

# Investigating the Impact of Social Media Marketing on Millennial's Purchase Intention of Sports Brands in China

## —A Case of LI NING

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### ABSTRACT

This study mainly analyzes the importance of social media for sportswear companies, including marketing and influence, and how social media affects millennials' purchase intention of sportswear brands. This paper explores some cases of marketing activities of some sportswear companies (Nike, Hongxing Erke) on social media such as TikTok and Weibo and the influence of different social media marketing methods on customers' purchase intention through the method of case studies. The results show that social media can play a positive role in the publicity and marketing of sportswear brands. In addition, the study also showed that the use of social media has a significant impact on millennials' willingness to buy sportswear. The research has enormous implications for how sports brands, including Li Ning, can use social media to expand their marketing and influence. In the future, social media will be mainstream. Sports brands need to adapt to such changes by selling live on the primary platforms and signing famous stars to promote people's willingness to buy their sportswear.

**Keywords:** Social media marketing, Millennial, Purchase intention, Interaction

## 1. INTRODUCTION

### 1.1. Research background

Social media is a communicative platform that engages millions of young users with its characters of solid interaction, personalization, and information sharing [1]. This young user traffic enables social media to become a potential gathering place of value, which attracts many multinational high-end brands.

Social Media Marketing (SMM) is a new type of marketing through the Internet. It refers to companies participating in various social networking sites to achieve their business goals. Social media marketing channels comprise Forums, microblogs, blogs, SNS communities, pictures, and videos. In addition, companies can build media through self-media marketing or borrow media platforms for online marketing. Social media in marketing mainly refers to a

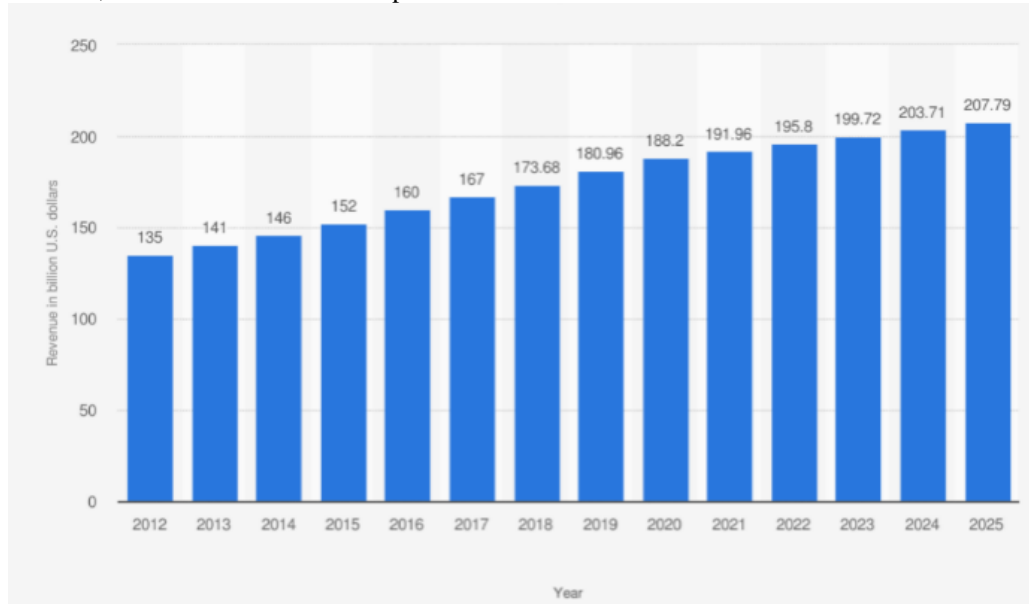
comprehensive website with main network characteristics. Its characteristic is that most of the website content is provided directly by users (UGC), and there is no direct employment relationship between users and the website [2].

