

Analyzing Successful Strategies for State-Owned Brand

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Abstract. In the context of economic globalization, Chinese enterprises must vigorously develop local brands to enhance their competitiveness and adapt to the competitive situation in the international market. The purpose of this paper was to explore how state-owned brands can occupy a place in the saturated market. This paper applied the concept of Marketing Mix Theory and chose the qualitative analysis method and SWOT analysis method for the brand Li Ning. Through research, this paper found that the quality of goods directly affects consumers' desire to purchase. The better the quality is, the more consumers are willing to buy. Secondly, high prices will reduce consumers' purchases and if the quality of goods is the same, people are more willing to choose cheaper goods. The place also has a significant impact on consumers' purchase intentions. This paper focused on exploring how to enhance the competitiveness of Chinese products to enter the international market, fill the deficiencies of previous research, and guide the direction of Chinese brands.

Keywords: Competitiveness of the brand, Li Ning, Marketing Mix Theory, SWOT Analysis.

1. Introduction

1.1 Research Background

With the deepening of economic globalization, the competition among Chinese enterprises has expanded from domestic competition to international and even global competition. A large number of foreign brands have entered the Chinese market. Coca-Cola, Pepsi, Starbucks, and other world-class products have swept the Chinese market and occupied a place there. These formidable competitors must be met by the enterprises. The brand is the foundation and premise of market development, and brand competitiveness is the core competitiveness of businesses and the winning weapon. It is the dream of thousands of Chinese enterprises to let their brands enter the world-class brand camp.

There are many reasons for the backwardness of domestic products. First of all, China is a typical "big manufacturing country, small brand country." The lack of world-class brands and low brand value is the status quo of China's local brands. Second, the era of brand competition has come, and brand competition has become the focus of market competition. How to cultivate and enhance brand competitiveness has become a major issue for all brands. Third, there are problems of lack of integration planning, unclear positioning, lack of core value, unclear personality, and low loyalty of Chinese local brands, which are also the reasons for the gap between Chinese local brands and international brands.

The academic community has primarily concentrated on how to increase the popularity of Chinese brands from both the government macro and enterprise micro perspectives. In the macro aspect, the government adopts effective measures to purify the market environment through various management means. In the micro-aspect of enterprises, the competitiveness of local brands can be improved through reasonable positioning of enterprises and making scientific strategic plans. At the same time, through the analysis of how foreign brands such as "P&G" and domestic brands such as "Haier" improve brand competitiveness under fierce competition, research and comparison about local brands can be given with others' papers. There are many articles focusing on the new changes in local brands,

such as Fan Jiayuan's studied how Chinese local brands entered the fast lane to develop [1]. Dong Zhijun investigated whether Chinese cosmetics would be restricted and impacted [2]. Jianjun concentrated on the study of fast fashion clothing in the economic context [3].

1.2 Research Gap

Previously, the academic community has mainly studied two aspects, namely government macro and enterprise micro. Effective measures on the macroeconomic side of the government to clean up the market environment through various regulatory instruments. The micro-aspect of the company is to improve the competitiveness of local brands by positioning the company properly and developing a scientific strategic plan. Based on analysis based on the research context, most of the theories focus on explaining how local brands have changed in recent years or comparing local brands with foreign brands to serve as a reference, but few articles point to specific ways to make national products rise. Research on the development and competitiveness of local brands can give the brands more inspiration for marketing strategies. Thus, by standing out among many international brands, gaining a place in a saturated market, reaping the benefits of a position in the market, and increasing brand awareness and reputation, this not only improves the competitiveness of the brands but also allows for management changes, stimulates employment, opens up more domestic and foreign markets, connects with international standards, and influences the smooth development of the social economy and brand market culture. How can local brands gain a foothold in a market ravaged by foreign goods? This article will analyze the methods and strategies involved. Blazing a new path for local brands, making national products more than just foreign makeup

1.3 Fill The Gap

This paper will supplement current academic research in the field, propose more creative and concrete marketing strategies, enrich academic research in the field, and provide many strategic and marketing ideas and suggestions for local businesses. This research will analyze Li Ning as the main example, using SWOT and Marketing Mix Theory-related theoretical knowledge. It is found that the development of local companies' national sentiment certainly plays a big role, but it is also very important for companies to expand their international markets. Short-term and long-term strategies will be given at the end of the text.

