

Study on the Business Model and Development Strategies of Chinese Domestic Sports Brands—Taking Anta As a Case

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Abstract. China is a huge force in global sports. Its sports market is booming. Many top brands are raising into China to compete. Anta is a well-developed local sports brand in China and a competitive force in the international market. This research will examine the business model and development strategy of local sports brands in China, using Anta as a case study. This research provides a comprehensive account of Anta's development history and a detailed analysis of its business model, encompassing production, promotion, and sales. It also offers a clear and concise summary of Anta's development strategy. The final conclusions are as follows: Anta needs to invest heavily in advertising and technology to promote its products and take full advantages of the domestic market. It should also undertake social responsibility and expand into foreign markets to enhance the brand's international competitiveness.

Keywords: local sports brand, business model, development strategy, Anta

1. Introduction

China's sports consumption market has shown impressive growth, driven in part by government policies that support the development of the sports industry. These policies have mobilized public enthusiasm for sports, encouraged the construction of public sports infrastructure, and promoted local sporting events. As the economy shifts toward higher-quality development, people's focus has moved from basic needs to overall well-being. Younger individuals use exercise to shape their bodies, while older adults incorporate physical activity to maintain their health and manage illness-related pain.

This expanding sports consumption market has directly contributed to the flourishing of the sports goods industry, with Anta emerging as a particularly successful domestic sports brand. While the sports goods industry is relatively easy to enter, allowing new brands to rise quickly, Anta has maintained its position by consistently updating its products and actively assuming social responsibility, which has enabled it to secure a significant market share. The analysis of Anta's financial performance indicates strong growth in the first half of 2024, with revenue reaching RMB 33.74 billion, a 13.8% year-on-year increase. This growth highlights Anta's resilience, even in the face of cautious domestic consumer behavior. Anta's main brand has surpassed competitors such as Li-Ning and Adidas China, reflecting its strong competitive advantage and solidifying its leadership in China's sports goods industry [1].

A business model involves the interaction of various relationships and transactions within a company and between the departments and its customers. It defines the structure through which a company generates profit and provides strategic guidance for its operations. A company's business model manifests across various stages of its value creation activities. Development strategies clarify a company's direction, optimize resource allocation, enhance efficiency, strengthen competitiveness, and minimize operational risks. They also foster a company's adaptability and flexibility, and support the growth of corporate culture.

The business model and development strategies of Chinese domestic sports brands hold significant importance for their growth. Therefore, this thesis aims to analyze Anta's business model and development strategies in depth, identify the challenges in its development, and provide corresponding recommendations. By doing so, this research offers theoretical support to help Anta and other national brands enhance their international competitiveness.

2. Development History of Chinese Domestic Sports Brands – Taking Anta as a Case

Since its founding in 1991, Anta has evolved from a regional sports shoe manufacturer into a national sports goods company with a strong focus on marketing. In 1994, Anta (Fujian) Shoes Co., Ltd. was established, launching the well-known sports brand Anta. That same year, the company began building its VI system, signaling the start of its brand strategy. In 1998, Anta participated in the Sports Expo for the first time and sponsored the China Athletics Association, gaining recognition in the sports goods industry and being awarded the title of "Famous Trademark of Fujian Province". In 1999, Anta signed a sponsorship deal with world table tennis champion Kong Linghui, using the slogan "I Choose, I Like" to boost its brand image. That same year, Anta also sponsored major events such as the National Extreme Sports Elite Competition, the City Games, and the World Student Games, establishing its influence in the sports industry.

In 2000, Anta expanded from sports shoes into comprehensive sports products and sponsored the Sydney Olympics and various domestic events, ranking second nationwide in the market share. In 2001, the first Anta store opened in Beijing, marking the start of large-scale brand promotion. By sponsoring sports delegations for events such as the Beijing International Marathon and the Universiade, Anta consolidated its brand position. In 2002, Anta entered the apparel market and signed NBA player Mengke Bateer. That same year, Anta's market share in sports shoes continued to rank first, and it established a strategic partnership with CUBA, providing sports equipment. In 2003, Anta expanded into accessories and overseas basketball sponsorship, becoming the first Chinese sports brand to sponsor an international professional basketball team, while maintaining its leadership in the domestic sports shoe market. In 2004, Anta's stores spanned across the country, and it became the exclusive equipment partner for the CBA league. Anta signed athletes such as Feng Kun, Wang Hao, and Kong Linghui, further strengthening its brand influence. During this time, Anta also launched active charity initiatives alongside its CUBA charity efforts. In 2005, Anta introduced the brand philosophy "Keep Moving" and deepened its collaboration with major sports events like the Ping Pong Super League and the CBA All-Star Game, elevating its standing in the basketball field. Its focus on public welfare and the establishment of sports science labs demonstrated Anta's commitment to corporate social responsibility. In 2006, Anta strengthened its seven-year partnership with the CBA, sponsored CCTV's Sports Personality of the Year, and expanded its involvement in basketball events. Anta's public welfare activities extended to Tibet, actively giving back to society. In 2007, Anta went public and officially launched its children's sports brand, Anta KIDS, marking its expansion into the children's market. Anta's sponsorship of equipment in basketball, table tennis, and volleyball gained significant attention. In 2009, Anta became a partner of the Chinese Olympic Committee, continuing to lead the development of China's sports goods market.