With the development of the economy, there is a tremendous increase in sports consumption, and people tend to have increased expenditure on sportswear for various purposes, for instance, improving sports performance, professional training, and pursuing fashion [3]. As a result, according to Statista [4], the global sportswear market has experienced exponential growth in the past few decades, which is expected to reach 191.9 billion US dollars by 2021, achieving a 19% increase from 2016 to 2021 (Statista, see figure 1).

They were benefiting from the rising awareness of healthy life; China, as the largest apparel market, has gathered more attention on sportswear with the influx of many high-end international brands into the market and

the continuous expansion of consumer groups. Besides, the high growth of China's sportswear industry is mainly due to the increase in consumer awareness of sports. First, the diversification of national sports and sport types has promoted consumers purchasing sports shoes and clothing, and the per capita consumption has increased. Second, the concentration of sportswear

continues to increase. The changes in clothing styles are weaker than those of ordinary men's and women's clothing [5]. At the same time, marketing and brand effects have a more significant impact on consumers' purchases, which is conducive to the leader's advantage in scale and increase market share.



**Figure 1.** Total revenue of the global sports apparel market from 2012 to 2025 (source: Statista)

According to the "2020 Microblog user development report", it shows that the number of monthly individual users on Sina Weibo reached 500 million, with the age distribution of users born in the 90s accounting for 48% and users born in the 00s, occupying 30%. They are the main force for social media platform users and have also contributed to the consumption of international brands [6]. The users are called Generation Y, also known as Millennials, who are the first digital generation, living in a digital environment and sharing their daily lives on social media. Nam [7] pointed out that millennials' purchase intention will be mainly affected by social media platforms, and they can easily make a purchase decision by using online shopping.

China's high internet penetration rate enables the business to adopt social media marketing strategies efficiently, enabling companies to use customized information to reach target consumers directly. For example, many high-end brands publish information that uses famous mainland celebrities as their brand endorsements or focusing on social events to publish relative marketing campaigns to attract more social media users to participate in brand activities. Consequently, it is intriguing to identify what social media marketing will affect millennials' purchase intention towards sportswear.

### 1.2. Literature Review

As an essential digital communication platform, social media has an effective tool for brand and users' communication [8]. Compared to traditional channels, social media is mainly focused on creating brand images, spreading, and consuming, which transforms the brand image into user-generated content [9]. The fundamental function of social media platforms is to encourage users to share information and communicate with each other. Sportswear brands widely use social media marketing to promote their online channel, improve brand awareness, and engage more customers. In addition, Kim and Ko [10] suggested that the effectiveness of social media marketing activities has been affected by four dimensions: entertainment, interaction, trendiness, and word of mouth, which have been considered the main factors of this study. Entertainment refers to the users obtain enjoyment and amusement from social media platforms [11]. Interaction is defined as the communication that social media platforms provide to brands and customers [12]. Besides, trendiness refers to users who can acquire the latest information, hot topics, and fashionable product information from social media platforms [13]. Subsequently, Chu and Kim [14] conclude that E-WOM is user-generated reviews of certain products with higher source credibility than online content created by marketers.

Purchase intention is the customer's decision-making process, which determines whether they will purchase the products in the future [15]. Previous research claimed that attitude and perceptions are the key indicators affecting customers' purchase intention [10]. Social media is a platform for creating and spreading brand images. To some extent, compelling social media marketing will affect customer's perception of brands [16]. Therefore, adopting the four dimensions in social media marketing will transform customer's attitudes and perceptions, thereby affecting their purchase intention. The research will be based on these four dimensions to focus on Li Ning's social media marketing activities to identify which factors contribute to millennials' purchase intention towards sportswear.

Despite many articles researching social media marketing, Kim and Ko's [10] main finding proposed that social media marketing activities directly impact customers relationships and then affect their purchase intention for luxury brands. In addition, Balakrishnan [17] found that E-WOM, online advertisement, and online communities are three practical factors that influenced customers' brand loyalty and facilitated their purchase intentions. However, few studies have researched millennial customers' perceptions and attitudes towards social media marketing campaigns for sportswear companies.

