

# How to Improve the Brand Value of Domestic Sports Brands after the Xinjiang Cotton Incident

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## ABSTRACT

The Xinjiang Cotton Incident that happened in March 2021, and was caused by the conflict between certain overseas enterprises and the use of Chinese Xinjiang cotton. In order to support traditional brand development, Chinese consumers started to pay more attention to Chinese traditional sports brands, thus encouraging the redevelopment of them. Due to this situation, Chinese sports brands should identify disadvantages of its own brands, aim to improve their brand value, and seek opportunities for sustainable development. In this research, a conclusion was drawn through a questionnaire that asked: After the influence of the Xinjiang Cotton Incident, can Chinese domestic brands be redeveloped by refocusing public concern? Should brands increase their consumer loyalty by establishing brand image? Can brands gain more attention from consumers through conveying their brand personality and enriching their brand performance? Should entrepreneurs enhance management of brand sales strategies by considering both the rational perspective and the perceptual perspective in the consumer consumption process?

**Keywords:** brand image, Chinese sports brands, Xinjiang Cotton Incident, brand value

## 1. INTRODUCTION

In March 2021, some European and American enterprises boycotted the use of Xinjiang Cotton due to the allegations of continued use of forced labor and other human rights violations in China's Uygur Autonomous Region. Thus, Chinese consumers began to boycott the consumption of these European and American brands, resulting in a large decline in the sales of many well-known overseas enterprises. Before the boycott of Xinjiang Cotton, overseas brands occupied most of the Chinese market. As the main force of the Chinese consumer market, two-thirds of the young people were more inclined to buy products from big brands, such as Nike and Adidas. As of now, there are about 100 local sports brands in China, including Erke, ANTA and Li Ning. After the Xinjiang Cotton Incident, Chinese sports brands took advantage of the refocusing of public concern and began to gradually occupy the choices of Chinese consumers. However, when comparing the sales and net profits of Li Ning and Nike from 2010 to 2020, the smallest gap was found in 2020: Nike's net profits were about 1.5 times that of Li Ning, despite the impact of COVID-19. The highest gap was 4.178 billion in 2012. Brands can affect consumers' choices and consumption processes; for example, with the same price of sports

shoes, consumers who prefer to trust the products with long-term consumption experience and mature brand image more choose Nike over Erke.

Sector trends from a single brand to multi-brand group, from product-driven to design driven, from self-incubation to acquisition of overseas brands. At the same time, more and more brands are trying to make their brand design more youthful to attract more young consumers. The target group chosen by Chinese sports brands are those aged 15-40 years old who wear casual clothes and pursue comfort and convenience. The only difference may be that the big brands target middle and high-end consumers. Small brands have the business plan with two traits: low cost items and the desire to sell a large quantity.

Boosted by the Xinjiang Cotton Incident, Chinese consumers are gradually shifting to brands in the domestic market, while domestic brands are also developing synchronously. In this stage of development, the media industry, the celebrity effect, and the advertising effect are undoubtedly playing a role in promoting brand image. Consumers make consumption decisions from two perspectives: the perceptual perspective and the rational perspective. Under the influence of the Xinjiang Cotton Incident and the help of

celebrity endorsements, domestic sports brands increase the consumer choice in the perceptual point of view, proven by the increasing trend of sales revenue. It is generally believed that if customers select the domestic brand, it means that they support the development of a national brand, thinking that choosing foreign products means not being patriotic, which makes consumers choose based on their sense of self and honor of buying the local brand. This above statement can be an example of perceptual perspective consumption. At the same time, consumers are attracted by brand spokespersons to buy products can also be taken as an example of perceptual perspective consumption. Li Ning officially announced a new spokesperson in March 2021, which gave a great boost to product sales. The figure below is a comparison of Li Ning's half-year turnover in 2020 and 2021. The turnover in 2021 is about three times that in 2020. It can be seen that the right spokesperson will make a significant contribution to brand promotion and sales.

