

# ***Analysis of Marketing Strategy of International Sports Brands Entering Chinese Market***

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**Abstract:** The Chinese market has great opportunities, and successful international brands cannot do without following market trends, being innovative and localization strategies. First of all, the performance of international brands in the Chinese market continues to rise, and at the same time, they are recognized by the majority of Chinese consumers. Secondly, the sales area is constantly expanding. On the one hand, the number of offline stores has increased. On the other hand, live streaming e-commerce is also developing vigorously. At the same time, international brands pay attention to the needs of Chinese consumers and continue to innovate their products. International sport brands are also attracting more consumers by improving brand recognition. For international brands such as Nike, Adidas and Lululemon, although the Chinese market is not their home territory, it is undoubtedly an indispensable part of performance improvement. Especially in 2024, when multinational sports brands in their base camp suffered from a cold current of business, performance increased slightly or even continuous decline; the Chinese market is like a clear current, rising against the trend. Therefore, the main issue of this paper is to study the successful strategic measures and development direction of the international sports brand industry, and summarize the advantages and disadvantages existing in this process and the impact on the Chinese market.

**Keywords:** Brand management, Chinese market, International sports brand, Marketing strategy

## **1. Introduction**

Successful international brands are dependent on market trends, innovation and localization strategies. China is a huge market and there are great opportunities for foreign brands in China. At present, many scholars have analyzed the operations of international enterprises in China. Lu Xiao summarized the brand management, distribution, retail and financial operation of international luxury brands in China's market entry mode [1]. Da Gen made optimization suggestions for clothing brands entering the Chinese market in four aspects: strategic planning, strategic basis, collaborative implementation and organizational support [2]. Hou Tianhui provided optimization suggestions for international outdoor brands' marketing in China in four aspects: strategic planning, strategic basis, collaborative implementation and organizational support [3]. Li Guobing analyzed the marketing communication of the Guocao sports brand combined with sports events [4].

According to the statistics of Technavio, a large technical survey consulting company, the scale of China's sportswear market has reached 205.1 billion yuan in 2023, and it is expected that the market

will reach 307.8 billion yuan in 2029, which directly reflects the development space of China's sportswear market [5].

Country-level barriers and drivers. Country-level regulations have a significant impact on firms' SMMSs as they determine permissible content and the choice of SM platforms. For example, political reasons have led to the ban of platforms like Facebook and WhatsApp in China, thus preventing Chinese firms from utilizing these prominent international SM platforms for marketing purposes [6].

Influenced by Chinese Confucian culture, the East emphasizes collectivism, which means individual interests always obey collective interests [7].

Due to the gathering of sports events, sports brands have been widely concerned by the market. In the relevant events, the Chinese women's basketball team, the Chinese track and field team and other sports teams will be dressed in Nike sports equipment for their debut. With the arrival of sports events, Nike is also increasing the investment in its innovation cycle, with the combination of scientific and technological innovation and a unique brand story, to explore new market increment space.

China has a huge population size, at the same time, Chinese consumers pay more attention to health and sports, many young groups, the market is full of vitality in line

with the requirements of sports brand development, making the Chinese market become the world's largest sports consumer market and the most international sports brand development potential of one of the markets. Taking Nike, Adidas and Lululemon as examples, using the SWOT analysis, the five forces model, the 4Ps and other analysis tools, this study systematically analyzes the development process and development trend of international sports brands in the Chinese market to understand the business model of international sports brands after they enter China. The differences in advertising strategy, pricing strategy and marketing strategy and development direction between international sports brands and local brands, so as to make reasonable suggestions for brand marketing and development and provide reference for development.

## **2. Overview of Nike, Adidas, Lululemon**

### **2.1. Nike**

Nike's revenue declined, according to Nike's first fiscal quarter earnings report as of August 31, 2024, quarterly revenue was \$11.589 billion, down 10% from the same period last year. Net income was \$1.051 billion, down 28% from a year earlier. This undoubtedly put a lot of pressure on Nike in North America, Europe and Greater China, especially in North America, where revenue fell 11%. However, the decline in revenue has caused widespread concern in the market. Brand revenue was \$11.111 billion, down 9% year over year, and the Converse brand faced a 14% decline.

Nike reports fourth quarter and full year financial results for fiscal 2024. According to the financial report, Nike achieved an annual revenue of 51.4 billion US dollars, of which the Greater China performance achieved "seven consecutive increases", an annual revenue of 7.5 billion US dollars, the fourth quarter revenue of 1.9 billion US dollars, an increase of 7%, the maintenance of seven consecutive quarters of growth, the achievement of four consecutive quarters of growth in the fiscal year 2024, and the continuation of the lead in the industry.

In this context, Nike is in the sports brand market and is also undergoing profound changes. More and more brands have begun to explore digital transformation and enhance the brand's online influence, which has become the key to attracting young consumers. How to maintain the competitiveness of competitive products in the digital era: Nike must unlock a new business model.