### ***1.3. Research Objective***

This study will explore what factors in social media marketing will affect customers' purchase intention toward sportswear and millennials' perceptions of these marketing activities. This study will focus on a representative sportswear brand and then discover some official data in social media marketing.

## **2. METHODS**

This study will explore what factors in social media marketing will affect customers' purchase intention toward sportswear and millennials' perceptions of these marketing activities. This study will focus on a representative sportswear brand and then discover some official data in social media marketing.

This study will use the method of a case study. A case study is a study in which (a) one case (single case study) or a small number of cases (comparative case study) in their real-life context are selected, and (b) scores obtained from these cases are analysed in a qualitative manner [18].

Li Ning will be selected as the research object in this study. Li Ning sportswear company was founded in 1990, after 30 years of exploration, has gradually become a representative of China, the international leading sports brand company, and take a multi-brand

business development strategy ("Li Ning Official Website"). According to the research on Li Ning released by Hong Kong Stock Company Report, the proportion of online channel business of Li Ning rose rapidly from 2015, and the company introduced the marketing concept of Internet plus. This study will select some cases of Li Ning's marketing activities in social media, including Douyin (TikTok) and Weibo. And then compared millennials' spending data on Li Ning's social media marketing with spending data on other places, such as brick-and-mortar stores. In addition, this study will analyze the influence of different social media marketing methods on customers' purchase intention through these cases. For example, will consumers be more willing to buy sportswear if celebrities are invited to social media for marketing?

## **3. RESULT**

The emergence and development of new media have accelerated the speed of mass media's transformation into a focused society. The brand marketing model also achieves precision marketing through big data and the use of new media platforms. For example, using new media platforms such as the WeChat service account and subscription account, Sina Weibo, Tik Tok App, Xiaohongshu, various broadcast apps, and other new media platforms to place brand advertising on a large scale. Li Ning is a typical example which adopting social media marketing to reach target customers precisely. Li Ning brought the concept of "Internet + life experience" into the company's daily business operations; exchanges between emerging channels and traditional channels have become more frequent. The consumption level of domestic customers and sports demand has steadily increased. The company focuses on improving product experience, purchase experience, and sports performance. Remodelling determined to upgrade to become a sports life scene experience provider.

### ***3.1. Perspective of entertainment***

Entertainment is a crucial reason for users to use social media, seeking enjoyment and amusement. In detail, after the brand founder Li Ning returned to management, he created his personal Sina Weibo account and company official account, publishing some exciting and fun social media content to realize real-time communication and interaction with consumers. He created some content that is proficient in using humor and emotions, enabling followers to feel relaxed and enjoy. It is an effective method to attract more users to follow their accounts. Also, brand awareness will be increased due to the rising exposure rate.

To some extent, switching customers' perceptions and attitudes from tedious and outdated to fun and fashion facilitates customers' purchase intention toward

Li Ning. Li Ning's Sina blog and company official account have over 3.16 million and 1.34 million followers, respectively, which obtained exponential growth. More and more millennials tend to interact with Li Ning and publish content related to Li Ning Hashtag (Weibo, 2021). From some perspective, Li Ning's social media marketing strategy makes some progress in improving brand awareness and reputation

### **3.2. Perspective of interaction**

Interaction is an essential factor in social media marketing activities; for example, businesses use social media to publish content and the latest information to nurture customer relationships (Godey et al., 2016). Social media platform provides a place for customers and brands to communicate effectively. In 2016, Li Ning launched the "ultra-light thirteenth-generation" running shoes. They received 45 million views with the help of innovative advertisements and social platforms such as WeChat Moments and Wei Bo. Li Ning has created an intelligent running ecosystem, using big data technology to empower content marketing, event marketing. In detail, Li Ning applies social media big data to search target customers and integrated promotional channels to send personal advertisements to them. Also, Li Ning has permanently attached importance to the integration and linkage of O2O online and offline channels. The company has been committed to constructing an integrated omnichannel inventory system to realize the exchange of goods between online and offline channels and improve customers' shopping experience. They adopt mobile Internet to penetrate innovative running shoe products into daily life and keep a close connection to cultivate customer brand loyalty.