Li Ning 2020 and 2021 quarterly sales comparison:

2020 half-year sales	6.83 hundred million
2021 half-year sales	18 hundred million

## 2. LITERATURE REVIEW

The concept of the brand was first put forward by David Ogilvy in 1950. He describes the brand as an intangible combination composed of attributes, packaging, name, and advertising style. Previously, in 1925, Berley B. Gardner and Sidney J. Levy proposed that the development of brands is important because brands have a set of values that can meet the rational and emotional needs of customers, and that the creation of brands should transcend differences and functionalist values[1]. The brand image means the overall perception of the brand, which affects the behaviors of consumers[11]. Objectively, brand image is based on product functions, quality, the subjective impact of brand service, the consumer experience, and advertising effect on consumers [2]. Consumer behavior was explained by Jones as the tendency of customers to repeat purchases of a particular product or service [3]. Consumer behavior tendency belongs to the category of attitude loyalty. In study from Guan Hui and Dong Dahai, the brand image is subdivided into three dimensions, namely the company image, the brand performance, and the brand personality[4]. Their study also explores the effects of the consumer's behavioral intentions [BI], and concludes that brand personality and the company's image positioning are important for developing consumer brand loyalty in Chinese companies[2][3].

Since the establishment of brand image is implemented with a certain amount of consumers, Chinese companies face the challenges of lack of influence, less investment, and small size; however, for

large private limited companies or public limited companies, such as Li Ning and ANTA, establishing a brand image not only affects the consumers' BI, but also to increase customer loyalty through the company's image: public praise, repurchases tendency and so on. Andreasen confirmed that the company's image will directly affect the consumer's choice[5]. In their research of the impacts of brand image on consumers' behavior, Guan and Dong show that the concept that brand personality has a direct influence on consumer choice which was also proposed by Kim to explore a conclusion about company's image: there is no hierarchical relationship between the three dimensions of brand performance and brand personality, which indicates that Chinese enterprises do not need to develop progressively according to the hierarchical relationship, but can effectively improve their brand image by adopting a multi-dimensional strategy of common development to improve consumer loyalty and enhance their competitiveness with foreign brands[4][7].

## 3. METHODOLOGY

From the perspective of rationality and perceptibility, Chinese local sports brands that experienced a rise in purchases due to the Xinjiang Cotton Incident have more advantages in winning consumers' perceptibility, which is based on consumers' inherent concept of brand image and consumption experience. Companies such as Li Ning and ANTA that openly supported Xinjiang Cotton development after the incident and provided sports products for the 2021 Tokyo Olympic Games athletes, give consumers a sense of honor and participation when they purchase from these brands. So when building a brand image, companies should focus on patriotism as the brand, personality positioning, and highlighting the brand slogan, such as Li Ning's "Everything is possible." Brands use their slogans to attract middle-aged potential consumers and the concept of the "national tide" (which is a combination of fashion and Chinese traditional culture), to create the sense of design and youth, which further attracts the attention of young people.

Li Ning's brand image has greatly sped up in the Chinese consumer's consumption vision by the rapid development of brand performance and brand personality. However, from another perspective, even after the Xinjiang Cotton Incident, the rational perspective still plays an important part in the development of domestic brands. The rational view is based on the objective functional attributes of brand products, including the qualitative indexes, such as function, benefit, and appearance.

In this study, questionnaires were used to explore the BI and purchasing experience of the Li Ning brand among young and middle-aged people. The sample size was 60, the questionnaire consisted of multiple choice questions. Each participant had a fair chance to choose

their answers with confidentiality. The content of the questionnaire was determined to ask the factors that participants consider when buying sports shoes and the reasons for their concern about Li Ning, participants were invited to fill in the questionnaire through online sharing. The aim of the study was to investigate the core factors that will affect consumers' consumption choice in selecting sports shoes and the reason they paid more attention to Li Ning. The hypothesis of the study was that the shoes' shape and appearance were the main factors affecting the consumers' choices, and that people cared about Li Ning because of the Xinjiang Cotton Incident. The results were shown in the figure:

What is your first consideration when you buy sports shoes?

Appearance	60%
Function	18.33%
Spokesperson	1.67%
Quality	20%

When choosing products from brands with the same price point, consumers considered more rational factors from a subjective perspective, such as the quality and functionality mentioned in the questionnaire. Taking core technologies as an example.

