



*Nike worked alongside Chinese athletes such as 110 metre hurdler Liu Xiang before launching its Olympic uniforms. CREDIT: NIKE*

# At the Olympics: global brands versus Chinese brands

Chinese brands such as Li Ning, Anta Sports and Aokang certainly made their mark during the run up to, and during the Beijing Olympics. However, competition was tough with the world's biggest brands all competing to take centre stage and to increase market share as a result. Consequently, competition between the brands was almost as tough as competition among athletes at the event.

Last September, Washington DC-based think tank, Social Technologies, predicted that Chinese brands would use new tactics in order to compete more effectively with their global counterparts. It stated that mergers and acquisitions with overseas firms would become a common tactic and that testing the waters in developing economies would be another.

Li Ning fulfilled both predictions. It decided to open new stores in Bulgaria and Romania before making a play for a share in more developed markets. It then signed a 20-year deal with sports shoe and apparel firm Lotto Sport Italia in August allowing it to manufacture and distribute Lotto's products in mainland China. This link with a major European supplier will inevitably help reinforce its position outside the domestic sphere.

## *Opening with style*

Furthermore, reporting for Social Technologies, Shanghai-based expert on the future of market John Cashman said that the Olympics would be a turning point for Chinese brands. "The event will propel some of China's most aggressive brands to the global stage through

partnerships and sponsorships," he claimed. "Watch for future leaders and competitors."

Again, the guess was a good one. Anyone who watched the incredible opening ceremony will have seen company founder and former Olympian, Li Ning, light the Olympic torch inside the Bird's Nest stadium. Three-time gold medal winning gymnast Mr Li performed a high-wire gymnastics act, lighting the flame while suspended in the air by wires. The dramatic scene gave the company a tremendous boost in terms of free advertising and was actually the highlight of the ceremony for many spectators. The firm also became the first Chinese brand to act as official sponsor of a foreign Olympic team (Sweden) at the event.

Meanwhile, Anta Sports also took some important steps at the Games as its shoes were worn at the event for the first time ever. Argentinean basketball player Luis Scola, a power forward for NBA team Houston Rockets, wore a pair of second-generation Scola Olympic edition shoes designed by Bill Peterson. The shoes provide strong support to the back heel through stability and driving force as well as twisting power to the front sole for stop jumps, direction changing and bounce landings. The Argentine squad picked up the bronze medal in the Olympic basketball



*This boxing shoe was part of adidas' Made for Beijing footwear collection.*

CREDIT: ADIDAS

tournament and Mr Scola is now visiting Beijing, Shanghai, Guangzhou and other major Chinese cities to meet fans and promote the brand.

"The great thing about Beijing Olympics is that it raised the category awareness, i.e. sports in China," says a spokesperson for Li Ning. "Sport has become an indispensable part of the lifestyle of the people in China."

### **Global domination plans**

While adidas, the official sportswear partner for the Olympics may have felt a little put out by Li Ning's dramatic entrance at the event, there is no doubt it made its own mark in Beijing. During the Games, adidas supplied more than three million products to federations, volunteers, officials and other participants. It outfitted 16 National Olympic Committees, including China, Great Britain, Germany and Australia. In total, more than 3,000 athletes wore adidas products at the competition; and the company provided products for 27 out of the 28 Olympic sports.

Making a splash in Beijing is certainly not the end of the campaign for adidas. Even before the torch was lit, China was a major contributor to the firm's growth with sales in the region rising more than 60% in the first half of the year. It expects to double stores in China by 2010 and, prior to the Olympics, its CEO and chairman, Herbert Hainer, predicted that "the visibility and excitement we will generate for our brands during



*The Nike Hyperdunk, shown here in China Team colours, is one of the brand's lightest and strongest basketball shoes ever made.* CREDIT: NIKE

the Olympic Games will create a halo effect sustaining the momentum of our group in this market well into the future." After the tournament, Erich Stamminger, president of the adidas brand in Beijing, went as far as to say that: "The Olympic Games in Beijing brought us another giant step closer to our mission to be the leading sports brand in the world."

### Putting up a fight

However, Nike is not going to make it easy for its closest rival to take first place. Both companies opened a new flagship store in Beijing in August, capitalising on the excitement leading up to the Games. Nike designed a comprehensive Olympic footwear range comprising products for each and every sporting category, including volleyball, windsurfing and taekwondo. One example is the Lance 4, a performance cycling cleat designed specifically for Lance Armstrong. It features a full-length carbon fibre plate for maximum power transfer and an injection nylon heel pocket and ratchet system for secure fit. A combination mesh and synthetics upper provide durability and breathability, while forefoot straps allow for adjustable fit.

The company also sponsored a number of athletes at the event, for example the US basketball team. Interestingly though, while it supplied sports outfits for 22 Chinese national teams, it dressed only 14 American teams. Both Nike and adidas are expecting China to become their second-largest markets (after the US) in the near future, and Nike currently has around 3,000 retail destinations open in the country, while adidas is expecting to operate 5,900 Chinese stores by the end of the year. Adidas is planning to open the new shops a day in mainland China and hopes to increase sales to ?1 billion (\$1.4 billion) by 2010. Meanwhile, Nike reported in May that it had already exceeded the \$1 billion milestone a year ahead of schedule.



*Chinese volleyball player Feng Kun is kitted out in adidas gear from head to foot*

CREDIT: ADIDAS

### On the up

So, while many Chinese sports footwear brands appear to be growing rapidly and are experiencing rising sales, many lack notoriety in the global sphere. While brands such as Nike, adidas and Puma are inescapable wherever you go, their Chinese counterparts have so far failed to make such an impact, despite spending a significant amount of money on marketing.

Head of footwear at Li Ning, Abel Wu was recently reported to have said: "We don't have as strong a brand as

Nike and adidas. Our thinking is that as a local brand, we need to have an international image." Mr Cashman appears to agree. Chinese brands will not "overwhelm the global market" in the next five years, he explains; however, a few will successfully shed their low-value reputation and become more closely associated with quality, distinctive design, and "emotional meaning". While the Olympics may have given the Chinese shoe brands a helpful nudge, there is still a long way to go if they are to become major international players. 🏐