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APPLICATION OF BUSINESS ECONOMY IN THE LI NING COMPANY'S MANAGERIAL DECISIONS

Abstract

Due to the intensified globalization, technological change, and shifting consumer preferences require managers to base decisions on rigorous economic reasoning rather than intuition. This paper examines how Li Ning Company, a leading Chinese sportswear brand, applies business economics to strategic decisions in supply chain management, pricing, branding, and digital transformation. Using a systematic desk-based review guided by the PRISMA framework, the study integrates quantitative data (financial and employment trends) with qualitative analysis (case studies, thematic coding, and content analysis). The findings illustrate how Li Ning balances globalization–localization pressures by combining cost efficiency with cultural differentiation, while also revealing contrasting outcomes in its Southeast Asian success and U.S. market failure. The study contributes to both academic and managerial discourse by showing how tools such as cost–volume–profit (CVP) analysis, demand elasticity, and opportunity cost can inform practical strategies in volatile markets. The study bridges gaps between theory and practice, offering actionable insights for sustainable competitiveness and extending the application of business economics across industries. Lessons derived are relevant not only to Chinese firms but also to companies and policymakers in Central and Eastern Europe seeking to strengthen competitiveness within the EU single market.

Keywords

business economics; cultural differentiation; CVP analysis; supply chain management; pricing; digital transformation; globalization

1. INTRODUCTION

As global markets become increasingly interconnected, the role of business economics extends far beyond domestic concerns. In today's international landscape, managers are expected not only to understand internal efficiency but also to anticipate external economic variables such as currency fluctuations, trade barriers, and global supply chains. Business economics, when applied with an international outlook, provides the framework to navigate these challenges with rational decision-making tools.

Business economics integrates microeconomic reasoning into practical business activities, guiding firms on how to allocate resources under scarcity. Samuelson and Nordhaus (2010) emphasized

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that economic theory becomes most powerful when contextualized within real markets, particularly those that span borders. For companies like Li Ning aiming for international expansion, this means using demand elasticity, marginal analysis, and break-even forecasts to evaluate foreign market entry, partnership decisions, and localization strategies. When international managers apply these principles thoughtfully, they can better respond to factors like exchange rates, local tax structures, and consumer behavior differences. International success depends not only on brand strength but also on how economically sound the decision-making process is across regions. In essence, business economics creates the mental toolkit necessary for cross-border strategy[1]. Business economics is often described as applied microeconomics, but its reach spans several functional domains. It serves not only in strategic planning, but also in financial analysis, human resource allocation, marketing budgeting, pricing, and production optimization. Understanding these fields helps identify where and how economic logic improves decision-making. One major area is cost analysis, where firms assess fixed, variable, and marginal costs to optimize pricing and product lines. Another is market analysis, which includes estimating demand, evaluating competition, and understanding consumer behavior. Resource allocation, meanwhile, looks at how limited funds and assets are best deployed across departments. Management's core task is to "allocate resources for results," which is exactly where economic models help[2].Operations and production planning is another vital field. CVP analysis, efficiency ratios, and input-output modeling guide managers on output levels, investment justifications, and productivity targets[3]. Cost-Volume-Profit (CVP) analysis is one of the most powerful tools in managerial economics. It provides a structured way to understand how changes in production volume, cost structure, or pricing affect profit margins. For decision-makers, this clarity is essential—especially in high-risk or capital-intensive industries. CVP helps identify break-even points and allows firms to simulate how profit changes under different pricing, cost, or output scenarios. Scholars suggest CVP as a baseline requirement for budgeting, particularly in firms with complex product lines or seasonal revenue[4]. Li Ning has used this analysis to plan marketing campaigns with different cost levels and expected sales volumes.

Even marketing strategy increasingly uses economics through pricing models, ROI tracking, and customer lifetime value evaluations. The cross-disciplinary nature of business economics means its tools are valuable to all departments—not just finance or strategy. Among the most fundamental ideas in business economics is the law of supply and demand. While simple in theory, its application in business can be remarkably complex and insightful. Managers frequently rely on demand curves to anticipate customer behavior or set prices, while supply responsiveness informs how firms scale operations. In reality, demand isn't just about price—it's influenced by consumer tastes, income levels, competing products, and perceived brand value. Kotler and Keller (2016) explain that modern firms must understand perceived demand, not just actual behavior. For example, Li Ning adjusted its product pricing and promotional mix when introducing its brand positioning, targeting young consumers willing to pay more for cultural relevance.

1 J. Sloman, D. Garratt, J. Guest, Economics for business (7th ed.). Pearson Education, 2015.
2 P. F. Drucker, Managing for results: Economic tasks and risk-taking decisions. Harper Business 1993, ISBN-13. 978-0887306143
3 C. T. Horngren, S. M. Datar, M. V. Rajan, Cost accounting: A managerial emphasis (14th ed.). Pearson Education 2014, ISBN-13. 978-0132109178
4 Ibidem.

