

THE BIG PICTURE

Anta Goes All In On China

With a market value of nearly \$65 billion, Anta is the third most valuable sportswear company in the world, trailing only Nike and Adidas.

BY ELIOT CHEN — AUGUST 15, 2021



10m diving Olympic silver and gold medalists Chen Yuxi and Quan Hongchan at the Tokyo Aquatics Centre this month. Adorned to their podium uniforms are the logo of Anta Sports, the Chinese Olympic delegation's official uniform supplier since 2009. Credit: Dmitri Lovetsky/[AP Photo](#)

The pandemic has changed the way we dress, with one sector of the fashion industry benefiting greatly: [Athleisure manufacturers](#). Nike, Adidas, Lululemon, Under Armour, and others have all seen their stock rise over the last year amid strong sales.

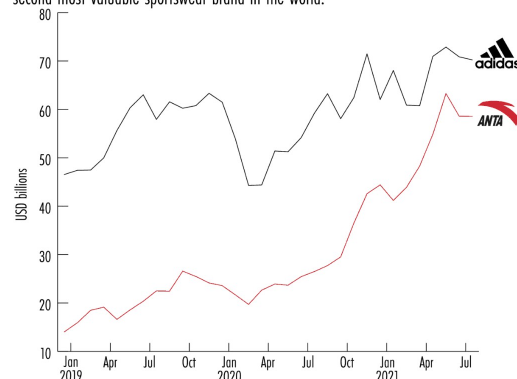
Among these success stories, one company stands apart: China's Anta Sports.

Anta is now the third most valuable sportswear company in the world, trailing only Nike and Adidas, with a market value of nearly \$65 billion. That may surprise many Western consumers, who probably haven't heard of the brand. While the company has spent heavily on endorsement deals with National Basketball Association players and Olympic [sponsorships](#), it operates few stores overseas. Its consumer base is overwhelmingly Chinese.

And while other major brands shy away from controversies that might put them at odds with Beijing or Western public opinion, Anta has repeatedly stepped into the political fray, leveraging waves of Chinese nationalism to boost sales. Its business soared this spring, for example, when the company became the first Chinese manufacturer to quit the [Better Cotton Initiative](#), which had concluded that cotton produced in Xinjiang was made with forced labor. Anta proudly [declared](#) that it uses Xinjiang cotton in its products.

Anta's Precipitous Rise

Anta's market capitalization has increased by over 120% from a year ago, boosted by strong sales and a bull run that began in March of this year, amid a nationalist Chinese sportswear buying frenzy. The company competes with Adidas for the title of second most valuable sportswear brand in the world.



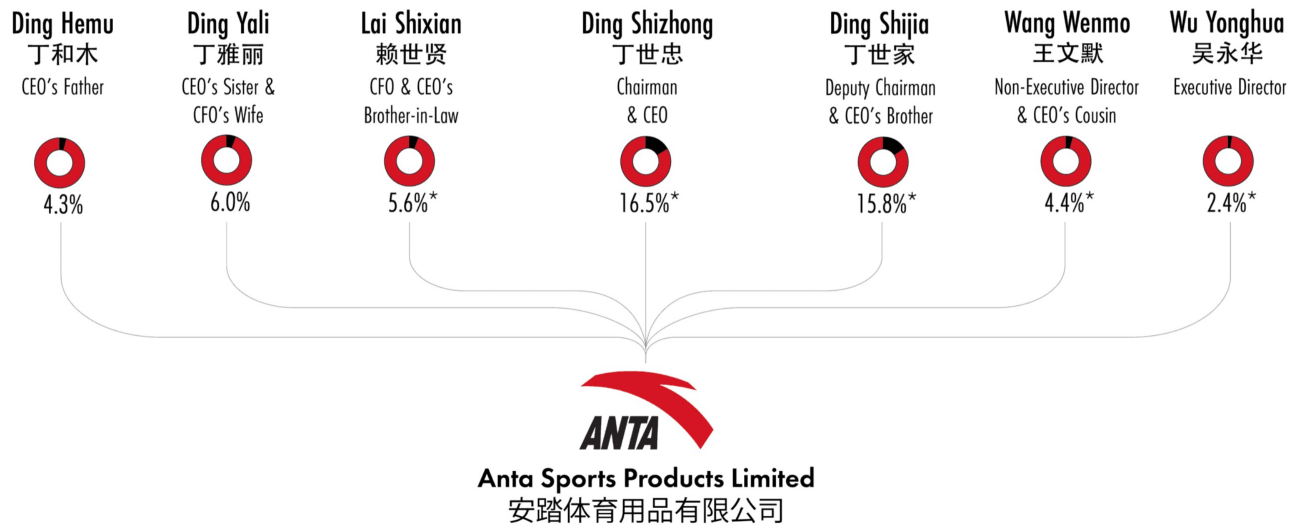
Relying on patriotic consumption is risky — in the past the Chinese public has generally [reverted](#) to previous consumption habits after a short period of outrage. But five months after the foreign apparel boycott movement kicked off in China, Anta's stock continues to rise, leaving it close to overtaking Adidas in market value.

