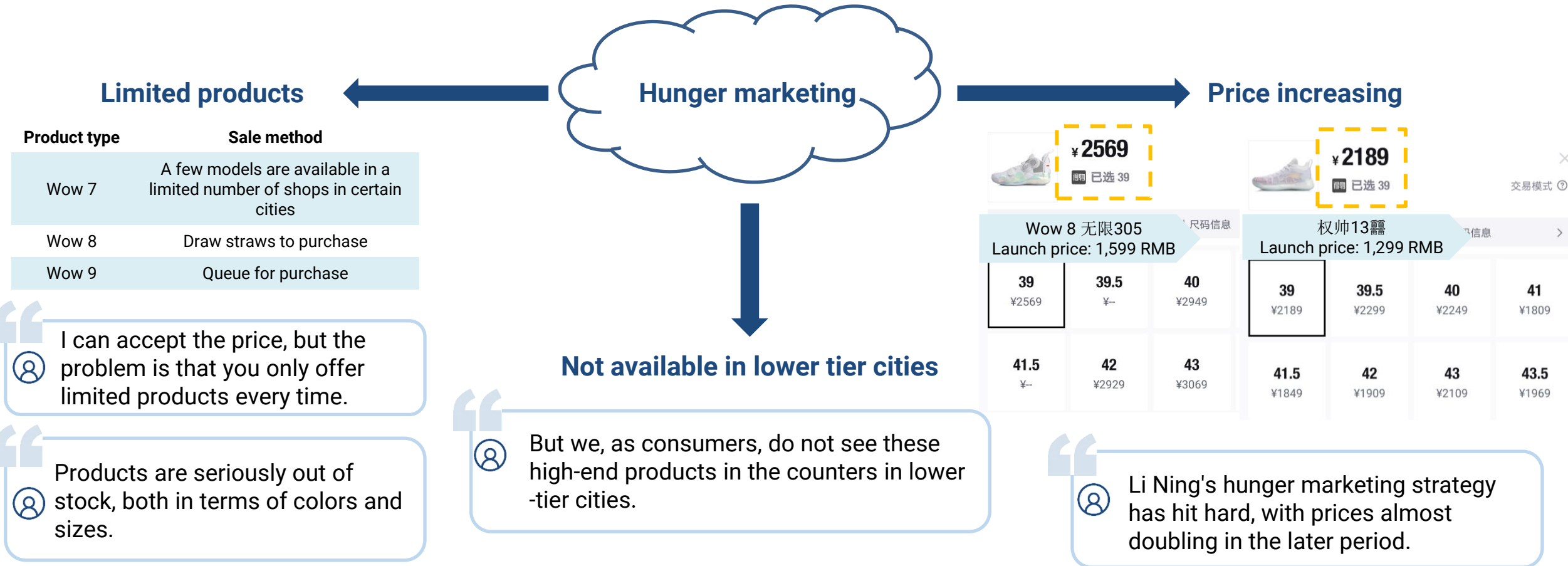
- Since its peak in 2010, Li-Ning changed its slogan from "Anything is possible" to "make the change" so as to reposition the brand as fashionable and international and appeal to targeted post-90s generation consumers.
- "Make the Change" became Li-Ning's new brand motto, which encourages consumers to embrace change and make breakthroughs.



- Li-Ning not only failed to attract young people but also lost its existing consumers from the older generations due to its awkward transition. After several years of struggling, Li-Ning returned to its previous slogan.
- It includes a subtle outline of the "Li Ning Cross" gymnastic posture and loosely depicts the founder's initials.

Pain point 1: Hunger marketing strategy enrages consumers

- The newly designed sneakers increased consumer confidence. However, due to the limited product offerings, prices are deliberately higher, even higher than internationally renowned brands such as Nike and Adidas.
- The latest products are not available in Tier 3 to 6 cities, which caused some consumers to be left out.