Anta Sports Products Co., Ltd. is a leader in the domestic sports goods industry, primarily engaged in the research, development, production, and sales of shoes, clothing, and accessories under various Anta brands. In 2017, Anta reached a historic milestone by surpassing a market value of HKD 100 billion, becoming the first domestic sports goods company to achieve this, and rising to become the third-largest sports brand globally.

Initially positioned to provide high-quality and affordable sports products for the mass market, Anta has grown through a multi-brand strategy. Today, it owns numerous brands like Anta, Anta Kids, FILA, FILA Kids, Descente, Sprandi, Kolon Sport, and Amer Sports Corporation which was acquired in 2019. This multi-brand approach has allowed Anta to expand into both the mass market and the mid-to-high-end market.

The 30-year development journey of Anta reflects a continuous transformation of its business model and strategies. It has evolved from a "production and wholesale" model to a "brand + wholesale" model and further transitioned to a "brand + retail" model to overcome industry challenges. Taking Anta as a case, this thesis will summarize and analyze the business model and development strategies of Chinese domestic sports brands, explore the factors behind its successful transformation, and identify existing issues, so as to offer countermeasures and suggestions for the future development of Chinese domestic sports brands [11].

3. Analysis of Anta's Business Model

A business model refers to the strategy a company uses to optimize its value, effectively integrating both internal and external elements to build a more comprehensive and efficient operational system. This system enhances the company's core competitiveness and influence, ultimately serving customer needs while maximizing the brand's value. By developing and refining a complete business model framework, a company can improve production and profitability. This model incorporates various business strategies, shaping its management system and facilitating rapid growth within the sports industry. It also provides essential commercial support for enhancing a company's influence, competitiveness, and economic benefits [2].

In this thesis, Anta's business model is analyzed from the perspectives of production end, intermediary end, and sales end. Anta's unique approach to its business model has enabled the company to successfully navigate uncertainties in the market while advancing its global expansion efforts. This model not only contributes to Anta's domestic success but also provides a solid foundation for its international growth, enabling high-quality development and market expansion.

3.1. Production End: Multi-Information Management and R&D Investment

Anta Group adopts an innovative production model by building smart factories that enable automated and intelligent production. The company develops an intelligent "brain" and a "nervous system" to optimize production processes for each product. The "brain" refers to a central data command center, which sends orders to the automated equipment acting as the "nervous system". Technical staff play the role of the "central nervous system" to optimize commands, while front-line workers act as the "peripheral nerves" to work efficiently with the automated equipment. This innovative production model allows Anta to produce sports shoes and apparel swiftly and meet market demands. Additionally, Anta focuses on close collaboration with its supply chain partners.

Anta places a strong emphasis on innovation and R&D, increasing its investment in this area. Anta's Executive Director and Co-CEO Lai Shixian emphasized that despite market uncertainties in the first half of the year, the company adhered to its "single-focus, multi-brand, global" strategy, driving high-quality growth through innovation. These efforts underscore Anta's commitment to continuous investment in R&D and long-term strategic planning, in order to enhance market competitiveness through technological innovation and brand building, and ensure sustainable development.

3.2. Intermediary/Promotion End: Brand Focus and Precision Marketing

3.2.1. Enhancing Brand Image through Multiple Channels

Anta improves its brand image by signing high-profile celebrities, leveraging their influence to reach a broader consumer base and boost brand recognition. As a professional sports brand, Anta also invests heavily in sponsoring domestic and international sporting events, enhancing its visibility and expanding its influence in the sports market.

3.2.2. Meeting Diverse Consumer Needs

Targeting young consumers and the general public, Anta provides cost-effective products by introducing and developing new technologies, creating a specialized lineup of running shoes to cater to different customer preferences. Additionally, Anta breaks away from traditional retail models by tailoring its approach to the needs of segmented consumer groups, increasing brand influence and market share. By actively utilizing the reach of social media platforms, Anta improves its brand reputation and recognition, attracting more young consumers and increasing sales.