On the supply side, understanding marginal cost is essential. Producers make rational decisions about production volumes based on expected prices and marginal returns[5]. A company that understands how quickly its costs increase with output can better plan manufacturing or adjust inventory. Supply and demand theory equips businesses with models to balance internal capabilities with external realities. It is particularly useful during pricing negotiations, new product launches, and production scheduling.

Understanding the type of market in which a firm operates is crucial to developing effective pricing strategies. Market structures—ranging from perfect competition to monopoly—dictate how much control a company has over its pricing, what kind of differentiation it can pursue, and how it must respond to competitors. Other authors argued that competitive advantage is shaped by industry structure[6]. Firms in monopolistic competition, like Li Ning, must balance product differentiation with cost control. The freedom to set prices is constrained by how closely consumers perceive substitutes. Pricing strategies have to be sensitive to demand elasticity, competitive actions, and brand positioning. Incorporating capital costs into CVP analysis further strengthens pricing decisions[7]. Moreover, other experts emphasized how firms in oligopolistic markets engage in tacit coordination—responding to rival moves rather than acting in isolation[8].

Business economics, as a vital branch of applied economics, focuses on how microeconomic principles are utilized in real business environments. Foundational economic ideas such as Adam Smith's "invisible hand" and Alfred Marshall's marginal analysis laid the groundwork for understanding how firms and markets interact. Over time, these ideas were extended with modern analytical tools like supply and demand frameworks, elasticity concepts, and cost-volume-profit (CVP) analysis. These tools have become central to areas such as pricing strategy, operational planning, and profit forecasting. Strategic models, including Porter's Five Forces and theories of market structure, are also widely recognized for their value in interpreting competitive dynamics and shaping long-term strategies. Many researchers have emphasized the practical relevance of these economic frameworks, particularly in helping businesses adapt to uncertainty and innovate under pressure.

Successful firms are those that can transform economic concepts into tools for day-to-day management, enhancing both efficiency and value creation[9]. Real-world decision-making is rarely linear or predictable, often shaped by external economic pressures and internal complexities[10]. Empirical studies support the view that firms with a sound grasp of economic logic tend to perform better in areas such as cost efficiency, resource optimization, and agile strategy shifts. Experts showed how economic planning strengthens supply chain resilience and helps businesses mitigate risk, particularly in volatile environments[11]. Research into the operations of Li Ning Company and similar businesses highlighted on their strategic transformations in the face of market shifts. Scholars have explored topics such as brand renewal, consumer repositioning, and overseas expansion efforts[12]. These studies

5 N. G. Mankiw, Principles of economics (9th ed.). Cengage Learning 2020.

6 M. E. Porter, Competitive advantage: Creating and sustaining superior performance. Free Press 1985.

7 R. Kee, Cost-Volume-Profit Analysis Incorporating the Cost of Capital, Journal of Managerial Issues, 19(4) 2007, 478–493. http://www.jstor.org/stable/40604583 [accessed: 2025.10.24].

8 W. J. Baumol, A. S. Blinder, Microeconomics: Principles and policy (13th ed.). Cengage Learning 2015.

9 P. F. Drucker, Managing ... op. cit.

10 H. Mintzberg, Patterns in strategy formation. Management Science, 24(9), 934–948, 1978. https://doi.org/10.1287/mnsc.24.9.934

11 M.Christopher, H. Peck, Building the resilient supply chain. The International Journal of Logistics Management, 15(2), 1–14, 2004. https://doi.org/10.1108/09574090410700275

12 X. Jiang, Y. Yang, H. Shen, Z. Zhou, Analysis of Li Ning's successful transformation under positioning theory. BCP Business & Management, 33, 433-441, 2022. https://doi.org/10.54691/bcpbm.v33i.2823

provide valuable context on how firms evolve, yet relatively few examine these developments through the lens of business economics. There remains a gap in understanding how companies like Li Ning apply economic thinking in making strategic choices, particularly within the unique setting of China's domestic market and global ambitions.

By weaving classical economic principles into the practical narratives of firms like Li Ning, this study aims to broaden the practical application of business economics and offer insights into how strategic decisions are shaped by economic logic in a rapidly evolving marketplace. For policymakers and industry leaders in Poland and Central and Eastern Europe (CEE), the insights from this study hold direct practical relevance. The region's economies are undergoing rapid structural transformation, with firms striving to upgrade their positions in global value chains while maintaining cost competitiveness and brand authenticity. Similar to Li Ning's experience, many CEE companies face strategic dilemmas in pricing, supply chain resilience, and market internationalization. By analyzing how a Chinese enterprise has leveraged business economics to inform strategic decisions, this research provides comparative lessons for CEE businesses seeking to expand their international footprint and for policymakers aiming to support such firms through innovation policies, export promotion, and investment in managerial capabilities. In addition, as Poland and other CEE economies deepen their integration into the European Union's single market, the ability to combine local cultural identity with global competitiveness becomes increasingly important. The study thereby contributes not only to academic discourse but also evidence-based decision making in regional economic development.