### **3.3. Perspective of trendiness**

In terms of trendiness, most social media users consider it a significant function because they intend to acquire the latest information and fashionable products from social media. Li Ning has captured trendiness and puts much effort into social media marketing. Li Ning has deepened the combination of professional product performance and fashion culture and put in social marketing resources to comprehensively enhance product strength. For example, Li Ning Basketball continues to integrate professional tournaments and player resources such as the CBA professional league to continue the company's competitiveness in the basketball category; debuts in New York and Paris Fashion Week with the theme of "Enlightenment" and "China Lining"; sponsors marathons such as Hangzhou and Beijing The event enhances brand influence; cross-border e-sports, join hands with e-sports club EDG and badminton champions to promote products and achieve high product exposure rate. On the other hand, Chinese

people have boycotted Western apparel brands due to the Xinjiang cotton event. Some celebrities have terminated the endorsement contract with western brands, turning to cooperate with Li Ning. On the day when Li Ning's officially announced that XiaoZhan became his brand endorser, the products of his online store (Tmall) were instantly sold out, and the stock price of Li Ning immediately rose by more than 6%. It is clear that Li Ning has a precise company position, and its social media marketing strategy has combined with trendiness properly, reaching Chinese millennials accurately. Customers tend to recognize Li Ning's brand images and to make a purchase decision.

### **3.4. Perspective of E-WOM**

E-WOM in social media marketing influences customers' perception and trust towards brands. In most scenarios, information and contents generated by users are more convincing than marketers. Li Ning has selected KOL (Key Opinion Leader) in niche market segments, mainly from native social media platforms, including TikTok, Weibo, and Xiaohong Shu. KOL has the same characteristics; they are from Generation Z, though they focus on various fields. With the help of young consumers' follow on KOL in different fields, KOL marketing is more appropriate to the Li Ning image of the fashion brand. KOL's product promotional advertisements are persuasive. Li Ning's social media marketing strategy has acquired apparent achievements. Li Ning's operating income in 2019 has reached 13.8 billion yuan, increasing 30% dramatically.

## **4. DISCUSSION**

In the future, new media and social media marketing will play a more critical role in brand influence and sales, and even social media marketing will become one of the primary revenue sources for most brands. For millennials, they like to pursue something new and trendy. Besides, they are fanatical idolaters and will buy the products endorsed by the stars they like, including sportswear. Therefore, Li Ning can give full play to the influence of social media to increase the millennial generation's intention to buy Li Ning sportswear. Below are some instructions on how Li Ning could use social media in the future.

Initially, Li Ning can hire sales staff to conduct live online sales on the live platform of short video applications such as TikTok and Kuaishou, the most popular short video social platform in China or worldwide. According to TikTok Statistics – Updated June 2021, TikTok is available in over 150 countries and has over 1 billion users and Douyin, aka TikTok in mainland China, just hit 400 million daily active users there [20]. It can be seen that short video applications are popular with the public, especially young people.

Thus, by running ads on short videos and selling them on its live streaming platform, Li Ning can attract many millennial customers. In addition, Li Ning can do some social welfare events such as donations and promote them through social media and sales channels. For example, Hongxing Erke, a Chinese sportswear company, quickly became a trending topic on Weibo after donating 50 million yuan in supplies to Henan province's disaster relief efforts. In addition to Weibo, many netizens spontaneously entered Hongxing Erke's Taobao and Douyin studios to buy products. The total sales of Hongxing Erke Tiktok's official live broadcast reached 9.016 million yuan that night, data showed. Previously, Hongxing Erke's Taobao studio had only a few thousand viewers. On that night, 2.01 million people watched Taobao Live, and the number of Taobao Live fans also increased to 7.63 million. The numbers are still growing [21]. Li Ning can learn from Hongxing Erke's success in such a short period to make a practical contribution to society. There is a strong sense of national identity among the Chinese people currently, and they also strongly support national brands.