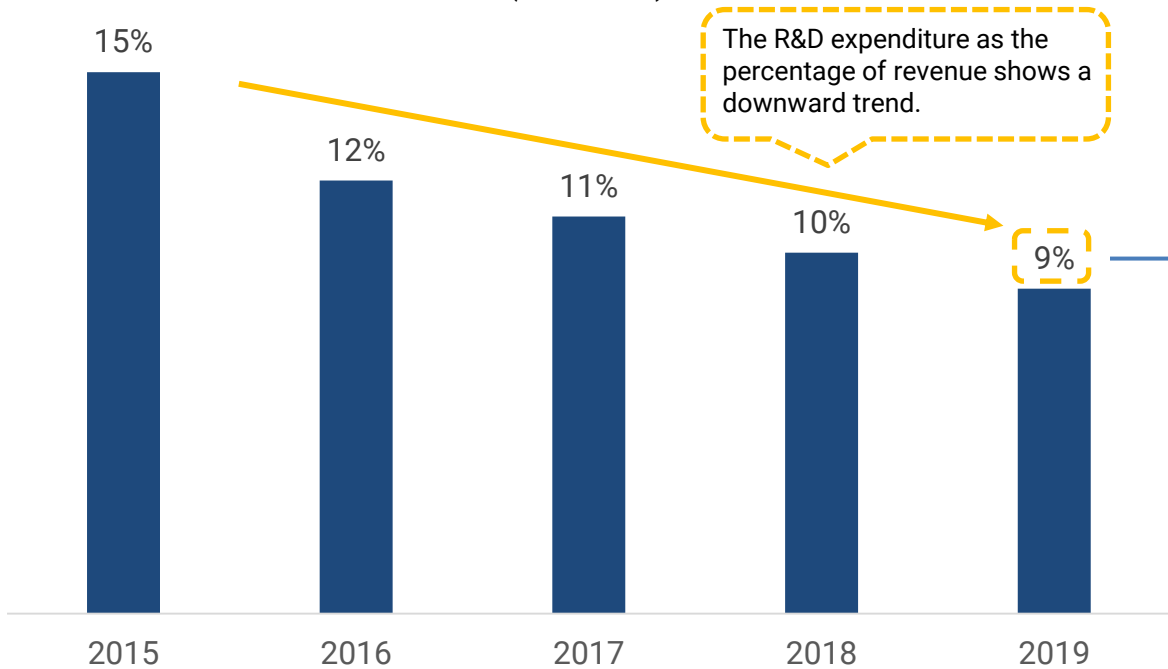


Source: Zhihu designed by Daxue consulting

Pain point 2: Underinvestment in research and development

Li-Ning has not invested much in research and development, which leads to the lack of capability to produce high-end sportswear. The new products always follow the previous designs, showing the insufficient of creativity.

Percentage of R&D expenditure in annual revenue
(2015-2019)



Doubt on its creativity



Lack of capability of producing high-end products

Not only the shows, but several important product launches this year have followed the same ideas, and the marketing approach has not changed much.

不光是秀场，李宁今年几次比较重要的产品发售，都沿袭了同样的产品思路，营销方式也没有过多的改变。

Li-Ning does not have the ability to mass produce high-end products, which is the biggest difference between Li-Ning and Nike. Li-Ning's expenditure on producing a pair of high-end shoes may be able to produce five or six pairs of Nike, and Nike can lower the price, while Li-Ning can only increase.

李宁并没有大规模生产高端的能力，这也是李宁和Nike最大的差别。李宁生产一双高端的钱可能够Nike生产五六双，Nike就可以压底价格，而李宁，只能涨，炒。

Source: Li-Ning's financial statements designed by Daxue Consulting

Pain point 3: Too closely tied with national emotions

The brand over-promotes national sentiment as one of its marketing points which has caused resentment on social media.



239 RMB



699 RMB



Li-Ning's trademark

每个群众都跟你一样 不支持国货
国产潮牌什么时候才能 摆脱没落?



Please support domestic products

Printing a "Chinese Li-Ning" on your clothes is your design? Are you selling patriotic sentiment? What I still don't understand is that the price of a simple T-shirt with a "Chinese Li Ning" printed on it is soaring rapidly.

