Li-Ning

Sporting goods company transforms into fashion brand
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**
- **1992**
- **May 1990**
  - Selected as the designated medal apparel and shoes for the Chinese delegation at the 25th Barcelona Olympic Games

- **Launched first professional football shoes and basketball shoes**
- **2004**
  - Li-Ning signed with the NBA as an official NBA marketing partner.

- **Participated in New York Fashion Week, becoming the 1st Chinese sports brand to appear.**
- **January 2005**

- **February 2018**
  - Participated in New York Fashion Week, becoming the 1st Chinese sports brand to appear.

- **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

Source: Li-Ning official website designed by Daxue Consulting
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.

Around 2015, Li-Ning cooperated with Alibaba and built its own “Data Middle Platform” (数据中台) to construct omni-channel data system, which helped Li-Ning dredge the chokepoints of its supply chain and largely accelerated Li-Ning’s digital transformation.

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%.

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

### A blend of Chinese culture
- Spreading Chinese culture globally.
- Drawing inspiration from traditional Chinese culture, elements or history.

### 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.

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

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.
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

- 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”.

2010-2015

- 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.

2015 till now

- 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.

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Training & Consultancy
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.

Li Ning’s hunger marketing strategy has hit hard, with prices almost doubling in the later period.

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.

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

The R&D expenditure as the percentage of revenue shows a downward trend.

-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.

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。

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就可以压低价格，而李宁只能涨，炒。
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.

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？
China’s fashion industry overview
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)

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Percentage</th>
<th>Birth Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gen Y</td>
<td>6%</td>
<td>1980-1990</td>
</tr>
<tr>
<td>Gen Y</td>
<td>9%</td>
<td>1990-1994</td>
</tr>
<tr>
<td>Gen Z</td>
<td>58%</td>
<td>1995-1999</td>
</tr>
<tr>
<td>Gen Z</td>
<td>67%</td>
<td>2000-2005</td>
</tr>
</tbody>
</table>

### Generation Z fashion preferences

<table>
<thead>
<tr>
<th>Fashion brand categories</th>
<th>Average purchase frequency (times/year)</th>
<th>% of respondents who prefer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fast fashion</td>
<td>12.5</td>
<td>17.9%</td>
</tr>
<tr>
<td>Affordable luxury</td>
<td>9.8</td>
<td>21.3%</td>
</tr>
<tr>
<td>Sportswear brands</td>
<td>12.1</td>
<td>12.2%</td>
</tr>
<tr>
<td>International luxury</td>
<td>7.7</td>
<td>6.9%</td>
</tr>
<tr>
<td>Domestic brands</td>
<td>13.6</td>
<td>17.3%</td>
</tr>
<tr>
<td>Streetwear brands</td>
<td>9.8</td>
<td>24.3%</td>
</tr>
</tbody>
</table>

### Personality traits of Chinese Gen Z

- Internet native
- Shop-aholics
- ACGN
- Lookism
- Love to express and share
- Influenced by recommendations
- Make friends based on interest
- Stay healthy in a “punk” way
- Homebody
- Trend leader

Source: Dewu App, Hylink x CBNDATA designed by Daxue Consulting

Source: Online survey of Hylink, N=around 3,000 Gen-Z, 2020 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**

1. **Attention**
   - Attract new or potential consumers through posts or ads on social media
   - Recommendations from peers
   - Social media posts of products or shopping experiences by consumers and KOLs
   - Gen-Z's purchase conversion rate: 26.1%
   - Gen-Z's purchase conversion rate: 22.5%
   - Gen-Z's purchase conversion rate: 57.5%

2. **Interest**
   - Attract new or potential consumers through posts or ads on social media
   - Recommendations from peers
   - Social media posts of products or shopping experiences by consumers and KOLs

3. **Search**
   - Detailed information and after-sales feedback can be found on e-commerce platforms

4. **Action**
   - Finally make a deal online or offline
   - Purchase links recommended by KOLs and KOCs
   - Purchase links recommended by WeChat official accounts

5. **Share**
   - Post or share purchased products and shopping experience on social media

   **5.2. Review (new)**
   - Leave reviews on e-commerce shopping platforms

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 CBNData, N=848 female consumers, 2020)

- Stylish: 34%
- Quality fabric: 25%
- Brand’s reputation: 22%
- Cheaper price: 19%

Top 10 keywords women searched for purchasing clothes (2020)

1. Instagram
2. HK style (港风)
3. South Korean
4. Niche
5. Sweet & cute
6. Multi-match
7. Japanese
8. Vintage
9. Chic
10. Cool

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9. Chic
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Post-90
1. French
2. Elegance
3. Niche/minority
4. Romantic
5. Vintage/retro
6. Fashion (时尚)
7. Sweet
8. Light mature
9. Effortless (心机)
10. High-qualified

Post-85
1. Stylish
2. Chanel (小香风)
3. Fashion (时尚)
4. Socialite fashion (名媛)
5. Foreign style (洋气)
6. European stops (欧洲站)
7. Commute
8. Minimalist
9. Cartoon
10. High-qualified

Source: CBNData 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

Source: CBNData
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.

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.

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.

"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

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.

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.
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.

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.

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**

### 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
Our APAC network

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

Our history

2012
Beijing
2 people

2013

2014
Shanghai (new HQ)
8 people

2015

2016

2017

2018

2019

2020

2021

30+ people

Partner offices:
- Philippines
- Malaysia
- Japan
- Thailand
- Indonesia
- Singapore

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Our past and current clients
350+ clients with 600+ projects for the past 7 years
A recognized expertise on the Chinese market

Regularly featured and quoted in global publications
Double V.
Training & Consultancy

ABOUT
Who we are?

Double V Consulting - Your Insider into China market

**Insightful**
We keep you up with the fast changing market

**Professional**
We customize your market entry, e-commerce, & branding strategy

**Specialized**
Niche platforms such as Xiaohongshu & Bilibili

**Localized**
We have offices operating in both Hong Kong and Shenzhen

- China Market Insider
- 100+ Brands Served
- Millennials & Gen Z
- Since 2017
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

Double V Consulting - Your Insider into China market