2. METHODOLOGY

In this study, the authors focused on systematic secondary desk research design to investigate the application of business economics in managerial decision-making, with a particular focus on Li Ning Company. The research relied exclusively on published academic literature, industry reports, statistical datasets, corporate documents, and credible online resources. By integrating both quantitative and qualitative approaches, the methodology ensured a balanced and rigorous assessment of existing knowledge. The review followed the principles of the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) framework. An initial comprehensive search was conducted across multidisciplinary databases (e.g., Scopus, Web of Science, Statista, and Google Scholar) to identify relevant peer-reviewed articles, books, case studies, industry reports, and company disclosures. Inclusion criteria required sources to directly address business economics, strategic management, or Li Ning's corporate practices. Exclusion criteria removed duplicated records, non-scholarly commentaries, and sources lacking empirical or theoretical grounding. The PRISMA flow model guided the systematic selection of materials. Records were first screened by title and abstract, followed by full-text evaluation against the inclusion criteria. This process enhanced transparency and replicability, ensuring that only the most relevant and reliable sources informed the analysis. The final dataset included both quantitative statistical data (e.g., company financial performance, employee trends, and market share figures) and qualitative sources (e.g., managerial case studies, strategic analyses, and theoretical contributions). The analysis proceeded in two complementary phases:

- Quantitative analysis was applied to extract, organize, and interpret statistical evidence on Li Ning's operations, such as turnover, employment dynamics, and international market penetration.

This allowed the study to map economic patterns and trends within the company's development trajectory.

- Qualitative analysis followed a thematic coding and content analysis approach. Key texts were systematically coded to identify recurring themes, decision-making logics, and economic reasoning frameworks (e.g., supply–demand balance, cost-volume-profit (CVP) analysis, and opportunity cost considerations). Thematic synthesis enabled the identification of conceptual linkages between theory and practice, while content analysis revealed patterns in strategic decisions, particularly regarding branding, pricing, and supply chain resilience.

Triangulation between multiple source types (academic, statistical, and industry-based) strengthened the reliability of findings. The use of PRISMA ensured methodological transparency, while the combination of qualitative thematic coding with quantitative trend analysis enhanced validity by addressing the research question from multiple perspectives. The conclusions and recommendations based on these research findings reflect the authors' own professional views.

3. LINKAGES BETWEEN BUSINESS ECONOMY AND MANAGEMENT

This research work put emphasis on exploring the key role of business economics in enterprise management decision, and through the case analysis of Li Ning Company's management practice, reveal the economic principle and decision logic behind its success. In this context, this research seeks to demonstrate how economic theory, when applied with precision and adaptability, can serve as a compass for companies navigating the complexities of modern market dynamics.

The authors focused on integrating the emphasized analytical methods – CVP analysis, NPV and IRR evaluation, TCO estimation and risk assessment – into the Li Ning case study to demonstrate their practical relevance in managerial decision-making. Each method is applied to a specific aspects of the company strategic choices: CVP analysis supports short-term pricing and product mix decisions, NVP and IRR assist in evaluating long-term investment projects such as market entry or logistics expansions, TCO estimation provides a comparative framework for sourcing alternatives and risk analysis quantifies uncertainties affecting these decisions. By systematically linking these models to Li-Ning's real-world data and strategic outcomes, the paper illustrates how economic and financial tools can directly enhance decision quality, reduce uncertainty, improving overall business performance.

3.1. Strategic Planning and Resource Allocation Efficiency

Through an in-depth examination of Li Ning Company's managerial decisions, this paper reveals how core principles such as supply and demand theory, cost-volume-profit (CVP) analysis, market structure theory, and opportunity costs are not just abstract frameworks, but practical tools that influence enterprise development, resource allocation, and operational efficiency. Strategic decisions made by companies—such as where to invest, how to price, and when to expand—are rarely made in isolation. They are informed by a set of economic insights that help balance opportunity and risk. This study places particular emphasis on how concepts such as supply and demand theory, cost-volume-profit (CVP) analysis, and market structure theory serve as foundational elements in the strategic planning processes of companies operating in complex and competitive environments. The case of

Li Ning Company, which has transformed from a national sportswear firm into a globally recognized brand, provides a vivid and practical platform to observe these principles in action. The Figure 1. indicates Annual turnover trend of Li Ning Co Ltd between 2014 to 2022 time period.

