

Analysis on Multi-Brand Strategy of ANTA Sports

Jiashu Chen

School of Finance and Economics, Jiangsu University, Zhenjiang 212013, People's Republic of China
Email address: 3134936981[AT]qq[DOT]com

Abstract— With the acceleration of economic globalization process, the development of Chinese garment enterprises also ushered in new opportunities. In order to occupy a higher market share, more and more clothing enterprises have opened a multi-brand development road. This paper takes ANTA Sports, a famous Chinese clothing enterprise, as an example, first introduces the brand types of ANTA Sports, and then analyzes the current situation of multi-brand strategy development of ANTA Sports from the aspects of appropriate brand extension, acquisition of superior brands and joint venture of strong brands, and then expounds the implementation of multi brand strategy to ANTA Sports from three aspects: profitability, asset management ability and debt paying ability. Finally, some suggestions are put forward for the implementation of the multi-brand strategy of other Chinese garment enterprises from the aspects of positioning the development stage, defining the target brand and integrating the brand resources.

Keywords— Clothing enterprise; Multi-brand strategy; Brand acquisition.

I. INTRODUCTION

China is one of the largest clothing consumer markets in the world. From 2011 to 2016, China's clothing production keeps rising, from 25.42 billion pieces in 2011 to 31.452 billion pieces in 2016. This shows that in the era of traditional retail, the clothing industry is likely to achieve rapid growth. In 2017, the garment industry did not realize the great transformation of the industrial model. The output of garment enterprises above Designated Size reached 28.78 billion pieces, a drop of 8.5%. Therefore, clothing enterprises need to improve the current situation. In order to expand the scale and occupy more market share, garment enterprises have achieved multi-brand strategy through acquisition or joint venture of other brands, and achieved success. In this context, the research on multi-brand strategy of garment enterprises has become the focus of scholars.

Combing the relevant research literature on multi-brand strategy, it is found that foreign scholars Fournier and Susan (2009) believe that multi-brand has strong flexibility and can avoid the crisis caused by the failure of a product market promotion^[1]. Chrysostomos Giannoulakis and Artemisia Apostolopoulou (2011) believe that the greatest benefit of multi-brand strategy may be the company's ability to diversify. At the same time, minimize the risk of transferring potentially harmful associations between their brands^[2]. Yang Enyan (2013) believes that the implementation of multi-brand strategy can reduce customers' purchase risk, meet customers' diversified needs, enhance brand image, attract new customers, and improve market share^[3]. Chen Jianzhi (2014) summarized the advantages of multi-brand strategy: increased the sales volume of the enterprise's products in the market, improved the enterprise's operating efficiency, improved the enterprise's ability of low risk resistance and defense against competitors' attack, conducive to creating different brand characteristics, creating a deep brand, different brand resource sharing^[4]. With regard to the development of multi-brand strategy, Yu Na (2015), a scholar, pointed out that some enterprises failed in the process of implementing multi-brand strategy due to the huge cost of management funds^[5]. Li Xiang

(2009) believed that in the future, Shanghai Jahwa Corporation should pay attention to the internal coordination of multi-brand strategy and pay close attention to the risk of brand acquisition^[6]. Huang Jihong (2017) took Belle International as an example, from grasping the trend of consumer market change, adjusting the difference strategy between brands, optimizing and integrating resources, and making timely transformation to other Chinese apparel enterprises, put forward suggestions^[7]. He Weisheng and Zhu Xu (2018) think that one of the ways to improve the problems of P & G's multi-brand strategy is to extend the product brand and develop the low-end market^[8]. Li Yali (2018) put forward six effective ways to improve brand strategy, brand positioning, core consumer groups, scale effect of brand community, communication platform, brand intellectual property protection, and production innovation force according to the problems of multi-brand development of Ordos Group^[9]. Referring to the previous research results, the paper uses the form of case to reflect the impact of multi-brand strategy on clothing enterprises, focusing on the multi-brand strategy of ANTA Sports, and puts forward relevant suggestions from the perspective of clothing enterprises through comparative analysis.