The comparison of the research and development investment of core technologies of Nike and ANTA and Li Ning

Nike	9%
ANTA	5%
Li Ning	2%

In the questionnaire, the participants were asked why they cared about Li Ning:

The reason of why customers cared about Li Ning

Effect of Xinjiang Cotton incidents	41.67%
Celebrity endorsement	16.67%
Fashion Week Design	23.33%
Advertisements	36.67%
Be recommended	20%
Others	5%

**4. RESULTS**

The sample size was 60, among which 26.67% were

male and 73.33% were female. The age span was 15-50 years old; 41.67% were employees of a company and 36% were students. For the current consumer market, this sample had an elementary generality. 80% of them spend 100-1000 yuan on sports shoes, 13.33% spend 1000-2000 yuan, and 6.67% spend more than 2000 yuan, which can be initially summarized for consumers with middle and low-end consumption ability.

Based on the results of the questionnaire, most of the participants' biggest consideration for buying sports shoes is appearance, which is one aspect of the brand performance that can be promoted in a short time and delivered to consumers quickly because the costs are relatively low compared with improvements to quality and functionality. So, from a rational point of view, improving the sports design or appearance is the primary way to achieve a more intuitive sales increase at a lower cost. In addition, the improvement of appearance will attract new consumers and increase the potential market; however, by improving core technology and product quality, consumer loyalty can be enhanced to a greater extent.

Both the core technology and the appearance of the shoes are factors influencing the rational view as the objective properties of the product. However, their brand expression has a different effect on consumers' choice tendency [BI]. Appearance is often the reason that attracts consumers to gain a preliminary understanding of the product, while the value and publicity of core technology is the way for the brand to bind consumers and deliver brand value. These latter aspects help consumers know that the brand product is worth the price, so as to gain an advantage over the competition of similar products due to the high cost performance.

The questionnaire showed that most people paid attention to Li Ning because of the Xinjiang Cotton Incident, and some people paid attention to them because of the media and advertising push. Both of the two factors are the perceptual viewpoints of consumers, which can be used as the initial reasons to attract consumers for their first consumption. Moreover, the brand image can be preliminarily summarized in the consumers' mind, and the core concept of the brand can be continuously conveyed in the advertising and purchase experience to reflect the brand personality.

At present, most Chinese sports brands' target consumers aged 15-50 who have certain spending abilities and wear sportswear and leisure-style clothing. These consumers can be divided into men and women for special targeting. Women tend to be more perceptual thinking, which means that brands launched for women's sports products should first consider the factors that influence perceptual view, such as celebrity endorsement and sense of belonging. However, men prefer rational thinking, and they are willing to pay attention to the function of the products and core technology; as a result,

a sports brand should place emphasis on promoting the product benefits and technological improvement. For example, a company could build a personality of brand products through setting special targets and improving the efficiency of publicity. Like the concept proposed by Guan Hui and Dong Dahai, in view of the three dimensions of establishing brand image, Chinese brands are more suitable for promoting brand personality and brand performance[4]. As the origin of multiple brands, China has certain advantages in terms of output efficiency and low cost. Domestic sports brands can use this advantage to conduct internal expansion. Enterprises should increase brand image in short term by enhancing the brand to consumer perceptual view which has more applicable influence. Thus can help brands lay foundation for subsequent improving customer loyalty and repurchase, and then highlight the influence of enterprises on consumers' rational views for the long-term development of enterprises and the promotion of competitiveness.

## 5. DISCUSSION

At present, most of the Chinese sports brands lack rational views on consumer influence and have only preliminary perceptual perspectives. This paper suggests that brands should aim at brand performance by enriching the product appearance and improving their core technology, as well as by reducing the brand to consumers at a premium to decrease the negative effects.

Brands can use the anchoring effect to sell. The anchoring effect was proved experimentally by Kahnmen and Tversky in 1974, which indicates that when people make quantitative judgments or decisions, they tend to associate unknown values with known values, and will be influenced by the first impression[9][10]. In these cases, the starting value acts as an anchor to restrict the estimated value.