3.2.3. Achieving Higher Precision in Marketing Positioning

With the support of big data mining technology, Anta's online marketing becomes more precise. By aggregating and analyzing various types of data such as consumer age ranges, preferences, pricing habits, and purchasing times, Anta refines its marketing strategies based on its products' attributes. This allows Anta to sharpen its marketing focus. Between 2019 and 2021, Anta's online sales grew annually by approximately 25.4% [3], demonstrating how big data significantly supports Anta's online marketing and aligns its marketing strategies with product sales requirements.

3.3. Sales End: Sales Methods and Distribution Channels

In 2011, Anta began transitioning from a "brand wholesale" model to a "brand retail" model. Anta's headquarters removed intermediary management layers across large regional markets, eliminating regional and area managers as well as distributors and franchisees. Instead, it directly established a sales operations department to communicate with franchisees in each region, allowing for more timely and accurate market responses. At the same time, Anta enhanced its digitization efforts, requiring franchise stores to adopt ERP systems, with nearly 100% implementation.

In August 2020, Anta launched its DTC transformation, shifting from "wholesale retail" to "direct retail". The first phase of this transformation involved approximately 3,500 stores across 11 provinces, with about 60% directly managed by Anta and the remaining 40% managed by franchisees under Anta's operational standards. Previously, Anta worked with around 60 distributors, who purchased products at a discount of 39%-41% of the retail price, then resold them to franchisees at a discount of 46%-48%, with the final retail price being 70%-73% of the original. Through the DTC model, Anta integrated its "people, goods, and stores" operations, aiming to have 70% of its business directly reaching consumers and over 40% of its sales coming from online channels by 2025. This model enables Anta to streamline the entire process from consumer insights, product development, planning, and operations to marketing, enhance operational efficiency, and allows for more direct presentation of its brand and products to consumers [4].

Anta's digital service system, which integrates mobile internet, big data, IoT, and automation technologies into its marketing framework, optimizes the configuration of goods, personnel, and store locations. From supply chain management to warehousing and distribution, Anta has developed a complete logistics system. Every store is connected to Anta's fully digitalized system, and the brand's 30-minute delivery time is powered by advanced algorithms that support the entire process

from inventory arrival, shelving, packaging, and distribution [5]. As Anta's business continues to expand, it is also building its own customer base or "traffic pool". Once customers make a purchase, they automatically become members, and through ongoing customer relationship management, Anta has increased member repurchase rates [6].

4. Analysis of Anta's Development Strategies

4.1. Product Strategy

Anta places a strong emphasis on technology and innovation in its product strategy, constantly introducing new products. By collaborating with leading international technology companies, Anta incorporates advanced materials and manufacturing techniques, continually improving the quality and performance of its products. This strategic transformation aligns with industry and economic trends. Throughout its development, Anta has focused on talent recruitment to drive product innovation and change. As a result, Anta's superior product performance and quality have garnered consumer recognition, leading to an increased market share, positioning it as a leader in the domestic market.

4.2. Brand Strategy

Anta's approach to brand building has remained consistent since its inception, focusing on two main areas. First, Anta signs high-profile sports celebrities to boost brand exposure. Since 2001, Anta has implemented a comprehensive branding campaign, starting with the "sports star + CCTV advertisement" model. Anta has continued to sign both domestic and international sports stars, creating a rich history of endorsements from 2007 to 2020.

Second, Anta sponsors the Chinese Olympic Committee and national teams, linking its brand value to national pride by providing uniforms for athletes at award ceremonies. In 2009, Anta became a partner of the Chinese Olympic Committee, with Chinese athletes wearing Anta gear on the podium. In 2013, Anta renewed this partnership, and again in 2017. As of August 2021, Anta has secured sponsorship deals for several high-profile events, including the 2020 Tokyo Olympics, 2022 Beijing Winter Olympics, 2022 Hangzhou Asian Games, and the 2024 Paris Olympics. It also sponsors various leagues such as the Women's Chinese Basketball League, and national teams like China's gymnastics team, aerial skills team, and Canada's freestyle skiing aerials team. Through these efforts, Anta has successfully established itself as China's leading sports brand and is steadily progressing towards becoming a world-leading sports goods company [6].

4.3. Channel Strategy

As China's leading domestic sportswear brand, Anta has focused on integrating online channels with popular marketing strategies to attract online shoppers. The company standardizes product release timing, design, and priority on e-commerce platforms to streamline the shopping experience and cater to consumers. Anta maximizes the synergy between online and offline retail channels.

Anta promotes its products through various online methods such as official blogs, live streaming, and sports short videos. The brand leverages celebrity endorsements, signed athletes, collaborations with KOLs, and event sponsorships to encourage consumers to engage in both indoor and outdoor sports. By utilizing online channels, Anta maintains real-time interaction with consumers, providing a comprehensive product overview and receiving immediate feedback. In terms of retail channels, Anta has restructured its growth model to incorporate a multi-tier franchise system, establishing over 2,000 exclusive outlets across the country. The company employs a "point-line-surface" integrated channel strategy, using data analytics to strengthen the management of its offline operations [7].

