

Analysis of New Balance's Brand Positioning and Competitive Advantages

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Abstract: New Balance, founded in 1906, has grown into a global leader in the sportswear market by emphasizing comfort, performance, and domestic manufacturing. This paper evaluates New Balance's brand positioning strategies and how they contribute to its competitive advantage. The analysis highlights the brand's ability to differentiate itself through localized production, commitment to sustainability, and avoidance of celebrity endorsements. By focusing on quality and authenticity, New Balance has built a loyal customer base while appealing to environmentally conscious consumers. Despite these strengths, the brand faces challenges in adapting its strategy to different global markets, particularly in regions where celebrity endorsements and trend-driven products dominate. New Balance's growing focus on digital marketing, sustainability, and emotional connections with consumers presents significant opportunities for further market expansion. The research demonstrates how mid-sized brands like New Balance can compete successfully in saturated markets by maintaining strong differentiation and consumer loyalty. These insights are valuable for brands seeking to strengthen their market presence through effective positioning strategies.

Keywords: New Balance, brand positioning, sustainability, differentiation, sportswear market.

1. Introduction

New Balance has a long-standing reputation for producing high-quality athletic footwear and apparel. Founded in 1906 in Boston, Massachusetts, New Balance initially focused on orthopedic shoes and arch supports. Its early products were primarily designed to improve comfort, which has since remained one of its core values. The brand's slogan, "Endorsed by No One," symbolizes its decision to prioritize the functionality and quality of its products over celebrity endorsements, which sets it apart from competitors like Nike and Adidas [1]. As brands like Nike and Adidas have expanded through mass production and aggressive marketing, New Balance has carved out a niche for itself by emphasizing comfort, fit, and performance. Its strategy of staying true to its roots while innovating for the future has helped it maintain a strong position in the increasingly competitive global sportswear market [1, 2].

In the 1970s, New Balance transitioned into the athletic footwear market, becoming known for its focus on comfort, performance, and inclusivity. Unlike many global brands, New Balance remains committed to manufacturing a portion of its products in the U.S. and the U.K., aligning with its brand ethos of quality and sustainability [2]. The company's focus on craftsmanship, coupled with a diverse

product range that caters to both professional athletes and casual users, helps it maintain a loyal customer base.

A key part of New Balance's strategy is its ability to adapt to evolving market trends without compromising its core values. This includes investments in technology, such as the introduction of 3D-printed midsoles, and its commitment to sustainability, as evidenced by its efforts to reduce carbon footprints through eco-friendly materials and practices [3]. By balancing tradition and innovation, New Balance effectively differentiates itself in a market saturated with brands focused on trendiness or celebrity endorsements.

Despite its unique positioning, New Balance faces significant challenges in maintaining its market share against larger competitors like Nike and Adidas. These competitors dominate the market through a combination of global brand recognition, heavy advertising, and widespread product availability. The key problem for New Balance is finding ways to effectively differentiate itself in such a saturated market while maintaining its core values of quality and sustainability [4].

Therefore, the primary objective of this paper is to evaluate New Balance's brand positioning strategies, particularly its focus on comfort, innovation, and domestic manufacturing, and to analyze how these strategies contribute to its competitive advantage both domestically and globally. Additionally, the paper aims to identify areas for improvement, such as in digital marketing and sustainability efforts. This research is significant in demonstrating how mid-sized brands like New Balance can successfully compete in saturated markets through strong differentiation and consumer loyalty, offering insights valuable for other brands aiming to enhance their market presence.

2. Analysis of New Balance's Brand Positioning

2.1. Consumer Perception and Brand Identity

One of the most fundamental aspects of brand positioning is shaping consumer perception. A brand's identity is not just about the products it offers but how it resonates emotionally with its audience. According to Durmaz, successful brand positioning involves aligning the brand's values with consumer expectations [4]. New Balance has done this by focusing on comfort, quality, and sustainability—values that increasingly appeal to modern consumers, particularly in the sportswear industry.

New Balance's decision to avoid celebrity endorsements, as highlighted in its slogan, shifts the focus from who wears the product to the quality of the product itself. This strategy is consistent with the theory that brand differentiation when based on unique selling propositions like quality or innovation, can create a more lasting competitive advantage than celebrity-driven advertising [5].

2.2. Competitive Strategy and Differentiation

Competitive strategy in brand positioning is about distinguishing the brand from competitors. Porter's theory of competitive advantage suggests that companies can gain an edge through cost leadership, differentiation, or focus strategies [6, 7]. New Balance's differentiation strategy focuses on a few key areas: its U.S. and U.K.-based manufacturing, its emphasis on performance-driven products, and its sustainability initiatives [5].

The brand's ability to manufacture domestically, unlike competitors that outsource most production, allows it to control product quality more closely and appeal to consumers who value local craftsmanship. This aligns with the theory of "perceived differentiation," where customers are willing to pay more for products, they believe offer superior quality [3]. Furthermore, New Balance's integration of sustainability into its product development—by reducing waste and using eco-friendly materials—aligns with modern consumer values, giving the brand an additional competitive edge in environmentally conscious markets.