在衣服上印上 "中国李宁" 是你的设计吗? 你是在推销爱国主义情怀吗? 我仍然不明白的是, 一件印有 "中国李宁" 的简单T恤衫的价格正在迅速飙升。

Overall, I don't see anything that appeals to me, other than the sentimental sense of belonging to China. **Li Ning has more than tripled its price due to its trademark.**

总的来说, 除了对中国的感情归属感之外, 我没有看到任何吸引我的地方。李宁公司由于其商标而使其价格增加了两倍多。

Li-Ning just takes the advantage of national tide. Just make it red and yellow, is Guochao means only printing "China" close to "Li-Ning" on clothing? 李宁公司只是利用了国家大潮的优势。只要把它做成红色和黄色, 就是国潮的意思, 直接把 "中国李宁" 印在衣服上?

Source: Zhihu, Taobao designed by Daxue consulting

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China's fashion industry overview

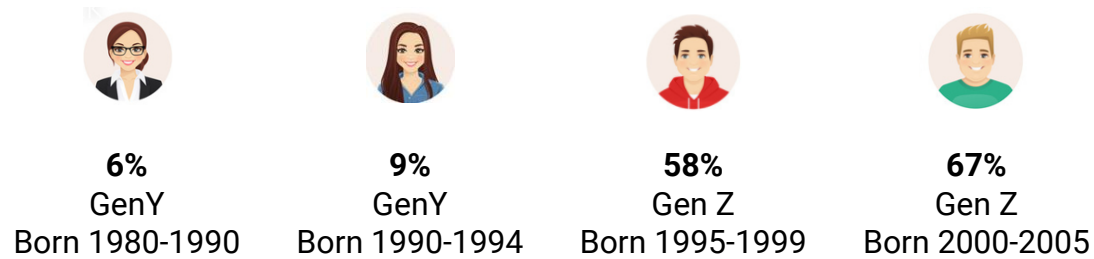
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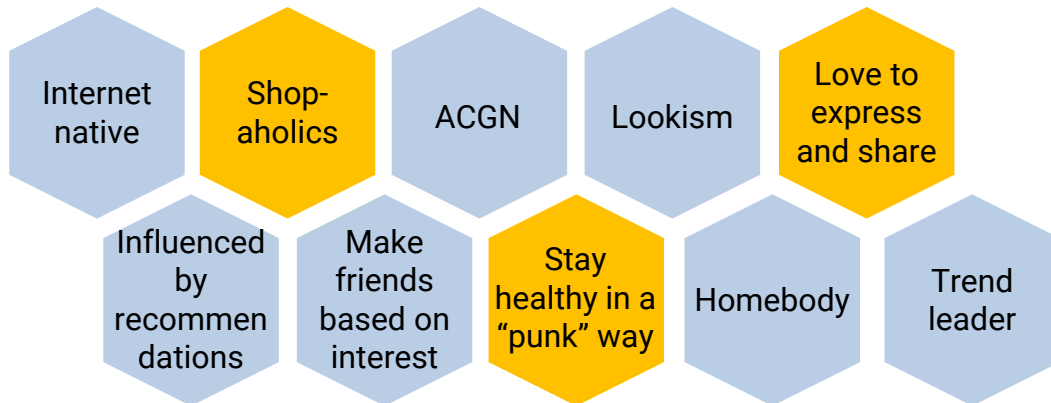
Gen-Z is the main consumer group in China's fashion industry

- Generation Z prefers both online and offline consumption, and are willing to invest in themselves and splurge on experiences.
- They focus on quality, identity, and express their values through consumption. They are shaping fashion paradigm with more diverse styles.

The proportion of China's fashion consumption by age (2020)



Personality traits of Chinese Gen Z



Generation Z fashion preferences

Fashion brand categories	Average purchase frequency (times/year)	% of respondents who prefer
Fast fashion Frequent updates, many SKUs, comfortable	12.5	17.9%
Affordable luxury Sense of design, young brands	9.8	21.3%
Sportswear brands Utility and minimalism, limited products	12.1	12.2%
International luxury Classic, intricate design, status symbol	7.7	6.9%
Domestic brands Celebrity endorsements, Guochao, national pride	13.6	17.3%
Streetwear brands Hip-hop rock, individuality	9.8	24.3%

