



The Competitive Environment of Chinese Sporting Goods

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Abstract

The main purpose of this paper is to elaborate the competitive environment of China's sporting goods industry. Over the past few decades and now great changes have taken place in China's sports goods industry, China's largest sporting goods industry competition environment is not stable, but the sporting goods industry output value is increasing every year, people's consumption consciousness is rising, which makes China's sporting goods industry have a good prospect, but it also contains a number of factors, is more complex, so some proven concepts and analytical tools for strategic management thinking are needed. The author thinks that we should pay enough attention to the economic characteristics of China's sports goods industry. Secondly, this paper makes an in-depth assessment of the competitive environment, dynamic force and its influence by using the Five Forces Competition model, and looks forward to the future prospect of China's sporting goods industry. Finally, the author gives the general conclusion about the competitive environment of sports goods in China.

Keywords

Competitive environment, sports goods industry, dominant economic character, Five Forces Competition model, driving forces, future

1. Introduction

The industrialization of sports goods in China started in the early 1980s. With the development of economic globalization and the extensive development of various sports events in the world, the sports goods industry has developed rapidly.

At present, China's sporting goods output has accounted for most of the world. The sporting goods industry chain includes the sports footwear, sports apparel and sports equipment used by most people in the world, such as Nike, Adidas and some of China's own brands.

Exports sales of the production sporting goods have been increased from 3 billion dollars in the late 1980s to 9.7 billion dollars in 2008. "China has become the world's largest sporting goods production and processing country and is also the global sporting goods manufacturing center." (Xu & Peng, 2011).

Next, this paper will determine the dominant economic characteristics of the sporting goods industry, use the five forces competition model, identify the two driving forces of industry change and impact, and evaluate the future attractiveness of the sporting goods industry in China to assess the industry competitiveness and competitive environment.

2. The dominant economic character of an industry

In the sports goods market, China's production scale is very large, the market scale is also very huge, but the

American and European brand series occupy the majority of the market share, China's own sports goods only occupy a small market share, the awareness of foreign sporting goods brands is much higher than that of domestic sporting goods brands.

In recent years, the production efficiency and productivity of China's sports goods industry are constantly improving, with a rapid growth rate, and it plays an important role in the sports industry. In 2020, the revenue of China's sports goods industry is about 134 billion yuan, and it is predicted that the revenue of the sports goods industry will reach 139 billion yuan or even more in 2022.

China's sporting goods industry is experiencing rapid development or early maturity stage, has good prospects for development, China's national policy to support the development of the sports goods industry, the Chinese government promulgated the sports development plan, the sporting goods industry as the national economy pillar industry, and in 2020 the global COVID - 19 outbreak is very serious, people for health consciousness raising, Creating a good consumption outlook. And because of the popularity of the Internet, the era of online e-commerce has arrived. China also relies on online shopping to make the growth prospect of sports goods industry is very considerable.

The scope of competition in China's sporting goods industry is regional, with great competition in southern China. "In recent years, numerous major manufacturing regions of sporting goods have sprung up in Guangdong, Fujian and Jiangsu Province, with the location advantage and cluster effects more and more evident." (Li & Lei, 2014).

In recent years, global trade barriers have become severe. Under this background, the rising prices of raw materials, accessories and freight in the world, the rising costs of domestic currency circulation in the market, inflation and employment costs, and the instability of exchange rate make the production costs of the sporting goods industry rise significantly (Yu et al., 2021). This makes competitive regional sporting goods industry is bigger, the sporting goods industry is trying to have to think about how to reduce the cost of a large number of sales, China's population is very large, and people life quality improvement, but sporting goods and belongs to high-grade durable goods, and the Chinese industrial system perfect, the productivity is very strong, so it is common for the market to have more supply than demand, except for some limited products. Excess capacity will lead the sporting goods industry to engage in some promotional and markdowns to keep margins stable.