### **2.2. Adidas**

On August 10, 2022, Adidas CEO Kasper Rorsted gave an exclusive interview to the German newspaper Handelsblatt. In the interview, Rorsted admitted that Adidas' revenue in Greater China fell

35% in the first quarter. In addition to the impact of the COVID-19 outbreak, Adidas itself has also "made mistakes".

In contrast to Nike's decline, Adidas has shown strong growth momentum. Its third quarter of 2024 earnings report showed that quarterly revenue increased by 7.3% year-on-year to 6.438 billion euros (about 6.777 billion U.S. dollars). More impressively, quarterly net profit reached 443 million euros, up 70.9% year-on-year.

Adidas' overall performance was supported by a rebound in Greater China, where revenue rose a strong 8.7%. Adidas' continued commitment to global sports marketing and fashion is clearly the key to its success.

As one of the most important strategic markets, Adidas Greater China has made steady progress in performance, achieving "quality growth" for six consecutive quarters. In the third quarter of this year, revenue in Greater China reached 946 million euros, an increase of 9%.

"The Greater China region achieved six consecutive quarters of quality growth, with more than 300 new stores opened during the year", said Chris Hsiao, managing director of Adidas Greater China.

### 2.3. Lululemon

On June 9, 2022, Lululemon won the title of "Favorite Employer of 2022 Chinese College Students" by virtue of its unique corporate culture, innovative career development planning, and leading salary and welfare level.

On December 6, 2024, Canadian sportswear brand Lululemon (Lululemon) announced its financial results for the third quarter of fiscal year 2024 (ended October 27, 2024). In the third quarter, the company's global net revenue increased 9% year-on-year to \$2.4 billion, of which international business net revenue increased 33%.

The third quarter showed that Lululemon's global store comparable sales growth was 4%, before this, the value had been slowing down for three consecutive quarters. Since the fourth quarter of fiscal year 2023, Lululemon's global store comparable sales growth has been 12%, 6%, 2% and 4%, respectively. Among them, the comparable sales in the Americas declined for two consecutive quarters, and the comparable sales in the Chinese mainland market increased by more than 20% for three consecutive quarters, ranking first in the growth rate of Lululemon's global market. A total of 28 new directly operated stores were added during the reporting period. The total number of stores reached 749 by the end of the third quarter.

## 3. Apply Tools to Analyze International Sports Brand Marketing Strategies

### 3.1. SWOT Analysis

#### 3.1.1. Strengths

(1) Strong brand influence. For example, Nike's brand value in 2024 is \$71.6 billion, ranking first among the most valuable brands in the world. (2) Strong product innovation and research and development ability. These brand products cover sportswear, shoes and accessories, such as Adidas brand three-stripe logo recognition, which is high, with a professional advanced research and development team, in the product function, design and other aspects of innovation. (3) The global supply chain is mature; for example, Nike products are manufactured by independent contractors and suppliers all over the world. Adidas logistics and distribution achieve intelligence, greatly improve work efficiency, and meet the needs of more consumers, Lululemon in the Chinese market through an aggressive store opening strategy and localized product promotion to increase sales. (4) With rich marketing resources, international sports brands through spokesperson marketing, event marketing, and pop-up store marketing, for example, Adidas opened a pop-up store in Shanghai in 2023 to attract

wide attention, brand positioning marketing, such as Lululemon is around a healthy and active lifestyle to promote products.

### 3.1.2. Weaknesses

(1) Regional differences cause a mismatch with consumer demand. Adidas' revenue in Greater China fell 35% in the first quarter. In addition to the impact of the COVID-19, Adidas also "made mistakes". Adidas CEO's interview admitted not knowing enough about consumers, so he left room for those who do better in Chinese competition. (2) High rent and operating costs: These kinds of international sports brands usually set up shops in the core business circle of first-tier cities and the bustling areas of second- and third-tier cities, where the flow of people is large, but the rent is high. Secondly, in order to ensure the brand image and service quality, the number of employees is high and the quality of employees is high. At the same time, in advertising, Adidas sponsors sports events, signing star spokespeople for brand promotion; the cost is high. Lululemon purchases goods from overseas; logistics transportation, tariffs and other costs will also affect its operating costs.

### 3.1.3. Opportunities

(1) With the development of China's economy, young people show a trend of consumption upgrading, increasing disposable income of consumers, increasing demand for sports products and purchasing power. Young consumers pay attention to product quality and brand image. For example, Lululemon is positioned at the high end and is famous for high-quality yoga and sports wear, which are deeply loved by young consumers. In turn, it provides a broad market space for international brands. (2) The Chinese government strongly supports national sports. In 2023 China held a total of 699 marathon events. The prosperity of the running market for international sports brands in the Chinese market provides a broad space for development, with the "sports power building outline" proposed to promote the popularity of football, which is conducive to the growth of Adidas football-related-product sales. (3) The rapid development of China's e-commerce market, with short videos and live broadcasts to accurately target the target population, through cooperation with various online platforms to hold online activities to improve brand exposure.