2.3. Role of Consumer Loyalty in Brand Positioning

Consumer loyalty plays a crucial role in maintaining and enhancing a brand's positioning. As McKinsey notes, word-of-mouth marketing and customer loyalty can significantly strengthen a brand's market position [1]. New Balance has nurtured a loyal customer base by consistently delivering products that align with its core promise of comfort and performance.

Loyalty is further reinforced by New Balance's emphasis on personalization, such as its range of footwear designed for specific running needs (e.g., stability vs. neutral shoes). This not only meets diverse customer preferences but also reinforces the brand's image as being responsive to individual consumer needs. Such personalized experiences are key to maintaining strong brand loyalty, which in turn supports long-term competitive positioning [8, 9].

3. New Balance's Strategic Approach and Market Differentiation

3.1. Global Positioning Strategy

New Balance's success stems from its diverse product offerings and precise brand positioning. The brand strategically targets different market segments through a well-structured product line. For example, the 5 series targets entry-level consumers by offering affordable yet high-quality products, making the brand accessible to a larger audience. In contrast, the 9 series showcases New Balance's most advanced technology, designed for professional athletes and sports enthusiasts who demand superior performance and craftsmanship.

This product differentiation allows New Balance to cater to a wide range of consumer needs—from fashion-focused individuals to athletes. Younger consumers are drawn to the brand's trendy styles, while outdoor enthusiasts can choose from more specialized products, like waterproof or anti-slip footwear. This comprehensive strategy enables New Balance to appeal to a broad consumer base, which contributes to its strong global presence.

3.2. Competitive Advantage Through Differentiation

New Balance stands out from its competitors through its unique approach to manufacturing and sustainability. As a family-owned business, New Balance has greater flexibility in decision-making, allowing it to focus more on brand values rather than short-term financial goals. Unlike many competitors that outsource production to low-cost countries, New Balance maintains manufacturing facilities in the U.S. and U.K., which allows it to ensure strict quality control and ethical standards. This level of control enhances the durability and comfort of its products, which is a key selling point for consumers who prioritize quality.

Additionally, New Balance has integrated sustainability into its operations. The introduction of the "Green Leaf" standard ensures that at least 50% of the materials used in its products come from eco-friendly or renewable sources, such as recycled polyester. The brand's partnership with TRW, a recycling solutions provider, extends the lifecycle of returned or underperforming products, minimizing waste and reinforcing its commitment to environmental responsibility.

By combining domestic production with sustainability initiatives, New Balance not only differentiates itself from other brands but also aligns with modern consumer values, particularly those related to ethical consumption and environmental impact.

3.3. Consumer Perception and Brand Loyalty

New Balance's ability to maintain strong brand loyalty is a result of its balance between tradition and modern innovation. While the brand has a rich history, it remains relevant by consistently adapting

to changing consumer preferences. New Balance engages younger consumers through collaborations with trend-setting designers and brands, such as Aimé Leon Dore, which help refresh its image and keep its classic models, like the 574 and 990 series, fashionable and appealing.

The brand also tailors its products to meet specific performance needs. By offering shoes designed for different types of runners, such as stability versus neutral running shoes, New Balance demonstrates a deep understanding of individual consumer preferences. This focus on personalization, combined with its long-standing reputation for comfort and quality, strengthens consumer loyalty across a broad demographic.

New Balance's emphasis on authenticity further enhances its appeal. Unlike competitors that focus heavily on celebrity endorsements, New Balance chooses spokespersons who embody the brand's values of perseverance and authenticity. Athletes like Meb Keflezighi are selected not only for their achievements but also for their inspiring personal stories, which resonate with consumers on a deeper emotional level. This strategic choice in partnerships helps the brand connect with consumers in a more meaningful way, fostering long-term loyalty.

3.4. Competitive Differentiation in Brand Strategy

New Balance's differentiation strategy is evident in its approach to product development and branding. While competitors like Nike and Adidas rely on high-profile athletes for global endorsements, New Balance focuses on building regional connections and fostering authenticity. By partnering with local athletes and individuals with compelling life stories, New Balance establishes a deeper emotional connection with its audience. For instance, its collaboration with marathon champion Meb Keflezighi highlights not only his athletic prowess but also his journey of resilience, which aligns with New Balance's core values.

This focus on authenticity extends to the brand's association with influential public figures, such as Steve Jobs and U.S. presidents who have worn New Balance products. These associations enhance the brand's cultural significance and reinforce its positioning as a timeless and authentic brand. Through these strategies, New Balance has successfully cultivated a loyal consumer base that values not only the quality of the product but also the brand's commitment to authenticity and craftsmanship.

3.5. Competitive Differentiation in Brand Strategy

China has become the second-largest running market in the world, making it a critical battleground for sports brands, and New Balance has capitalized on this opportunity. Despite an initial setback related to a trademark issue, the brand has managed to secure a foothold in the Chinese market by aligning with the growing fitness and jogging trends in the country.