The sporting goods industry will also have market segments, which will meet the needs and preferences of customers with different product characteristics, such as some customized products and some limited products. Advanced technology plays a very important role in the sports industry, but it is insufficient in the sports goods industry in China, work is processing technology, well-known brands abroad outsourcing processing production technology for Chinese enterprises, but in recent years, some of China's research and development of independent brands ergonomic technology, successfully occupy a certain market share, so the sporting goods industry needs strong technical capabilities, That's a better way to attract consumers.

3. Evaluation of the Five Forces Competition model

The five-force competition model elaborates five competitive forces, which are competition from competitors, competition from potential new entrants, competition from alternative products, bargaining power of suppliers and bargaining power of customers.

In recent years, industrial products enhance productivity, decrease of sporting goods industry differentiation, the excess inventory, idle capacity, cost, storage cost, competitive pressures in competing the buyer the seller demand increase gradually, and in the Chinese market, the number of competitors is increasing, and on the industrial scale and competitive ability gradually become equal relationship, The strategic and geographical nature of competitors is also increasing, making the competition more and more intense.

With the development of science and technology, the entry barrier of sporting goods industry is getting lower and lower. Under the effect of certain science and technology and advertising, potential new entrants pose a greater threat to the existing sporting goods industry in the market, even if the existing sporting goods industry has some cost advantages.

The bargaining power of suppliers depends on the demand power and availability of the supplier's products. China's sporting goods market enables suppliers to provide more differentiated inputs to improve the overall product performance of the industry. From a cost perspective, the focus industry can outsource inputs at a lower price due to the high level of competition in the supplier industry. In contrast, when the supplier industry is characterized

by a low level of competition, suppliers tend to have more bargaining power to buy item products at prices they deem appropriate. The improvement of bargaining power of suppliers may lead to the increase of industry cost or the decline of industry service quality (Han et al., 2012). It can be seen that the bargaining power of suppliers in China's sporting goods industry is weak. Under the influence of economic globalization, the competition in the supplier industry is great. Therefore, some Chinese enterprises that produce sporting goods by outsourcing technology have obvious cost advantages and are regarded as the focus industry by foreign suppliers in the sporting goods industry. Therefore, in China's sports goods industry in this aspect of the competition pressure is small.

Sporting goods market in China, there is no doubt that the buyer of the quantity and scale is larger than the number of the seller, and in the premise of people's health consciousness gradually improve, the demand for sports goods gradually expand, the Chinese people's sensitivity due to the improvement of life quality for the price lower, in the sporting goods quality guarantee that people use and the buyer must understand the product, The buyer's bargaining power will not be strong, which also reduces the competitive pressure on the seller.

Finally, the five forces model is used to analyze the competitive pressure of substitutes (sellers). "In the general market, the higher the product price is, the lower the threat of substitute products is. The threat of substitutes is high with low product prices." (Wonseok et al., 2021). In the Chinese market, the only well-known brands are Nike, Adidas, Li Ning, Anta and so on. Apart from these brands, there are few ready and attractive alternatives to sporting goods, and some small enterprises produce sporting goods that may be cheaper but are not trusted in people's eyes. Niche substitutes are not comparable in terms of performance and related attributes, and people prefer well-known brands, so the sellers have less competition pressure.

4. Two driving forces of the industry and their impact

Driving force is the main reason for the change of industry competition conditions. Some driving force comes from the external environment of the enterprise, but more driving force comes from the company's more direct industry and competitive environment.

Technological innovation will be faster and faster, and product life cycles will be shorter and shorter. The driving force of the development of sports goods industry and the reform of sports goods industry comes from innovation. Innovation is not only the main driving force of economic development, but also an important symbol of industry reform, increased profits and social and technological progress. The fundamental driving force of this round of sports goods industry reform also stems from innovation (Xu & Yang, 2021).