4.4. Marketing Strategy

Brand Positioning and Market Segmentation: Anta positions itself as a "mass-market professional sportswear brand", a strategy that allows the company to provide high-quality sports gear at competitive prices. Its market segmentation is primarily based on consumer preferences, purchasing power, and demographic factors such as age. By identifying specific consumer needs and behaviors, Anta is better equipped to develop products and execute marketing campaigns that resonate with different market segments.

Product Strategy: Anta emphasizes innovation and functionality in its product development. The company invests heavily in R&D to ensure that its products meet international standards in terms of comfort, durability, and performance. Anta collaborates with international sports brands to incorporate advanced technologies and design concepts. Additionally, the brand attracts younger consumers by releasing limited edition and co-branded collections, keeping its image fresh and fashionable.

Pricing Strategy: Anta's pricing strategy revolves around offering value for money. It strives to maintain competitive prices without compromising on product quality or performance. Anta's products span a range from affordable to high-end, catering to various consumer budgets. Frequent promotions and discounts are also offered to appeal to price-sensitive shoppers [8].

Channel Strategy: Anta's distribution network includes both online and offline channels. Offline, the company operates a wide range of stores, including flagship stores, franchise outlets, and placements in supermarkets and department stores. Online, Anta has actively expanded its presence by partnering with major e-commerce platforms, building its own official website, and launching mobile applications to offer consumers a convenient shopping experience. Anta also engages with consumers through social media platforms, boosting customer interaction and brand loyalty [9].

5. Current Existing Problems in Domestic Chinese Sports Brands

Despite the growing demand in the sports industry, the development of Chinese domestic sports brands faces many problems such as late market entry and strong competition from established Western brands.

5.1. Low Brand Awareness

Brands like Anta, though gaining popularity, are established relatively late and still lag behind global giants like Nike and Adidas in terms of brand recognition. Additionally, Anta's production, design, sales, and after-sales services are not as refined, leading to lower customer satisfaction.

5.2. Weak Product Competitiveness

Although Anta has an edge in product innovation among domestic brands, it still struggles with developing a mature product design team and lacks core technologies. The fast pace of industry evolution leaves the company vulnerable to competition from more established international brands.

5.3. Insufficient Product Differentiation

Some product lines and distribution channels have failed to make significant breakthroughs, leading to slow growth. For example, FILA FUSION's performance has plateaued, and FILA KIDS has been affected by declining birth rates, highlighting the need for major product and channel innovations to drive further growth.

5.4. Growth Challenges for Established Brands

Anta's FILA brand, once a significant driver of revenue growth, has seen its expansion slow down. This is due to factors such as rising marketing expenses from international collaborations and reduced profitability in children's and fashion sectors [10].

6. Countermeasures and Suggestions

6.1. Enhancing Internal Management and Innovation

Effective corporate governance is crucial for maintaining a strong brand reputation. Sports retail companies must improve their oversight of supplier selection, raw material procurement, and logistics management to ensure consistent product quality. By strengthening internal controls, Anta can safeguard its brand image and product quality.

Innovation is the lifeblood of any company. On the one hand, Anta should increase its R&D budget and adopt equity incentives to attract talents, thus improving product development efficiency. On the other hand, collaborations with academic institutions can help lower material costs while boosting the technological sophistication of its products.

6.2. Upgrading Channel Management and Brand Promotion

Digital technology can be used to manage the supply chain and sales channels more effectively. Real-time monitoring of store and product sales will allow the company to capture consumer preferences and control inventory more accurately. This helps reduce waste and ensures an efficient production scale.

In its early stages, Anta gained exposure through media advertising, and it has continued to grow its brand by sponsoring sports events, fulfilling social responsibilities, and collaborating with international sporting events. These efforts have raised its profile both domestically and internationally.

6.3. Focusing on Overseas Acquisitions and Strategic Transformation

As competition in the market intensifies and technology evolves rapidly, retail companies in the sportswear sector must learn to assess the situation and adjust their strategic plans in response to changes in the market and macroeconomic conditions. By

enhancing their internal capabilities, these companies can adapt to the ever-changing market landscape and maintain their market share.

Earlier, foreign sports brands such as Nike, Adidas, and New Balance had already established a significant presence in the Chinese market. Meanwhile, emerging domestic brands did not differ much in terms of product performance, quality, or sales models. In response to its own shortcomings, Anta has undergone a transformation by acquiring various brands, taking into account the needs of consumers across different age groups.

In summary, Anta has gained a strong advantage in the domestic market through significant investments in advertising and technology, as well as a proactive commitment to social responsibility. Additionally, its ability to adapt to market changes and respond to consumer preferences has facilitated its gradual expansion into international markets.

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