In the event of promoting high performance, the brand products are compared with similar products, and therefore, brands should emphasize their preferential price, unique design, and the transcendence of their core technology.

Based on the development of the we-media industry, Chinese sports brands should promote brand influence by advertising or celebrity effect to expand potential loyal consumer groups.

Brands should not only invest more funds to conduct market research on consumers' preferences, but also actively publicize the functions and use of products by taking advantage of opportunities such as live broadcasts and celebrity endorsement activities, so that more consumers can clearly understand the reasons for pricing and the value of core technology and design in the products.

Finally, brands can benefit from cooperating with bloggers. For example, in the Li Ning live broadcast room, the shock absorption technology of the running shoes could be publicized, advertising opportunities could be pushed to media platforms and we-media personnel, and professional third-party analysis could be carried out with the help of their videos. Brands could undertake a professional evaluation blogger to compare Li Ning cushioning running shoes with PEAK's similar shoes. The moderator could emphasize Li Ning's products have lower price, better design, and better cushioning technology. Thus, the use of the anchoring effect could promote consumers to choose the Li Ning brand more often.

## 6. CONCLUSION

After the influence of Xinjiang Cotton Incident, Chinese domestic brands can be redeveloped by refocusing public concern and increasing consumer loyalty by establishing brand image. Brands could gain more attention from consumers by conveying brand personality and enriching brand performance. Entrepreneurs could enhance the management of brand sales strategies by considering both rational and perceptual perspectives in the consumer consumption process.

Before the Xinjiang Cotton Incident, Chinese sports brands were at the low efficiency development stage. For example, when we mentioned AJ during the questionnaire, participants thought of the corresponding type and color of shoes, but when we mentioned Erke, participants couldn't think of the corresponding brand logo. However, the Xinjiang Cotton Incident offers an opportunity for the development of domestic sports brands because foreign sports brands have fallen sharply during the COVID-19 pandemic and opposition from Chinese consumers. It can be said that foreign brands suffered a loss in consumer perceptual perspective, despite product function, due to the Xinjiang Cotton Incident. Therefore, Chinese local sports brands should take advantage of their current perceptual advantages to attract more consumers by showing their pride for the nation. Moreover, they can expand consumer groups by carrying out major national charity activities or associating brand activities with patriotism. For example, Erke donated a lot of money to help the flood in Henan province, which successfully brought it into the perspective of consumers again. In order to support that brand, consumers increased the purchase volume of Erke's products, which made the sales of Erke increase significantly in a short period of time, even entering the stage of stock shortage.

Secondly, in 2018, Li Ning was in the New York Fashion Week, which is a milestone of progress that shows Chinese sports brands have begun to pay attention to the importance of design. For nearly 10 years, Chinese

brands have remained small and local due to their failure to establish brand image, lack of unique appearance or color, and lack of familiarity with consumers. The state of Chinese brands is quite different from the current fashion mainstream “original,” which has become the first stumbling block for many small brands to fail.

The third point is that mature brand image or clear brand positioning is not completely constructed in China. Many small brands are trying to survive when they enter the market, but they blindly spend money on soft advertising and blog promotion, instead of trying to expand internally, such as horizontally enriching product categories or vertically deepening product color matching or details. The Xinjiang Cotton Incident shows that the successful development of the brand requires the brand to make certain preparations or have a certain base of consumer groups in the sports brand market. For example, Li Ning and ANTA supported the development of national raw materials, set up patriotic feelings, improved their influence on consumers’ perceptual perspective, and developed advertising, selected spokesmen that fit with the brand image, helping their brand influence further expand.

In general, Chinese sports brands should seize this opportunity to achieve a positive sustainable development. Although using a perceptual perspective can bring a short term bloom in sales, Chinese sports brands can’t build on that for long. The manager of brands should effectively improve their brand image by adopting a multi-dimensional strategy of common development and promoting a perceptual perspective and a rational perspective at the same time. Additionally, Chinese sports brands should be especially concerned about plagiarism, including slogan and appearance design. Last but not least, if Chinese sports brands are seeking continuous development, building positive relationships with consumers will be the most important factor since the consumer’s choice is the essential part for a brand’s success

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