II. INTRODUCTION OF ANTA SPORTS

Anta is a leading sports brand in China, mainly engaged in the R & D, manufacturing and sales of clothing, sports shoes and accessories. As early as 1999, Anta organized a group to participate in the international sporting goods exhibition to actively prepare for entering the international market. In 2000, ANTA Sports began to obtain the sponsorship of foreign sports teams and set up foreign distribution channels. In March 2003, ANTA Sports entered the Singapore market. In 2005, ANTA Sports officially established its representative office in Singapore. In 2006, ANTA Sports gradually expanded its presence in European markets such as Greece, Czech Republic and Ukraine. With the development of economic globalization, ANTA Sports has an eye on overseas markets. Multi-brand strategy is the best way for ANTA

Sports to realize its international strategy. At present, the brand matrix of ANTA Sports is as follows.

TABLE 2.1 Brand and product positioning of ANTA Sports

Brand	Creation/ Adding time	Product positioning
ANTA	1991	Functional adult sporting goods
ANTA KIDS	2008	Sports clothing and shoes for children aged 1 to 13
FILA	2009	Middle and high end fashion leisure sports clothing
SPRANDI	2015	Popular adult sports shoes
DESCENTE	2016	High end professional high-performance skiing products
KINGKOW	2017	High quality and unique children's clothing
KOLON	2017	High end professional outdoor sports brand

Data Sources: According to the Anta sports annual report

III. IMPLEMENTATION OF MULTI-BRAND STRATEGY OF ANTA SPORTS

3.1 Moderate brand extension

Aiming at the competition situation of children's shoes in domestic market, ANTA Sports launched ANTA KIDS in 2008. ANTA KIDS is an extension of the brand ANTA. On the one hand, it can enhance the competitive advantage of the parent brand, broaden the sales channels with the help of the market influence of the parent brand, and explore new user groups. After the creation of ANTA KIDS, the number of ANTA and ANTA KIDS stores increased from 5781 in 2008 to 10057 in 2018, with an increase of 73.97%.

3.2 Acquisition of competitive brands

In 2009, ANTA Sports acquired the trademark right and operation business of FILA, an international famous fashion sports brand, in China, and positioned itself in the high-end market. In 2010, FILA had about 210 stores in China. After nearly ten years of development, the number of outlets of

FILA in China has increased to 1652 in 2018, with an increase of 1442. In 2015, ANTA Sports acquired SPRANDI, a British sports fashion shoe brand. As an outdoor leisure and mountaineering brand, SPRANDI is positioned in the middle and low-end market. With the development of four years, SPRANDI has 104 stores in China. In 2017, ANTA Sports acquired 100% equity and relevant trademark ownership of KINGKOW, a famous children's wear brand. In 2018, the number of KINGKOW stores in China has reached 77.

3.3 Joint venture strong brand

DESCENTE is a well-known functional sports clothing brand in Japan, which mainly focuses on skiing supplies. In 2016, Anta Sports announced the establishment of a joint venture with Descente Global Retail Limited, a subsidiary of Tokyo listed company Descente Japan, and Itochu, a subsidiary of Tokyo listed company Itochu Corporation. In 2016, DESCENTE had 6 stores in China, increasing to 117 in 2018. KOLON SPORT is mainly engaged in real estate construction, textile, clothing retail, etc. It mainly provides men's and women's outdoor clothing, children's outdoor clothing, shoes, bags and accessories including hats, hiking sticks, hiking socks, etc. It is the top outdoor brand in South Korea. In October 2017, Anta Sports completed the whole process of establishing a joint venture with KOLON SPORT. After joint venture development, KOLON SPORT has 181 stores in China in 2018.

IV. AN ANALYSIS OF MULTI-BRAND STRATEGIC EFFECT OF ANTA SPORTS

4.1 Continuous improvement of operating revenue

This section mainly analyzes the improvement of profit level brought by the implementation of multi-brand strategy to ANTA Sports from the two aspects of 2007-2018 ANTA Sports' operating revenue and net profit margin.