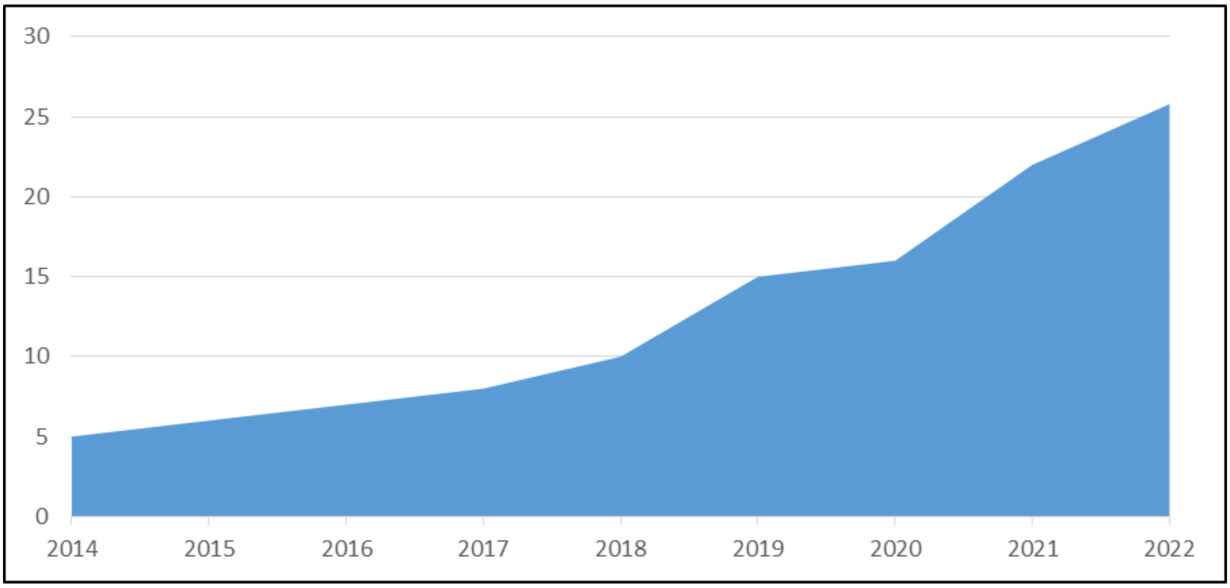

Fig. 1. Annual turnover of Li Ning Co. Ltd. between 2014-2022 (in billion yuan)

Source: Own edition based on Statista. (2023a), Li Ning's social media interaction rate worldwide from 2021 to 2023, Retrieved from https://www.statista.com [accessed: 2025.10.24].

Figure 1 illustrates the evolution of Li Ning's revenues over the analyzed period, which reflects not only the company's expanding market presence but also the dynamics of its cost structure and profitability. A Cost–Volume–Profit (CVP) analysis indicates that during periods of accelerated revenue growth, the contribution margin ratio increased moderately, suggesting that fixed costs were more efficiently absorbed by higher sales volumes. However, fluctuations in variable costs—mainly raw material prices, logistics expenses, and marketing outlays—temporarily compressed profit margins in 2019–2020. The subsequent recovery in 2021–2023, accompanied by improved gross profit and operating margin levels, can be attributed to better cost control, product mix optimization, and economies of scale achieved through digitalized supply-chain management. Overall, the CVP perspective demonstrates that Li Ning's financial performance improvements were not solely revenue-driven but closely linked to strategic cost management and pricing adjustments aligned with changing market conditions.

Recent financial data further underscore the steady upward trajectory observed in Figure 1. According to Li Ning Company Limited's 2023 Annual Report13, total revenue reached CNY 27.6 billion in 2022, representing a 14.3% year-on-year increase and marking a compound annual growth rate (CAGR) of approximately 17% between 2018 and 2022. This expansion coincided with a rise in gross profit margin from 48.1% in 2020 to 52.4% in 2022, highlighting the company's success in optimizing its cost–volume–profit (CVP) structure through supply-chain digitalization and product-mix adjustment. Moreover, Statista (2024)14 reports that Li Ning's domestic market share in China's sportswear segment climbed to 8.2% in 2023, overtaking Adidas for the first time. These data confirm

13 Li Ning Company Limited, Annual Report 2023, Retrieved from https://ir.lining.com [accessed: 2025.10.24].

14 Statista, Market share of leading sportswear companies in China from 2015 to 2023, 2024, Retrieved from https://www.statista.com [accessed: 2025.10.24]

that the turnover growth illustrated in Figure 1 reflects not only sales expansion but also a strategic improvement in efficiency and market positioning. The correlation between revenue and operating margin indicates that Li Ning has effectively leveraged economies of scale and marginal cost control—core tenets of managerial economics—to sustain profitability amid global volatility and rising input costs.