2. Literature Review

2.1 Definition

In the 1960s, researchers in the United States developed what is now known as the Marketing Mix Theory. In the inaugural speech of the American Marketing Association in 1953, Neil Borden coined the term "marketing mix," which suggests that the market demand is more or less affected by the so-called "marketing variables" or "marketing elements" to some level [4]. In the book Basic Marketing, written in 1960 by Professor Jerome McCarthy of Michigan State University in the United States, he provided a basic summary of these factors by grouping them into the following four categories: product, price, place, and place. [4].

2.2 Important Results

Consumers' propensity to buy is influenced by price. Several studies have verified the conclusion that the effect is unstable. Yidan Zhao used theories such as value function, frame effect, and psychological accounts to demonstrate that consumers' willingness to purchase increases when they perceive lower prices in an empirical study of the effect of different ways of describing price discounts on their willingness to purchase [5]. Meanwhile, Zhang and Jiang investigated the influence of price discounts on the bundling of practical and hedonistic products and discovered that as the reduced price climbed, so did customers' propensity to acquire [6]. Furthermore, in their study on the effect

of price judgment and perceived quality on consumers' purchase intention, Liu and Xu used ANOVA and regression analysis to analyze the data obtained from the experiments and concluded that high discount frequency affects consumers' perceived quality and creates the impression of low quality, which further affects consumers' purchase intention [7].

The product can affect buying intent. Product attributes influence consumers' purchase intentions positively. Zhang discovered through literature and case studies in his paper and found out that a product's characteristics would enhance consumers' purchase intentions [8]. Li et al. discovered in their study, based on the customer perceived value perspective, that the perceived value of virtual brand communities directly and favorably increases customers' propensity to purchase new products [9]. Another study, conducted by Chen and colleagues, discovered that product innovation positively moderates the link between consumer liking and purchase intention [10].

Promotion influences consumers' propensity to purchase. Different promotions have various consequences. A questionnaire was used to collect data in a study by Wang et al. on the effects of traditional, online word-of-mouth (E-WOM) marketing, and different groups purchasing products on purchase intention [11]. It was discovered that the effects of E-WOM marketing on consumers' purchase intentions were much greater than those of traditional E-WOM marketing [11]. The impact of E-WOM on purchase intention varies by product [11]. Furthermore, Jun and colleagues used a questionnaire in their study to discover that consumers' product purchase intention is related to their emotional response under the stimulus-response theory and is also affected by the stimulus-response theory [12]. It is also influenced by online video commercials' video pictures, video content, and contextual elements [12]. Furthermore, through a contextual experiment in the study, Li et al. constructed a structural equation model and discovered that platform product endorsers favorably increase consumers' purchase intentions [13].

The location also has a considerable influence on consumers' purchasing intentions. Chang et al. found that the degree of favorability, number of favorable evaluations, and timeliness of third-party reviews in online sales have a direct and positive effect on impulse purchase intention [14]. Then, using surveys, Li and colleagues discovered that regional image positively moderates the influence of residential mobility on local identity in other regions and the purchase intention of GI brands in other localities [15]. Ren and colleagues discovered that the geographical location of supermarkets and the shopping environment had a substantial influence on urban residents' desire to purchase pork from supermarkets as well as the purchase ratio [16].

2.3 Summary

In this article, for the company Li Ning, the better the price/performance ratio, the stronger the consumer's willingness to buy. By focusing on innovation, creating and designing more branching products to meet different periods of consumers, and incorporating more Chinese elements, the company will be more attractive to consumers and thus promote consumer spending. Companies should choose to exploit the internet to learn about their brand and related products online and consume them online so that consumers can comprehensively learn about their products and expand their promotional channels to increase consumption. Companies can also exploit different advertising slogans, exploiting fans and idols to attract the masses and increase consumers' purchase intentions.

3. Method

3.1 Research Design

In this paper, the qualitative analysis method and the SWOT analysis method are used for the brand Li Ning. Qualitative analysis is one of the research methods of communication science, which means to analyze and explore the attributes of a thing from the qualitative aspect through logical reasoning, philosophical thinking, historical verification, legal judgment, and other thinking [17].