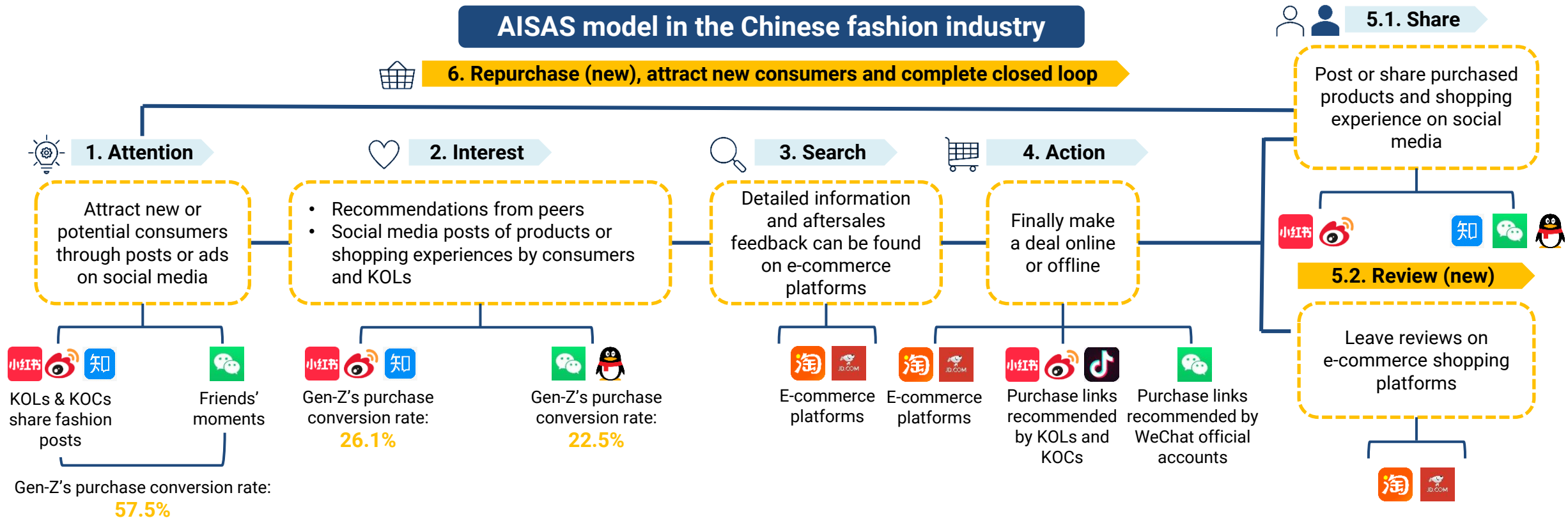
Source: Online survey of Hylink, N=around 3,000 Gen-Z, 2020 designed by Daxue consulting

Source: Dewu App, Hylink x CBNDData designed by Daxue consulting

Gen-Z is easily nudged by social media

- The closed-loop marketing model is a combination of many social media and e-commerce platforms which exist only in China.
- This is known as the AISAS model (explained below) and targets Chinese gen-z. Because most of their consumption is done online their consumption data is easily collected.

AISAS model in the Chinese fashion industry



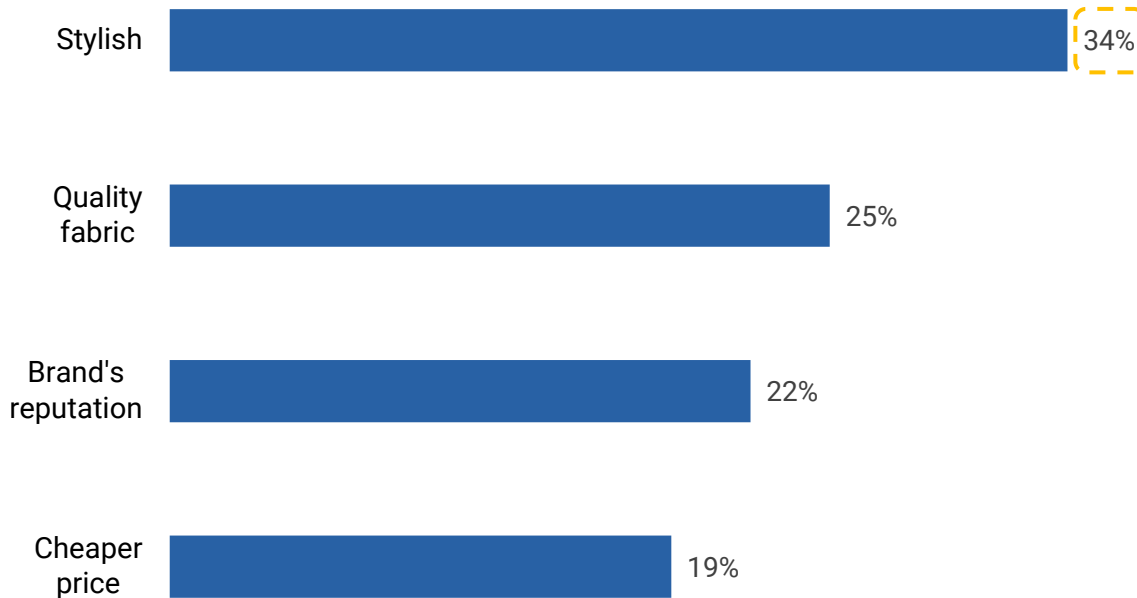
Source: Online survey of Hylink and Sina, N=around 3,000 Gen-Z, 2020 designed by Daxue consulting