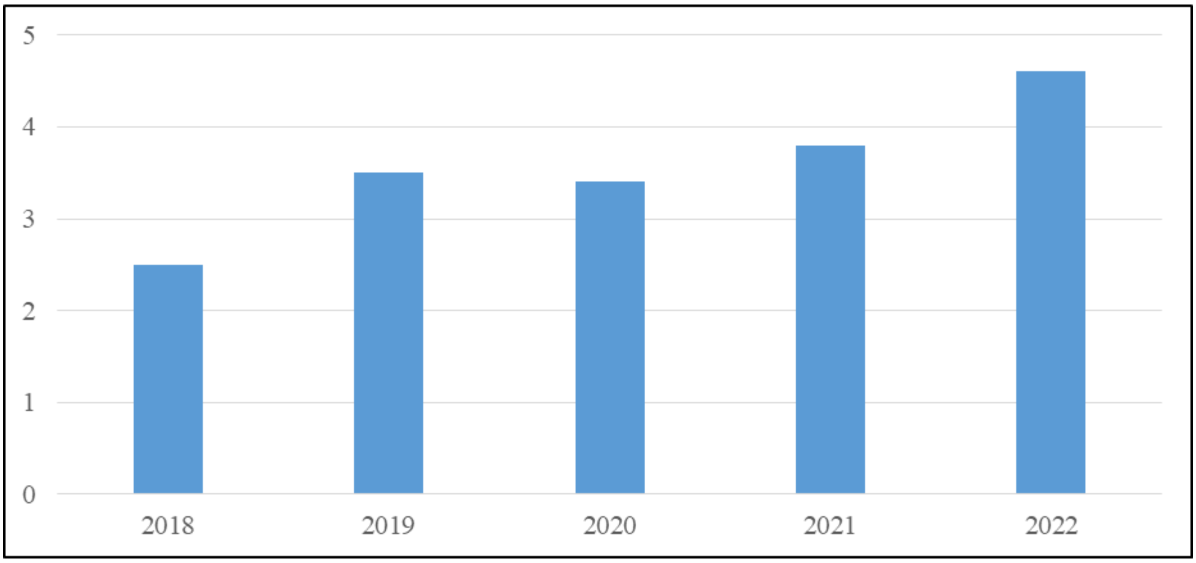

Fig. 2. Number of Li Ning Ltd.'s employees between 2018-2022 (in thousand person)

Source: Own edition based on Statista, 2023, Li Ning's social media interaction rate worldwide from 2021 to 2023, Retrieved from https://www.statista.com [accessed: 2025.10.24].

The consistent growth in Li Ning's employee base, as illustrated in Figure 2, reflects both the firm's expanding scale and its strategic shift toward vertically integrated operations. Between 2018 and 2022, the workforce increased from approximately 4.0 to 4.6 thousand employees—a 15% rise—reflecting the company's revenue expansion shown in Figure 1. This parallel trend suggests that Li Ning's employment strategy has been closely aligned with its operational scaling, particularly in manufacturing, logistics, and digital marketing divisions. According to Li Ning's 2023 Annual Report, the company expanded its domestic production capacity to reduce reliance on third-party contractors while simultaneously investing in regional fulfillment centers in Southeast Asia. This operational diversification required additional employees, not only in production but also in IT infrastructure and supply-chain management. The company's workforce increase also corresponds with the digital transformation initiatives launched after 2020, which focused on e-commerce, data analytics, and consumer engagement. These initiatives demanded new skill sets and led to the hiring of highly specialized professionals in marketing technology and data management. The positive correlation between employment growth and turnover improvements underscores a deliberate human capital investment strategy aimed at sustaining profitability through innovation and productivity enhancement. By aligning labor expansion with digital integration and regional supply optimization, Li Ning has effectively applied business economics principles—particularly economies of scale and opportunity cost management—to strengthen its long-term competitiveness[15].

By analyzing how Li Ning applies CVP analysis in campaign planning or resource distribution,

15 Li Ning Company Limited, Annual Report 2023. Retrieved from https://ir.lining.com [accessed: 2025.10.24]Statista. (2023), Number of employees at Li Ning Company Limited from 2018 to 2022. Retrieved from https://www.statista.com [accessed: 2025.10.24], McKinsey & Company, State of Fashion 2023: Reworking Retail for a Digital World. Retrieved from https://www.mckinsey.com [accessed: 2025.10.24].