The SWOT analysis method belongs to the internal analysis method of the enterprise in a sense; that is, it is analyzed according to the established internal conditions of the enterprise itself. The

foundation of SWOT analysis has been laid. Compared with other analysis methods, SWOT analysis has obvious structural and systematic characteristics from the beginning. In terms of structure, first of all, the SWOT analysis method is to construct a SWOT structure matrix and gives different analysis meanings to different areas of the matrix. Secondly, the main theoretical basis of SWOT analysis also emphasizes the analysis of the external environment and internal resources of the enterprise from the perspective of structure [18].

3.2 Li Ning

This paper will study the rise of Li Ning, a Chinese brand. Li Ning, the "prince of sports" is a professional sports brand founded by Li Ning in 1990. Li Ning Company has perfect brand marketing, research, development, design, manufacturing, distribution, and sales capabilities, focusing on the business of Li Ning brand professional and leisure sports shoes, clothing, equipment, and accessories. It has established a huge retail distribution network and supply chain management system in China and continues to increase its e-commerce positions and build an e-commerce ecosystem. Li Ning was listed in Hong Kong in June 2004.

With the deepening of economic globalization and regional economic integration, the competition between enterprises is becoming increasingly fierce. More and more enterprises are not satisfied with the development of the domestic market, and opening up overseas markets has become their long-term goal. Li Ning is no exception now and is stepping up its brand transformation and joining the international market. However, it also encountered some problems: Li Ning, dubbed the "light of Chinese goods," shone brightly at New York Fashion Week in February 2018, and she will continue to strengthen her ties with China-Chic. The strong oriental elements, youthful and trendy design, and the crossover with well-known China-Chic IP make the brand popular with young consumers, and its performance will rise accordingly. However, young consumers are uncertain about brand loyalty, and the high limitations of China-chic will lead to limited design. Local brands should seize the opportunity of China-chic and exercise greater caution in order to maintain their value and image.

3.3 SWOT Analysis

3.3.1 Strength

Li Ning's strengths are mainly reflected in the product and price. Li Ning focuses on civilian products, and its pricing is more user-friendly. Compared with many similar foreign brands, Li Ning has a greater price advantage. In addition, since Li Ning's main consumer market is the domestic market, Li Ning has integrated many Chinese elements in product design, which also conforms to the Chinese aesthetic and usage habits.

According to the current consumption level of the domestic market, price is one of the most important factors when people choose goods. The low price of Li Ning is often favored by people, and most middle-aged and elderly people do not pursue brands, so they prefer to choose Li Ning, a product with a low price and good quality. In recent years, many foreign brands have had a crisis in China's domestic market due to political factors. Many Chinese are more willing to support Chinese brands because of patriotism. Li Ning has inspired the national spirit of many Chinese people and attracted many patriotic consumers because of his distinctive Chinese characteristics. Therefore, Li Ning's advantages in product and price have a high impact on consumers' purchase intentions.

3.3.2 Weakness

Li Ning's weaknesses are mainly reflected in her products and promotions. Classic style is often representative of a clothing brand. Famous brands such as Nike and Adidas have classic styles that can represent their brands. Although Li Ning has been established for more than 30 years and has launched many products and styles, there is still no classic product that can represent the brand's image. Li Ning spent a lot of money on promotion to cooperate with stars or online celebrities, but the response was not good because Li Ning lacked a clear positioning for its product marketing and promotion, and the disorderly promotion did not leave a memory for consumers. Moreover, the

promotion management is not good, the advantages of online and offline marketing are not well utilized, and even malicious competition occurs.

Due to the lack of classic style, consumers did not know how to choose the style when buying Li Ning's products, so they lost many consumers. The unreasonable promotion method also reduced the brand value of Li Ning in the minds of consumers and the purchase attraction. To sum up, Li Ning's weaknesses in product and promotion have a medium impact on consumers.

3.3.3 Opportunity

Li Ning's opportunities are mainly reflected in her place and promotion. Nowadays, the state has issued many policies to support the sports industry and local brands. The development of the sports industry and local brands is also a general trend, providing many opportunities to expand sales channels, such as by increasing offline stores. And with the increase in popularity of online marketing, people can easily browse various advertisements through the network, such as short videos, which have become the most popular online marketing promotion method recently.