Chinese women turn to fashion to show their personalities

- Chinese women are willing to spend more money on clothing. They are also more likely to focus on style, quality and brand reputation rather than cost. As a result, inexpensive clothing is becoming less popular.
- Generation Z (post-95s) is willing to try new styles, while the post-90s prefer elegant French style and the post-85s prefer the fashion style of Western socialites.

The key factors for women purchasing clothes

(online survey of CBNDData, N=848 female consumers, 2020)

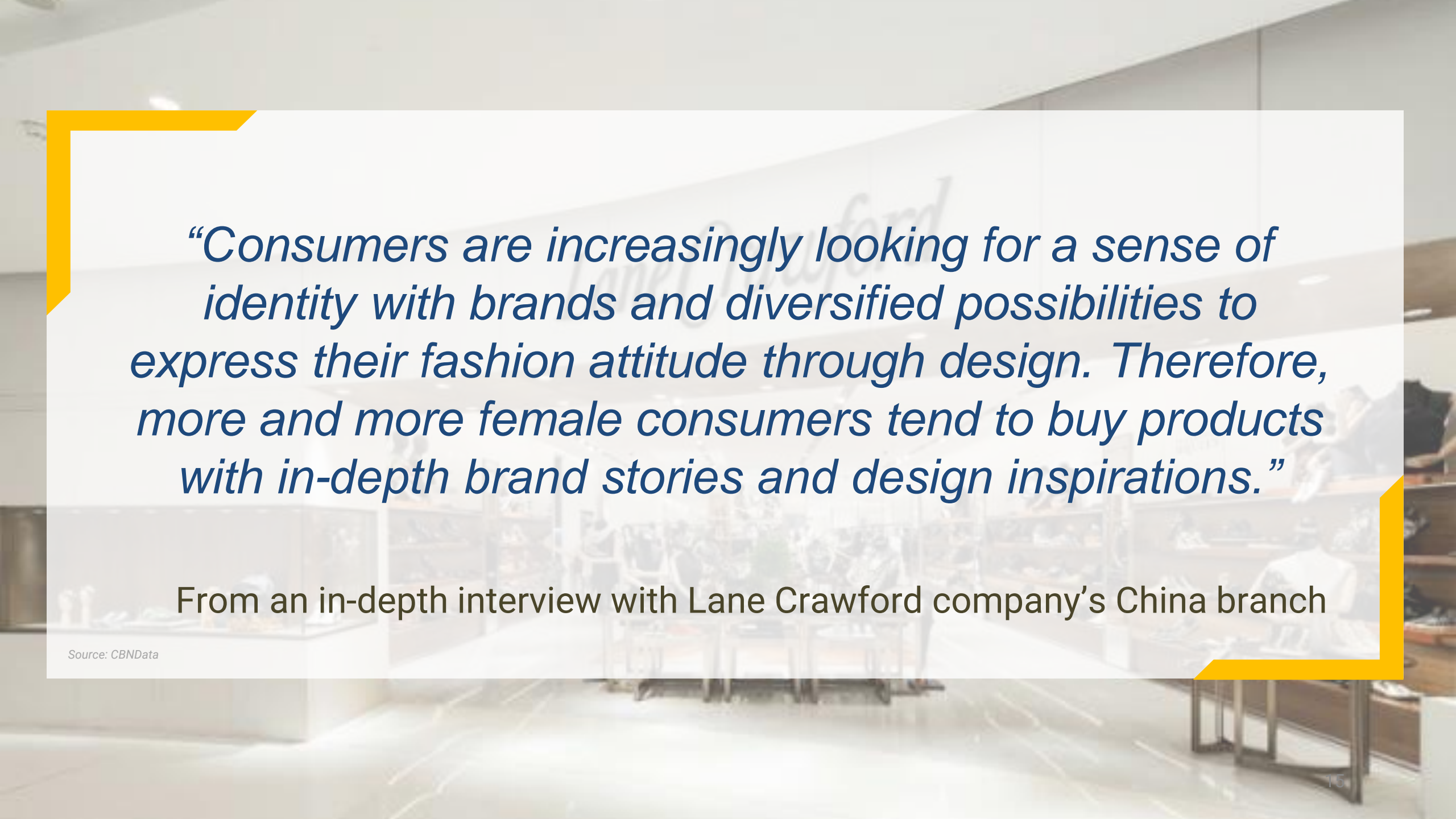


Top 10 keywords women searched for purchasing clothes

(2020)

	Gen-Z	Post-90	Post-85
1	Instagram	French	Stylish
2	HK style (港风)	Elegance	Chanel (小香风)
3	South Korean	Niche/minority	Fashion (时髦)
4	Niche	Romantic	Socialite fashion (名媛)
5	Sweet & cute	Vintage/retro	Foreign style (洋气)
6	Multi-match	Fashion (时髦)	European stops (欧洲站)
7	Japanese	Sweet	Commute
8	Vintage	Light mature	Minimalist
9	Chic	Effortless (心机)	Cartoon
10	Cool (潮)	Chanel (小香风)	High-qualified (重工)

Source: CBNDData designed by Daxue consulting



“Consumers are increasingly looking for a sense of identity with brands and diversified possibilities to express their fashion attitude through design. Therefore, more and more female consumers tend to buy products with in-depth brand stories and design inspirations.”