When it comes to technology elements, in the Chinese sporting goods market is divided into two types, one is emerging intelligent sports goods, representative for Huawei, millet brand sports intelligence bracelet, it has a heart rate measurement function such as step and running, another is the traditional sporting goods, such as Li Ning and Anta brand, such companies or the traditional labor-intensive industries. Smart sporting goods industry technology innovation as the core driving force, the enterprise cost is a large part of research and development costs, enterprise encourage technology innovation talented persons, setting up scientific research awards, it dares to advocate the new innovation of enterprise culture, developed a variety of patents, increased the product appeal, in recent years, income is very considerable. In contrast, the research and development expenses of the traditional sports goods industry are insufficient, which is only a quarter or even less of the advertising expenses. The lack of innovation consciousness and the serious backward research and development ability of the traditional sports goods industry are weak in competitiveness compared with the intelligent sports products, and the technical content is seriously insufficient.

With the development of globalization, the emerging Internet is gradually changing people's lives. Some novel functions and applications have changed the way people buy products and use them. Nowadays, people may be more inclined to learn sports goods knowledge and buy sports goods in the network, which greatly increases the convenience. This makes the major sports goods related industries develop their own network functions and related applications to attract customers. Therefore, a large number of new suppliers have appeared in the network for customers to choose, and the quality and price of sports goods from different enterprises is a difficult problem for consumers to choose. And how suppliers increase their sales and appeal to the industry in the Internet age has become a problem. While customers can easily compare prices and make choices among different sellers in a competitive environment, Internet providers often lower prices to promote sales in order to increase profits and sales. However, even price-conscious consumers don't always buy from the lowest priced Internet provider. In contrast, in economics and marketing, the determination of value is a factor that determines consumer choice (Gupta & Kim, 2010).

So when customers think enough value to the choice of the corresponding purchase, in the network shopping platform of sporting goods industry need to make the customer think that have enough price or meet customer demand, in Chinese network shopping platform, there are many different kinds of goods, the platform also has a client evaluation mechanism, this led to a fierce competition between businesses, In order to get more consumption, there are even fake behaviors. “The consumers’ behavior and expectations are growing from time to time and are being influenced considerably by online retailing. Due to ever-mounting work pressure, the paucity of time, multiple roles in lifestyle, consumers are on the lookout of such facility that can suit their changing needs.” (Patro & Katta, 2020).

5. Assess the future of the industry

China's sports goods industry reached a stage of stable development in 2015. With the improvement of social life, people's health and sports consciousness gradually strengthened. In 2020, the total output of sports goods and related products in China exceeded 1.38 trillion yuan. The development of sports in China has brought great opportunities for the domestic industry and even the global sports industry, increasing the global business operations.

In 2014, The State Council issued “The State Council Guidelines on Promoting the Sports Industry and Sports Consumption”, aiming to promote the country's rapidly developing sports industry. The policy is a milestone in the development of sports business, and its significance has been widely praised and supported by the Chinese people and the Chinese sports industry. This marks the first time that the sports industry has been identified by China's State Council as a new economic target with great commercial potential (Liu et al., 2017). National policy is to support the development of undertakings of physical culture and sports, after preliminary estimates, in 2025 the number of China often exercise will reach 500 million or so, so China sporting goods industry will be more attractive, more attractive to young people and even the elderly to participate in sports activities, to buy sports goods, to ensure that the physiological and physical health, thus it can be seen, The profitability of China's sporting goods industry will continue to grow.

6. Conclusion

To sum up, the Chinese government gradually attaches importance to the development of the national sports industry, but the competitive environment of China's sports goods industry is relatively fierce. Therefore, the Chinese government should implement some relevant policies to reduce the impact of trade barriers, reduce the burden of China's sports goods industry, and adhere to the goal of building a sports power. China's sporting goods industry should also attach importance to technological innovation, build its own famous brands, constantly improve product performance and quality, and meet the needs of the Chinese people. It should not rely on foreign outsourcing industry, break traditional concepts, and gradually transform from processing industry to technology industry.

Carry out the health concept to the end, integrate the health concept of sports goods into all walks of life, and provide tangible and intangible services that people need in the new era. “Therefore, taking the concept of “industrial economy” as the breakthrough point, exploring the specific strategies of economic innovation and development of sports industry will not only directly affect the goal of national fitness, but also be the firm cornerstone for realizing the goal of “healthy China” (Tang, 2022).

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