Under the macroeconomic environment supported by the state, people's consumption desires and demands have greatly improved. If Li Ning, as a local sports brand, can seize the opportunity and follow the trend, it will significantly improve Li Ning's brand development space. Now is the era of rapid development on the Internet. If Li Ning can seize the opportunity of the Internet era and achieve good results through online marketing, Li Ning can also attract a large number of consumers to buy. Therefore, Li Ning's opportunities in placement and promotion have a high impact on consumers.

3.3.4 Threatens

The biggest threat facing Li Ning is in the two aspects of product and promotion. Li Ning lacks core technology and is not the absolute leader in the industry, while the competitors are many and strong. The majority of the consumer base's ideal brand is Nike and other brands, resulting in the public being more willing to buy other brands and spending less on Li Ning. Li Ning was first used as a cultural symbol of China, conveying Chinese culture to the world. Today, Li Ning, with its emphasis on internationalization, does not highlight its position as a national brand, and the image as a cultural symbol of China is gradually disappearing, leading to a gradual decrease in consumer willingness to buy. This has made some people less likely to buy from Li Ning because they no longer trust the company.

4. Results & Discussion

In light of the data presented above, the following suggestions will be made at the end of this paper: When formulating its marketing plan, Li Ning should stick to a localized strategy that emphasizes the company's core business and its location in China. To increase the value of the brand as well as its impact on the minds of customers, it is important to make consumers aware of the benefits offered by the brand during the marketing process and to bring the price of the product back down to a suitable level. And spread the word about the retail operation support platform throughout social media in order to generate positive PR and word of mouth. As a means of securing a more lucrative market in the foreseeable future, Li Ning ought to place a primary emphasis on research and development in order to come up with and develop a more diverse range of products.

This paper considers brand to be an essential factor in current interfirm competition. This is in contrast to prior studies, which often reached the conclusion that both price and quality are significant factors in boosting the competitiveness of a brand. This paper includes additional analysis and recommendations from a variety of angles within this sector. It makes reference to the process of developing and formulating strategies for firms, as well as refining the relevant theories and suggesting particular theoretical analyses and metrics. However, in the not-too-distant future, firms will place a greater emphasis on corporate transformation; however, this paper does not investigate this facet in any further detail at this time.

5. Conclusion

Under the background of economic globalization and rampant foreign brands, this paper analyzes the products, prices, and sales methods of the Li Ning brand to explore how Chinese brands can occupy a place in the saturated market environment and impact the international market. By studying the relationship between consumers and the domestic product market, as well as the factors that affect consumers' purchases, and exploiting the qualitative analysis method for the brand Li Ning, the paper finally concluded that by innovating and designing more brand styles to meet the requirements of consumers and skillfully combining some elements with Chinese characteristics, the competitiveness of state-owned brands can be effectively improved.

The research concluded that the quality of products has a great impact on consumers' purchase desires, so local brand enterprises should focus on innovation, create and design more branch products, and optimize publicity methods. Nowadays, social media is developing rapidly, and online consumption is growing rapidly. Businesses should improve their social media visibility and reputation, seek out and seize opportunities, expand their operations, and strengthen their brand. There are sufficient funds and markets to complete industry leapfrogging and mode transformation in order to gain a competitive advantage.

Previously, the research only analyzed the current situation of Chinese brands and did not analyze how to solve the problem that Chinese brands lack competitiveness and cannot compete with international brands. This paper filled that void by providing desirable methods to Chinese brand designers and businesses. It is an important challenge and task for enterprises to cultivate China's local brands and improve their competitiveness. This report provides a basis for analysis and suggestions from different perspectives on more cases in this field, provides a reference for enterprise development and strategic formulation, improves relevant theories, and proposes specific theoretical analysis and measures. In the future, enterprises will focus more on enterprise transformation, but this report has not yet put forward analysis and suggestions on this level.

In the future, the researchers will probably do more in-depth research on how to change domestic brand enterprises, look into whether the rise of e-commerce platforms can help domestic brands, and train more high-quality designers to meet consumers at different times rather than just copying foreign brands.

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