From an in-depth interview with Lane Crawford company's China branch

Chinese fashion is becoming gender non-binary

- Fashion has increasingly moved toward genderless designs and silhouettes, especially when it comes to streetwear.
- According to JD's Big Data report in 2021, oversized clothing sales have increased **1.5-fold** year-over-year, with women contributing more than **65%** of the sales. Additionally, men contributed **88%** of the sales of floral printing T-shirts. Consumption of "unisex" clothing has increased by **4.3 times** in June 2021 compared to June 2020.

小红书
Xiaohongshu

中性风 | Genderless style | 搜索

中性风 60k+ posts | 6万+篇笔记

中性风 7,600+ commodities | 7600+件商品

中性风穿搭
中性风穿搭女
中性风店铺

Genderless dress wearing
Genderless dress wearing for girls
Genderless stores

Hot topic on social media

- A huge number of relevant content is showed in social media.
- Relevant terms about "Genderless" are also recommended.

Weibo

#中性风穿搭#
阅读1.8亿 讨论4.4万

Gender neutral look

180 million views
44k comments



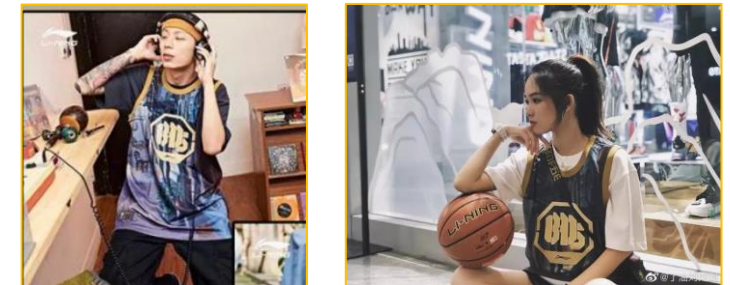
淘
Taobao

In 2020

Frequency of women searching for oversized blazers increased by **317%**

Number of men searching for lace increased by **119%**

Number of men searching for Sheer* has increased by **107%**



Gender differences in clothing **narrows**. Lining's basketball jersey matches both male and female consumers.