This week, *The Wire* takes a closer look at Anta's rise and how it balances nationalism at home with taking on its global rivals.

KEEPING IT IN THE FAMILY

Anta Sports Products Limited has been listed on the Hong Kong Stock Exchange since 2007, but the firm remains under the control of the family that founded it in 1991, when Ding Shizhong started selling shoes made by his father, Ding Hemu.

Ding Shizhong is now the company's chief executive and chairman, while his older brother, Ding Shijia, serves as deputy chairman; their brother-in-law Lai Shixian is the company's chief financial officer. Together, the three relatives — along with sister Ding Yali and father Ding Hemu — hold a controlling stake in the Hong Kong-listed company and its offshore holding company.¹



Founded by CEO Ding Shizhong to help his father sell shoes, the world's third most valuable sportswear brand remains a family-controlled business. Strong domestic sales and its acquisition of the rights to the Chinese franchises of Fila and Descente, along with its takeover of Amer Sports and its portfolio of well known Western brands, has pushed the company to record profits since 2018.



Ding Shizhong, 50, is the public face of the enterprise. During press appearances, he often [discusses](#) his passion for athletic shoes, telling one [interviewer](#) that he wears as many as three different pairs in a single day. Ding is politically active, serving as a deputy to the National People's Congress from 2008 to 2018. In 2009, he struck a deal with the Chinese Olympic Committee for Anta to act as its official sportswear supplier. At the recent Tokyo Olympics, Anta's logo frequently adorned the uniforms of Chinese medal winners.

Anta has also struck overseas sponsorship deals, paying handsomely to put its product on the

feet of some of the NBA's biggest stars — including an estimated \$80 million, 10-year footwear endorsement deal this year with the Klay Thompson of the Golden State Warriors as well as a contract with Charlotte Hornets forward Gordon Hayward.

But Anta's partnership with the NBA itself has been hamstrung since a 2019 [political row](#), sparked by Houston Rockets general manager Daryl Morey, whose tweet in support of protestors in Hong Kong sparked outrage in Beijing government circles. Chinese broadcasters stopped showing NBA games, while Anta and all 10 other Chinese NBA partners quickly cut ties with the league. While games are now back on air in China, Anta is no longer an official NBA partner.

This makes Anta's overseas strategy somewhat unusual: While it spends generously to advertise its footwear, its sneakers are hard to find in the United States. Its products are available online but Anta's U.S. [website](#) and [social media](#) accounts haven't been maintained in years. And in its [recently](#) released five-year strategic plan, Anta made no mention of overseas expansion, instead emphasizing its aim to expand the number of stores in tier one to three cities in China.