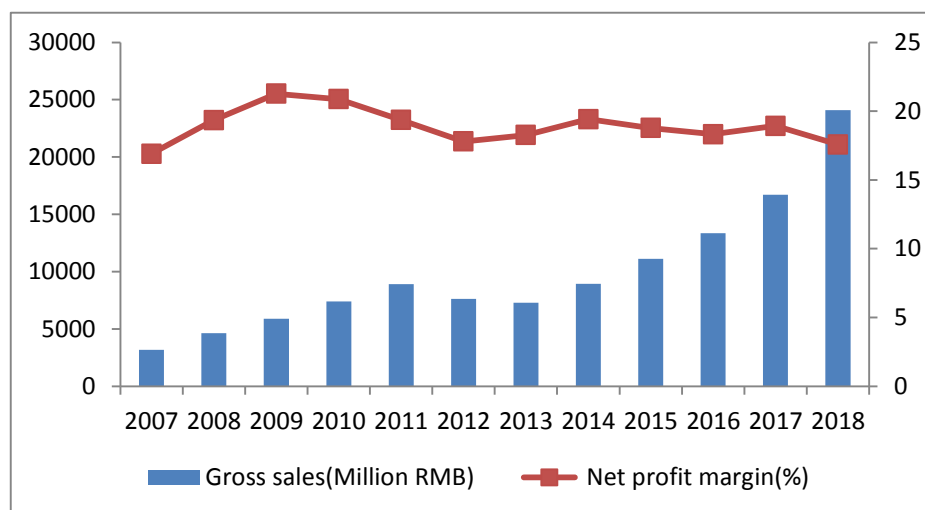


Chart 4.1 Operating revenue and Net Profit Margin of ANTA Sports from 2007 to 2018

Data Sources: According to the Anta sports annual report

ANTA Sports' operating revenue continued to grow from 2007 to 2018. In 2007, the operating revenue was 3182.453

million RMB. In 2018, it increased to 24100.039 million RMB, an increase of 657.28%. In 2008, the financial crisis

swept the world, many international brands were implicated, and sales fell sharply. ANTA Sports still maintains high operating revenue. From 2012 to 2013, operating revenue declined, and then continued to rise, especially in 2018. On the other hand, although the net profit margin of ANTA Sports rises and falls alternately, the overall change is relatively small, which fluctuates between 16% and 22%. In 2012 and 2013, although the turnover decreased, the change of net profit margin was not obvious, so ANTA Sports had a good development momentum in the past two years. The growth rate of ANTA Sports' operating revenue has changed a lot with negative growth in 2012 and 2013, and positive growth in the rest years (see Chart 4.1).

From the vertical analysis of ANTA Sports itself, through acquisition, joint venture and other ways to introduce another brand, the new brand has brought certain income and profits to the group. In the future development, ANTA Sports needs to better integrate the new brand into the main brand, so that ANTA Sports' profitability continues to improve.

4.2 Asset management capacity has declined

The implementation of multi-brand strategy has a great influence on the capability of enterprise asset management and the efficiency of enterprise management. This section analyzes the impact of multi-brand strategy on ANTA Sports' asset management from three aspects: inventory turnover rate, fixed asset turnover rate and total asset turnover rate.

TABLE 4.1 ANTA Sports Asset Management Capability Index from 2007 to 2018 Unit: Times

Year	Inventory turnover ratio	Fixed Assets Turnover	Total Assets Turnover
2007	7.22	13.01	1.16
2008	7.24	11.85	0.97
2009	9.63	12.26	1.06
2010	10.24	14.67	1.13
2011	9.59	18.25	1.17
2012	7.25	11.15	0.84
2013	6.16	8.27	0.72
2014	6.29	9.97	0.83
2015	6.31	10.87	0.93
2016	5.96	11.65	1
2017	4.9	14.07	1
2018	4.52	16.12	1.11

Data Sources: According to the Anta sports annual report

It can be seen from the table that the inventory turnover rate of ANTA Sports generally shows a downward trend from 2007 to 2018, indicating that the ANTA Sports' inventory liquidity is weakened during this period. The continuous expansion of the group scale and the gradual increase of the number of brands make it more difficult for ANTA Sports to deal with product inventory. The turnover rate of fixed assets fluctuates greatly during this period. The incorporation of new brands in 2009, 2015, 2016 and 2017 improved the turnover rate of fixed assets of ANTA Sports compared with the previous year, indicating that the addition of new brands improved the utilization efficiency of fixed assets of ANTA Sports. The change of the turnover rate of total assets was relatively stable, indicating that the utilization rate of assets of ANTA Sports for the whole department had little change (see Table 4.1).