*Fabric filled with organza and mesh

Source: Xiaohongshu, Weibo and Taobao designed by Daxue consulting

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The rise of Guochao redefines "Made in China"

Chinese designers are adding traditional Chinese elements into their designs. At the same time, consumers are increasingly embracing Chinese cultural designs and adopt "Made in China" as a symbol of pride and cultural resonance.

国潮 ➤ "GUO CHAO" (literally "national trend") refers to the increase consumer favoritism towards Chinese brands, designs and culture.

Chinese consumers increasingly prefer domestic brands

 Growth rate of product views on Xiaohongshu

- 70%** Affordable Guochao products
- 50%** Mid- and high-end Guochao products
- <20%** European and American products



Feiyue

Nike

As Chinese brands have made significant progress in **improving innovation, quality and technology**, foreign brands can no longer rely on foreign allure to earn attention in Chinese market.

Foreign products are increasingly including Chinese elements

By collaborating with local artists and using local elements, foreign brands are able to perfectly capture the **modern Chinese zeitgeist and avoid cultural blunders**.

Burberry: New Year's Eve Series



Burberry's 2021 New Year collection features the brand's signature plaid along with vibrant horns to celebrate the auspiciousness of the Year of the Ox and bring personal creativity to the everyday outfit.

Old Chinese brands use Guochao to revitalize themselves

Chinese consumers are turning away from foreign brands, giving **older 'forgotten' domestic brands a second-chance**.



Forbidden City Wenchuang (文创), an old Chinese stationary brand, launched its first makeup and sold out in a short period of time.

Streetwear is booming among young Chinese

- Combined with the power of social media, the influences of hip-hop art and stars in Asia has given inspiration to streetwear brands.
- Chinese streetwear brands are talented at sculpture a strong authentic identity. It has given rise to new brands fusing contemporary youth culture and ancient Chinese elements. Local designers regularly draw inspiration from Imperial China's aesthetics or Taoism for their collections.



The Rap of China



Street Dance of China

- Thanks to reality shows like “The Rap of China” and “Street Dance of China”, streetwear rose from unknown to mainstream.
- Young consumers rush to buy streetwear with logos which their favorite celebrities wear.

- Li-Ning, has proved its design power of streetwear of its SS21 collection on Shanghai Fashion Week.
- It has released more colorful, chunky sneakers that keep up with the global streetwear trend.



Li-Ning SS21 Shanghai Fashion Week



Poster with ethnic elements

Source: Heuritech, fashion review website designed by Daxue consulting

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Chinese fashion goes green

- The importance of sustainability leads more and more fashion crops and designers to focus on ethical sourcing and sustainable practices to meet the changing ethics of consumers.
- Fabrics such as linen and regenerated nylon are widely used as sustainable fabrics in fashion industry.

International brands



Armani goes fur free



Prada Re-Nylon bag

- Major luxury brands are also committed to make products and designs that are environmentally conscious.
- The move away from animal furs has become a way for luxury brands to make a statement and enhance their image.
- Use of ECONYL (regenerated nylon)

Domestic brands

ICICLE



Chinese brand ICICLE uses 100% organic or recycled materials to make its collections.

Main materials:
Cashmere, wool, flax, silk and cotton

NEIWAI



NEIWAI uses recycled paper pulp boxes to package its products. These boxes can be reused as household storage basket.

Main materials:
Paper pulp

Fashion activities in China



WWF (World Wide Fund for Nature) China and its parent company have proposed sustainable fashion event in 2021, inviting fashion, beauty, and footwear brands to become sustainable.