GROWTH THROUGH ACQUISITION

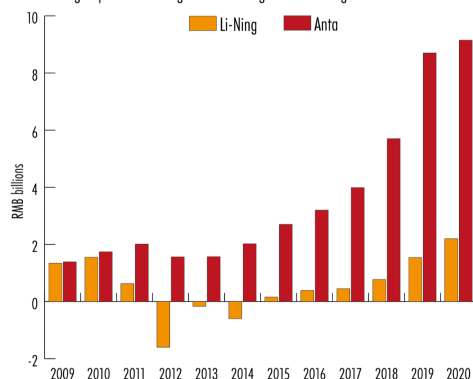
Anta's strategy to grow in places where its brand is little known is to acquire firms. In 2009, it bought the rights to high-end Italian sportswear brand Fila's franchises in China, Hong Kong, and Macau. And in 2018, it led a consortium to buy Amer Sports for \$5.2 billion. The Finnish company owns a portfolio of brands familiar to European and American buyers, such as Wilson, Salomon, and Arc'teryx. Since 2020, Anta has paid an [estimated](#) \$30 million a year for Wilson to provide the official game ball for the NBA, replacing Spalding, which had held that position for decades.

With its acquisitive strategy overseas, Anta differs greatly from its biggest domestic rival, Li-Ning, eponymously named after its founder.

Li-Ning arguably held an early advantage over Anta thanks to Li's star power — the six-time gold medal winning gymnast famously soared through the air to light the flame at the 2008 Beijing Olympics, decked out in his company's gear. Until 2014, the two companies posted similar annual revenues.

Two Guochao's Annual Operating Profits

Guochao (国潮) refers to homegrown apparel brands that substitute for popular labels originating from the West. Li-Ning and Anta are two heritage brands under that label, but differing expansion strategies have brought them divergent fortunes.



Data: Company annual reports

But Li-Ning's attempts to break into the Western market with an aggressive expansion strategy floundered. The company was forced to close its overseas offices and [underwent](#) a corporate restructuring after enduring [years](#) of losses. In 2020, just 1.5 percent of Li-Ning's annual revenue was made outside of China. Since 2017, Anta has eclipsed its domestic rival in revenue and market capitalization. (Li-Ning's market value is close to \$30 billion.)

Anta CEO Ding Shizhong has been [explicit](#) about using foreign acquisitions to compete with Nike and Adidas overseas via multiple brands. "Anta's

strategy mirrors its domestic strategy of growth through acquisition," says [Jacob Cooke](#), co-founder and CEO of WPIC, a Beijing-based e-commerce and digital marketing consultancy. "Anta also likely learned from others' difficulties with global expansion — namely, that growing a sportswear brand overseas is extremely costly."

The company's strategy of keeping its core brand local while competing abroad under other labels has become one model for how Chinese companies can straddle the gap between consumer tastes and values inside and outside China.

But maintaining that balancing act may get harder. Anta's use of Xinjiang-made cotton may conflict with overseas pressure on products made with forced labor, such as the U.S. Uyghur Forced Labor Prevention Act. The company's prominent association with the Olympics has also made it a target amid growing criticism of brands sponsoring the upcoming 2022 Beijing Winter Games.

A spokesperson for Anta declined to comment.



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COVER STORY



Pole Position

BY EYCK FREYMAN

In public, Chinese diplomats and climate negotiators deny that they see any link between climate change and geopolitics. But there is a deeply cynical consensus within China's academic and policy communities that climate change creates geopolitical opportunities that China can exploit — and must exploit before its rivals do. Greenland was the proof of concept for this strategy. And it caught the U.S. flat-footed.

THE BIG PICTURE



Transsion's Triumph

BY GARRETT O'BRIEN

A look at Transsion's monumental growth, unique marketing strategies and future growth potential.

Q & A



Jörg Wuttke on China's Self-Destruction

BY ANDREW PEAPLE

The EU Chamber of Commerce in China president talks about China's self-inflicted problems; how he gets away with being so outspoken; and why he believes in China's comeback gene.



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