### 3.1.4. Threats

(1) Market competition is fierce, and the development of local brands occupies market share. Facing the fierce competition of domestic brands such as Anta, Li Ning, and Adidas, the brand proposition "no impossibility" is out of touch with the emotional needs of young consumers, and is more culturally resonant than national tide brands, such as Li Ning and so on to seize the market. (2) The global economic situation is unstable and may affect the ability of consumers to buy. When the economy is unstable, consumers may feel that their products are not necessities of life, so as to reduce the purchase, the unstable economic situation will make consumers on the future income expectations become cautious, instead focusing on more cost-effective products.

## 3.2. Ps (Product, Price, Place, Promotion)

**Product:** By empowering professional sports, Nike provides professional sports products for athletes in marathons, basketball and other fields to accurately capture the trend. Nike By You utilizes Nike's official online website and allows consumers to design freely from a selection of sneakers chosen by Nike [8]. Adidas combines a Chinese local design team to create comfortable and fashionable products for Chinese people. Lululemon started with yoga pants, using special fabrics with both

functionality and comfort, while expanding the sports scene, from yoga, running and other sports scenes to business, commuting and other daily scenes.

**Price:** Nike and Adidas high-end products are usually more than 1000 yuan; the mainstream products are generally in the range of 500-1000 yuan. Lululemon's overall positioning is in the high-end; the price is generally in the range of 800-1500 yuan.

**Place:** A large flagship store is set up in the core business circle of first-tier cities to show the brand image and the latest products. It is also widely distributed in unit business centers in second- and third-tier cities to expand its market scope.

**Promotion:** Nike will launch more discount products during the season change period to clear inventory and attract consumers. Adidas will also carry out discount promotions frequently due to market competition and inventory problems. Lululemon discounts less heavily to maintain its premium image.

### 3.3. Pricing Analysis

Compare the prices of competitive products with the promotion policies. International sports brands are usually positioned in the middle and high-end, with the advantages of brand history, scientific and technological research and development, design and other aspects to establish a higher brand image in the hearts of consumers, so the price is higher. The price range of domestic sports brands is relatively wide, mainly in the mass consumer market, usually lower than similar products of international brands. For example, Hongxing Erke pays more attention to cost performance, and the price of its products is more than 200-600 yuan.

International sports brands worry about the damage to their brand image, from promotions and are more cautious about discounts, but the online strategy is more aggressive, often with high-intensity discounts, while domestic sports brands are more active in promotional activities, in specific holidays, and in promotional activities during different markets and different consumer groups to adopt differentiated pricing strategies.

### 3.4. Analysis of Advertising Strategies

Nike's iconic "Just do it" conveys positive, brave and persistent sportsmanship and life attitude. Through a series of advertisements featuring athletes, Nike shows their stories of overcoming difficulties and surpassing themselves in training and competition, so as to establish a close emotional connection with the brand.

Adidas sponsors sports events, such as the World Cup, European Cup, Confederations Cup, youth team competitions at all levels, etc., to improve the internationalization and recognition of the brand. By signing a large number of sports stars, entertainment stars and fashionistas, with the help of their influence in their respective fields to enhance brand image and attract consumers. Adidas attaches great importance to the combination of local culture; for example, every Chinese Spring Festival will launch a combination of traditional Chinese cultural elements of the product, and design strong Chinese-style advertising, to attract consumers' attention.

Lululemon stars for the pursuit of a healthy lifestyle; Lululemon's marketing strategy is very special. It adopts a community marketing strategy and conducts Kol marketing. Instead of spending a lot of money on spokespeople and advertising, Lululemon builds relationships with consumers by hiring well-known professional yoga instructors to teach in its stores [9]. As of February 2023, Xiaohongshu reported 260 million monthly users, with more than 70% belonging to the post-1990s generation. The platform's average daily search query volume reached 3 billion, illustrating its substantial user engagement [10].



#### 4. Conclusion

China has a vast sports market, with a large number of people participating in sports and rich levels of market demand. Since international sports brands have accumulated rich development stories in the 100-year development history, they can improve their popularity among consumers through the exposure of competitions, thus satisfying consumers' pursuit of product quality and spiritual pursuit of sports culture. At the same time, with the rapid development of China's e-commerce, these international sports brands are also quick to seize the opportunity to not only expand the traditional offline stores, but also through the e-commerce platform, so that more people can browse the goods through the network. China's e-commerce platform has accumulated a large number of user data. They can accurately position and push target customers to increase product sales. Although the strategies of Nike, Adidas, Lululemon and other international brands in the Chinese market are different, they all focus on brand positioning and target consumers. Through these methods, they have achieved remarkable results in the fierce competition in the Chinese market. It is suggested that international brands should fully understand the needs of Chinese consumers and the cultural characteristics of their own countries when entering the Chinese market. Through the combination of their own brand advantages, and the development of differentiated strategies for their own brand products, they are better able to adapt to the changes in the market, improve market share, and improve consumer recognition.

However, these international sports brands also face some challenges in the development of the Chinese market. International brands also need to develop differentiated pricing strategies for regions with different economic levels. Only by adjusting from product design, and price positioning to marketing can they break through the challenges.

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