According to Baidu Index data, New Balance experienced a surge in popularity between 2013 and 2016, partially due to its exposure in film and television, which fueled the "New Balance fever" in China. The brand has since continued to increase its investment in the Chinese market, particularly focusing on its expertise in running shoes, which coincided with the rising trend of marathon participation in China.

In 2023, New Balance took further steps to expand its presence by hosting a high-profile runway show at the Oil Can Art Center in Shanghai, combining fashion and sports in an innovative event that featured both models and runners. This reflects the brand's strategy of breaking traditional boundaries and expanding its product offerings across all sports categories, catering to the increasing integration of sports into the lifestyles of young Chinese consumers.

New Balance's growth in China is also reflected in its financial performance. The brand's 2023 full-year revenue reached a record high of \$6.5 billion, representing a 23% year-on-year increase,

with double-digit growth in every major market. The Chinese market, along with Europe and the U.S., has been a key contributor to this growth, further solidifying New Balance's global market position.

4. Discussion

4.1. Effectiveness of Positioning Strategies

New Balance's brand positioning strategies have proven effective in building a competitive advantage in the global sportswear market. By focusing on key elements like comfort, performance, and sustainability, New Balance has set itself apart from competitors. Its decision to avoid celebrity endorsements, instead focusing on product quality and authenticity, has resonated strongly with consumers, particularly in markets where transparency and ethical values are prioritized. This approach has allowed New Balance to foster brand loyalty while maintaining a unique market identity.

The focus on local manufacturing in the U.S. and U.K. has also reinforced the brand's image of high-quality craftsmanship, which differentiates it from mass-market competitors like Nike and Adidas. This commitment to localized production not only enhances product quality but also appeals to environmentally and ethically conscious consumers, further strengthening its competitive edge.

4.2. Challenges in Global Markets

While New Balance's brand strategy has proven successful in maintaining a loyal customer base in Western markets, its approach may require some adaptation for regions where different values prevail. For example, in markets like China, where trend-driven products and celebrity endorsements are often more influential, New Balance has faced the challenge of balancing its traditional focus on authenticity with the need to appeal to younger, trend-conscious consumers. According to New Balance Athletic Shoe Company, the brand's ability to adapt its strategy while maintaining its core values will be critical as it continues to expand into global markets [10].

Another challenge lies in digital engagement. As competitors invest heavily in e-commerce and digital marketing, New Balance must continue to adapt to rapidly evolving digital trends, particularly in markets like China, where digital shopping and influencer marketing dominate consumer behavior.

4.3. Opportunities for Improvement

4.3.1. Enhanced Digital Marketing and E-commerce

New Balance can expand its presence in digital channels, particularly through targeted advertising, personalized consumer experiences, and improved e-commerce functionality. Strengthening its engagement with younger audiences via social media platforms, influencers, and digital campaigns will be critical in retaining market relevance and driving growth.

4.3.2. Strengthening Sustainability Initiatives

As consumers increasingly value environmentally conscious brands, New Balance can further capitalize on this by expanding the "Green Leaf" standard across more product lines. By adopting stricter sustainability goals and promoting eco-friendly product features, the brand can strengthen its image as a leader in sustainability and attract younger, environmentally aware consumers.

4.3.3. Consolidating Brand Stories and Emotional Connections

New Balance can deepen its emotional ties with consumers through more engaging brand storytelling. Highlighting its 100-year heritage, American-made tradition, and expertise in running and athletics

in marketing campaigns can help the brand solidify its identity. Additionally, by organizing community-focused events, like marathons and running clubs, New Balance can further strengthen its global presence while promoting its philosophy of "Run Your Way."

5. Conclusion

This study demonstrates that New Balance's unique brand positioning strategy has played a critical role in building its competitive advantage in the global sportswear market. By focusing on core values such as comfort, high-quality craftsmanship, and sustainability, the brand has successfully differentiated itself from mass-market competitors like Nike and Adidas. Its decision to maintain local manufacturing in the U.S. and U.K. not only enhances product quality but also appeals to consumers who prioritize ethical and sustainable practices. New Balance's strategy of avoiding celebrity endorsements and emphasizing authenticity has resonated with a growing consumer base that values transparency and quality over flashy marketing. The brand's ability to balance tradition with innovation, especially through its classic models like the 574 and 990 series, has helped it retain long-time customers while attracting a younger generation of fashion-conscious and environmentally aware consumers. The brand's sustainability initiatives, including the "Green Leaf" standard and partnerships aimed at reducing environmental impact, further solidify its market position in regions where eco-consciousness is a priority. New Balance has successfully built a reputation for authenticity, quality, and sustainability, which continues to strengthen its global appeal.

Moving forward, New Balance should focus on enhancing its digital marketing efforts and expanding its sustainability initiatives. A stronger online presence, combined with a focus on personalizing consumer experiences, will help the brand remain competitive. Additionally, New Balance can continue to deepen its emotional connections with consumers by promoting its rich heritage and engaging with local communities through events and storytelling. By balancing innovation, sustainability, and digital engagement, New Balance will be well-positioned to maintain its competitive edge and achieve sustainable growth in the ever-evolving global market. However, at the same time, the second-hand market data in this paper is relatively limited, and the research depth needs to be further deepened

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