this study made effort to demonstrate how theoretical models translate into real-world strategies. The company's decision to shift its marketing budget toward high-return digital platforms wasn't made randomly; it reflected a logic informed by marginal return analysis, opportunity cost considerations, and an understanding of how consumer engagement has evolved in the digital age. Similarly, Li Ning's pricing strategies are a reflection of market structure theory. Operating in a monopolistically competitive market, the firm must continually find ways to differentiate its brand while remaining cost-effective. Every adjustment to design, packaging, or distribution represents a deliberate response to the competitive pressures dictated by this market environment. In this way, theory is not something distant or abstract; it becomes part of the everyday reasoning that drives business forward. Economic models such as price elasticity and consumer surplus provide a structured way to analyze how pricing changes influence market share, and these insights are clearly visible in Li Ning's strategic choices[16]. In addition, when the company redirects spending from traditional retail outlets to more agile online platforms, it is doing so with a careful calculation of marginal returns. These decisions reflect a managerial mindset that values long-term efficiency over short-term savings—an approach that is especially important in highly dynamic markets. The economic trade-offs in labor, logistics, and platform fees are not overlooked; they are part of a broader optimization framework that integrates financial forecasting with operational strategy.

Another key aspect of this research is its focus on operational optimization. Economic principles, especially those dealing with marginal analysis, economies of scale, and cost control, are often essential in helping companies maintain competitiveness without sacrificing quality or innovation. In Li Ning's case, this involves refining the supply chain, rethinking sourcing practices, and enhancing responsiveness to customer demand. These practices demonstrate how economic insight can directly contribute to reducing costs while increasing flexibility—two goals that are often seen as conflicting but can be aligned through the proper application of business economics. Whether it is entering a new international market or selecting the right product line for a demographic segment, each of these actions tells a story—one that is often guided by models you encounter in business economics[17] By examining these real-life decisions providing clearer view of how academic theory informs daily business practice.

Through this research, the results revealed how economic reasoning—things like marginal cost analysis, supply-demand balance, and market structure understanding—can actively shape managerial strategies. In Li Ning's case, these ideas aren't just theories on paper. They materialize in decisions such as how to price products in Southeast Asia, how to reallocate marketing investments from offline to digital platforms, and how to choose between cost efficiency and supply chain resilience in global sourcing. The act of tracing these decisions back to foundational economics made the theory come alive for me.

Using a real company as the subject of analysis allowed me to move beyond generic models and into lived strategic choices. the authors were especially drawn to Li Ning's journey because it reflects a unique hybrid of national identity and global ambition. Their China-chic branding shift wasn't just

16 D. A. Aaker, Building Strong Brands. Free Press 1996, M. Christopher, H. Peck, Building the resilient supply chain. The International Journal of Logistics Management, 15(2), 1–14, 2024, https://doi.org/10.1108/09574090410700275, K. L. Keller, Branding and brand equity, In Handbook of Marketing Strategy, 2021.

17 Li Ning Company Limited, Annual Report 2016, Retrieved from https://ir.lining.com [accessed: 2025.10.24].

a marketing stunt; it was rooted in economic logic around value creation and market differentiation. Similarly, their transition to digital platforms and reshaping of supply chains after COVID-19 provided practical insights into how opportunity cost and risk diversification theory play out under real-world constraints. This indicated that the true value of economic frameworks—not just as planning tools, but as lenses through which complex trade-offs become manageable and strategic.

On a more practical level, I believe this study offers something highly relevant to managers and entrepreneurs, particularly those navigating uncertain, fast-changing markets. It is crucial to understand how decisions are made under pressure, how budget constraints lead to creative marketing reallocations, or how a company decides whether to enter new markets. By walking through the logic behind Li Ning's use of cost-volume-profit analysis or pricing adjustments across regions. The authors intended to make clear that economic analysis isn't only for big multinationals; it's a set of tools that can help any decision-maker clarify their options and act with more precision. It's about knowing when to invest, where to pull back, how to allocate resources, and how to read shifts in consumer behavior. It was interesting to see how Li Ning adjusted their endorsement strategies and online campaigns using these tools, and the authors believe this is a form of applied economics that deserves more attention in business education.

To expand the value of this research, the authors also looked at similar companies like Anta and XTEP, trying to understand what makes one firm scale internationally while another remains stuck locally. These comparisons didn't just provide contrast—they offered clarity. When one company used pricing flexibility to move into Southeast Asia and another stuck to domestic sales, the paper could trace these decisions back to different economic assumptions. The comparative element helped me identify not just what works, but why it works under certain conditions. In this sense, I see the study as a reference point for managers in various sectors who are grappling with competition, market entry, and resource limitations[18].