Second, Li Ning can focus on some stars with a large number of fans and outstanding influence. Cristiano Ronaldo, the soccer superstar, has the most followers on Instagram—340 million, more than any other account. Ronaldo has made a staggering fortune for the brand he endorsed, Nike. According to Forbes, Ronaldo posted a total of 1,515 times on social media in 2016, with 21.7% of his posts promoting Nike through a hashtag, mention, or logo. The posts generated 443.5 million interactions (likes, comments, shares, retweets, and videos watched) and were worth \$474 million to Nike [23]. Like Nike, Li Ning could sign some of the top stars in all walks of life in the future, such as singers, actors, or sports superstars. These stars have the following base, so their endorsement of Li Ning is bound to bring Li Ning considerable wealth. When millennials see the brands endorsed by their favourite stars, they may strongly desire to buy them, even if they have never heard of Li Ning. This is the most intuitive result of inviting top star endorsements.

Finally, Li Ning can also cooperate with popular video games such as Honor of Kings. The Honor of Kings is a famous multiplayer online battle arena (MOBA) game developed by Tencent Games subsidiary Timi Studios. The game is quite like DOTA 2 and League of Legends on PC. According to The Indian Express, Honor of Kings is the most popular and profitable mobile game globally, with more than 100 million daily active users worldwide. It is Tencent's most successful game ever, with users spending nearly \$240 million [23]. The game is popular in China, especially among millennials. The Honor of Kings has teamed up with several brands to launch limited hero skins. For example, in 2018, Honor of Kings and Pizza Hut launched the skin of a famous heroine in a game. In

the future, Li Ning could work with Honor of Kings to create a Li Ning logo skin for a popular hero in the game. The game's publicity is bound to let more people know about Li Ning and promote people's intention to buy it.

## **5. CONCLUSION**

### ***5.1. Conclusion of key findings***

To sum up, this study aims to investigate the impact of social media marketing activities on Chinese millennials' purchase intention. To make this paper readable and understandable, this paper has selected Li Ning as a case to explore the influence by summarizing Li Ning's social media activities. Four constructs, entertainment, interaction, trendiness, EWOM, have been fully explained with the help of Li Ning. It has been found that the social media marketing activities Li Ning conducted on Weibo and Tik Tok positively influence customers' perception of brands. Consumers tend to have purchase intention when they see those promotions on social media platforms. On the other hand, Li Ning has used social media to connect customers with national fashion to increase the attention of the company's product customer base, which will help the brand power be steadily improved and the band effect established.

### ***5.2. Research significance***

Based on the results, the research has implied that Li Ning should include more entertainment, interactive, and trendiness factors in their social media marketing campaign, which will increase the brand's attention dramatically and promote customer's intention toward products. In addition, Li Ning should spend more effort on E-word of mouth, which means cooperating with more influential celebrities or KOL. For instance, Cristiano Ronaldo will improve brand image, and customers tend to interact with Li Ning and create more user-generated content on social media. Besides, Li Ning could work with E-sports by sponsoring the E-sports team to reach the target niche market; Li Ning can use social media marketing to create a bond between business and customers.

### ***5.3. Limitations***

The research limitations of this study consist of different aspects. This paper adopted the case study method, which lacks primary scientific data. Thereby it may cause bias for the result because researchers' subjective perception will impact results. Also, this method may cause construct validity, and it is difficult for researchers to test the reliability of variables in the case study.

#### 5.4. Future studies

To some extent, a case study may cause bias and the issue of various validity. Consequently, I recommend that quantitative research should be conducted in the future. The researcher can design questionnaires based on those four constructs and run reliability analysis to test those variables' internal consistency. Moreover, researchers can investigate the social media marketing influence not only in terms of the purchase intention but also in terms of brand awareness and brand perception., building new constructs to explore the relationships between variables.

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