From this point of view, ANTA Sports, after the implementation of the multi-brand strategy, still lacks the total asset management. It should continue to improve the management of the total assets. New brands of M & A and joint venture will expand the enterprise's asset scale, which requires ANTA Sports to carry out effective resource integration, and take the integration after the implementation of the multi-brand strategy as the key content of enterprise development.

4.3 Solvency is relatively stable

This section will analyze the change of ANTA Sports' own debt paying ability after the implementation of multi-brand strategy from four aspects, asset liability ratio, current ratio, cash flow debt ratio and cash ratio.

TABLE 4.2 Repayment ability index of ANTA Sports from 2007 to 2018

Year	Asset liability ratio	Current ratio	Cash flow debt ratio	Cash Ratio
2007	0.1037	8.62	0.05	6.73
2008	0.0934	9.42	2.2	7.09
2009	0.1583	5.63	1.75	2.79
2010	0.1876	4.94	1.08	2.91
2011	0.2167	4.22	0.82	1.88
2012	0.3092	2.8	0.63	1.38
2013	0.2737	3.18	0.41	1.69
2014	0.2968	2.94	0.5	1.55
2015	0.295	2.85	0.52	1.45
2016	0.3042	2.68	0.57	1.36
2017	0.2471	3.43	0.67	1.55
2018	0.3222	2.55	0.57	1.23

Data Sources: According to the Anta sports annual report

It can be seen from the table that after the implementation of the multi-brand strategy, the current ratio has declined, and the cash ratio has also declined in general, indicating that ANTA Sports' short-term solvency has become weak. ANTA Sports joined different brands in 2009, 2015, 2016 and 2017 respectively. Comparing the asset liability ratio before and after these years, it can be found that the indicators in 2009 and 2016 are higher than the previous year. From 2007 to 2018, the asset liability ratio of ANTA Sports fluctuated greatly. After 2012, the asset liability ratio fluctuated between 24% and 33%, indicating that the debt level of ANTA Sports was relatively stable during this period. On the whole, the asset liability ratio shows an increasing trend, which indicates that ANTA Sports develops the market and strengthens the vitality of the enterprise through debt operation in order to obtain higher profits. The cash flow debt ratio is more than 1 in 2009 and 2010, and less than 1 in other years, which indicates that ANTA Sports' ability to bear debt is relatively stable (see Table 4.2).

On the whole, ANTA Sports has not suffered from great debt repayment pressure since it started the multi-brand road in 2009.

V. SUGGESTIONS ON MULTI-BRAND STRATEGY OF GARMENT ENTERPRISES

Based on the analysis of Anta Sports' multi-brand strategy, this paper puts forward relevant suggestions for other garment enterprises to expand production scale and occupy high

market share from the aspects of positioning development stage, defining target brand and integrating brand resources.

5.1 Positioning development stage

Before the implementation of multi-brand strategy, garment enterprises should first have a correct understanding of their own development level and whether it is suitable for the implementation of multi-brand strategy. Blindly following will increase the cost of enterprise management and the difficulty of brand management, which is not conducive to the healthy development of enterprises.

5.2 Clear target brand

In the process of implementing multi-brand strategy, enterprises should consider whether the clothing brands they want to join meet their own strategic objectives. Only when the target brand meets its own strategic development needs, can the enterprise get considerable development. Correct brand can bring advanced management experience, loyal consumers and new market environment to enterprises. Therefore, when the clothing enterprises implement the multi-brand strategy, they should make clear the target brand.

5.3 Integrate brand resources

Enterprises should pay attention to resource integration and asset management after the implementation of multi-brand strategy. After the implementation of multi-brand strategy, the

scale of enterprise assets will expand, and the total assets should be properly managed. Resource integration and asset management after M & A is the top priority of enterprise development.

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