As China continues its economic transformation, local firms like Li Ning play a vital role—not only economically but culturally. They represent a new confidence, a readiness to shape global narratives. What fascinated me was how economic frameworks helped Li Ning transform from a commodity-based player to a brand built on story, design, and identity. Their success wasn't only about profit—it was about shifting perceptions and showing that Chinese companies can lead with innovation, not just imitation. For other Chinese companies—and even emerging market firms worldwide—Li Ning's path can be both a cautionary tale and a source of optimism. According to the authors goal, this research encourages local entrepreneurs to view economics not as something abstract or rigid, but as a flexible toolkit for building resilient, competitive businesses. Strategic decisions can be rooted in sound economic logic are more likely to result in sustainable success, even in highly volatile environments. It can be reinforced the theoretical relevance of business economics in real-world decision-making; it provides managers with concrete insights into effective strategy design; it offers comparative frameworks for industry-wide learning; and it supports the strategic ambitions of local brands to enter and thrive in the global marketplace. These contributions underscore the practical and academic value

18 P. Ghemawat, Distance still matters: The hard reality of global expansion, Harvard Business Review, 79(8), 137–147 2001, Euromonitor International, Southeast Asia Apparel Market Overview, 2022, Retrieved from https://www.euromonitor.com [accessed: 2025.10.24], T. Zhang, Case analysis on Anta's international mergers: From acquisition to integration. China Business Review, 48(2), 45–58 2022, Forrester Research, The State of Digital Commerce in Asia Pacific, 2023, Retrieved from https://www.forrester.com [accessed: 2025.10.24].

of combining rigorous economic analysis with an empathetic understanding of real business contexts.

Getting insight a systematic review of the core theories of business economics, such as supply and demand, cost-volume-profit (CVP) analysis, market structures, and pricing strategies. These theories will be examined within an international context to understand how they adapt to different countries and market environments. This study also explores the relationship between business economics and managerial decision-making. It will analyze how economic thinking influences areas such as strategic planning, resource allocation, production management, and supply chain optimization. Special attention will be given to concepts like economic efficiency, marginal analysis, and opportunity cost, and how these are used in real business decisions. Furthermore, essential part of this research is a case study of Li Ning Company's management practices. It will explore how key decisions were guided by economic principles. Additionally, the study will compare Li Ning's case with successful and unsuccessful examples from other companies in the same industry, to better illustrate how economic thinking works in different managerial contexts.

Strategic planning allows managers to define goals, anticipate market changes, and develop actionable paths for sustainable growth. Business economics plays a crucial role in enhancing this process by supplying decision-makers with tools to assess risk, model financial impact, and test hypothetical scenarios. For instance, CVP analysis allows firms to project when they will break even and how pricing affects profitability under various volume scenarios. Likewise, demand forecasting enables anticipation of future sales based on consumer behavior, seasonality, and market trends. These ones allow leaders to make informed choices regarding investment, production scale, and market entry timing. Strategic decisions often have long-term consequences, and using economic reasoning can help reduce the risk of adverse outcomes. Forecasting and scenario analysis, for example, are essential for firms planning to enter new markets or launch new product lines. Through business economics, managers can simulate various cost structures and pricing models, allowing them to test different strategic assumptions in a risk-free environment before implementation. It also empowers decision-makers to think proactively. Porter's Five Forces framework helps assess industry competitiveness, market entry barriers, and substitute threats. Li Ning Company, for example, used elasticity insights and competitive positioning to refine its international expansion strategy under its 'China-chic' brand transformation. Rather than relying on intuition, strategic planning rooted in economics provides clarity, reduces risk, and enables better resource allocation.

Resource allocation is also crucial in project portfolio management. By applying economic valuation metrics such as Net Present Value (NPV), Internal Rate of Return (IRR), and Payback Period, organizations can rank competing initiatives and fund those that generate the highest return. These techniques ensure that limited capital is not distributed based on intuition or hierarchy, but rather on measurable and objective value-creating potential. Economics teaches that resources are finite, and business economics helps organizations determine how best to allocate those resources across competing needs. Managers often choose between marketing strategies, hiring, process upgrades, and more. The concept of marginal analysis helps identify which options provide the most benefit per unit of investment. Opportunity cost further clarifies what must be given up when selecting one path over another. Cost-volume-profit models serve as planning instruments to assess whether proposed expenditures are viable and at what scale they should occur[19].

Li Ning's redirection of marketing funds from offline campaigns to digital platforms is one real-world example of economic evaluation at work. By analyzing digital marketing ROI, conversion rates, and brand reach, the firm ensured that budget adjustments would not only cut costs but also drive higher returns. Managers have to weight both return and marginal cost to prioritize spending that delivers long-term value. Another dimension where business economics aids supply chain decisions is risk management. Supply chains today face threats from natural disasters, political unrest, global pandemics, and cybersecurity breaches. Economic modeling helps assess the probability and impact of these risks. For instance, firms can apply sensitivity analysis to determine how supply disruptions might affect delivery times, customer satisfaction, and profitability.