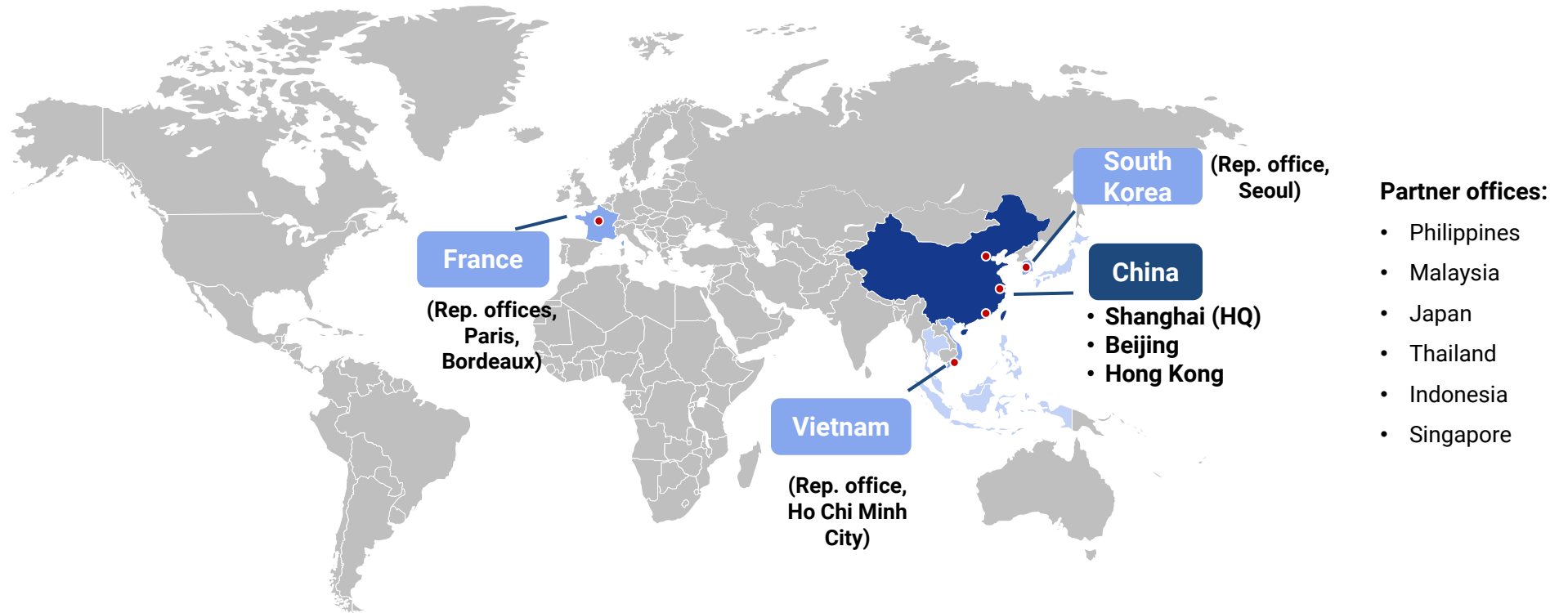
Source: Heuritech, fashion review website designed by Daxue consulting

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A research and consulting firm headquartered in China, with an Asia-focus and a presence on three continents.



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THE BUSINESS OF LUXURY IN CHINA 商业观察

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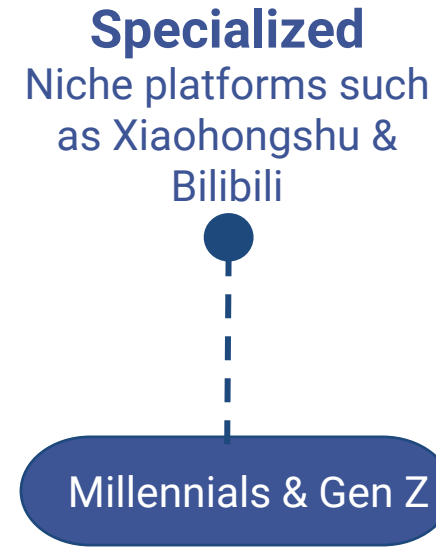
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Double V Consulting - Your Insider into China market



How we can help you?

Double V Consulting - Your Insider into China market

TRAINING

We offer online courses and workshops through [CHINABLE Academy](#), an affiliate of Double V.

CONSULTING

We provide brand & competitors analysis, and positioning & market entry strategy.

E-COMMERCE

We help DTC brands set up online flagship stores on Chinese major marketplaces and enhance social commerce.

BRANDING

We cover all major Chinese social media. We help design your communication strategy and provide customized content.

Brands we have worked with

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GUERLAIN

GUCCI

BURBERRY



KIKO
MILANO

PAULA'S CHOICE
SKINCARE

Supergoop!

Les Néréides
PARIS

FORZIERI

MONNIER
Frères

SOL Janeiro



PHYTO
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