3.2. Consideration for Supply Chain Management, Logistic and Production Process

Global supply chains have grown increasingly complex, prompting firms to seek models that optimize cost, risk, and speed. Business economics contributes valuable tools like Total Cost of Ownership (TCO), which integrates all associated costs—including hidden ones like delays, quality failures, and supplier instability. By calculating TCO, companies evaluate sourcing and logistics options more comprehensively[20]. TCO calculates the complete lifecycle cost of acquiring, maintaining, and disposing of an asset or service, including direct and indirect expenses. It extends beyond initial purchase prices to factors like maintenance, training, and downtime. Its Key Characteristics: a) Comprehensive: Includes hidden costs (e.g., energy usage, compliance fees). b) Long-Term Focus: Evaluates costs over the entire asset lifecycle. c) Strategic Financial Tool: Guides procurement and budgeting decisions. Drawbacks of applying TCO calculation can be: complex to calculate (requires detailed forecasting) and may not account for intangible benefits (e.g., brand reputation). The chart below demonstrates how different sourcing models compare on TCO performance metrics.

19 R. M. Grant, Contemporary strategy analysis: Text and cases edition (9th ed.). Wiley 2016.
20 M. Christopher, H. Peck, Building strategy analysis: Text and cases edition (9th ed.). Wiley 2016.

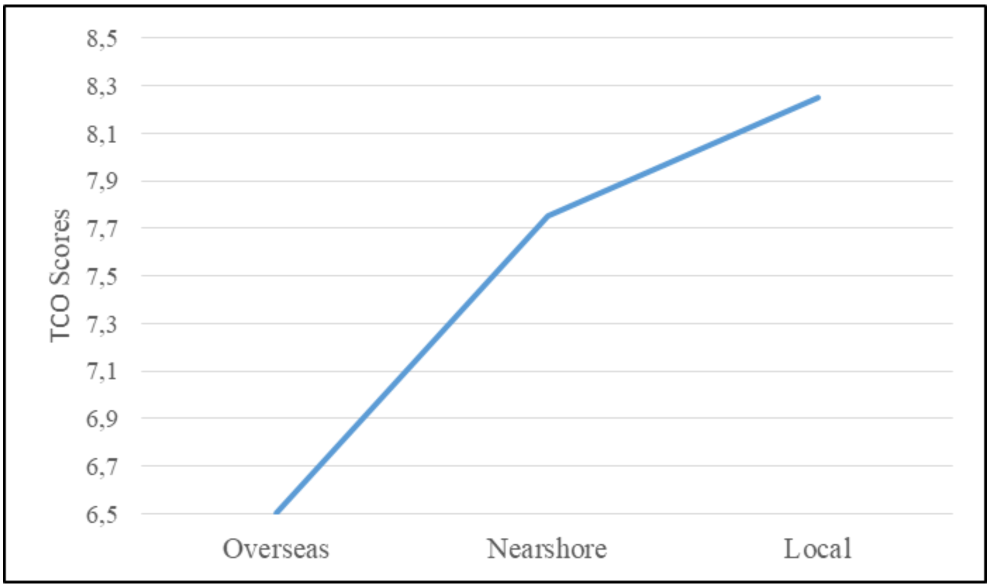

Fig. 3. TCO Comparison Across Supplier Strategies

Source: Own edition based on M. Christopher, H. Peck, Building the resilient supply chain. The International Journal of Logistics Management, 15(2), 1–14, 2004, https://doi.org/10.1108/09574090410700275

Figure 3. demonstrates the results of a Total Cost of Ownership (TCO) assessment comparing offshore, nearshore, and local sourcing strategies. The TCO analysis includes procurement costs, logistics, inventory carrying costs, delay-related losses, and quality-related costs. For Li Ning, nearshore sourcing—although characterized by higher unit costs—proved more efficient in total ownership terms due to reduced lead times and lower return rates. This analytical approach directly supports the company's recent shift toward regionalized supply chains in Southeast Asia.

In the aftermath of COVID-19, Li Ning analyzed the cost-benefit of shifting from distant offshore production to nearby regional suppliers. While local sourcing incurs higher upfront costs, it reduces lead times, inventory holding expenses, and risk exposure. This economic logic was supported by scenario modeling, which showed improved responsiveness and customer satisfaction in exchange for marginally higher cost. For companies that do not change their forecasting methods to meet changing demand, scenario planning for both near-term operations and long-term capital allocation will be crowed out from the strongly competitive market. Forecasted scenarios applying future-back approach (looking at future expectations for the state of the business and then working backward) are now being used to identify and challenge assumptions where post-COVID-19 revenue models are likely to differ from the past. These scenarios are used to make revised capital allocation and investment decisions today. Combining forecasts for today with a future-back approach provides a more complete view of scenarios, helping a company to better set expectations with investors and business operations for planning and risk management. The Figure 4. illustrates Confidence in different strategic scenario forecasts.

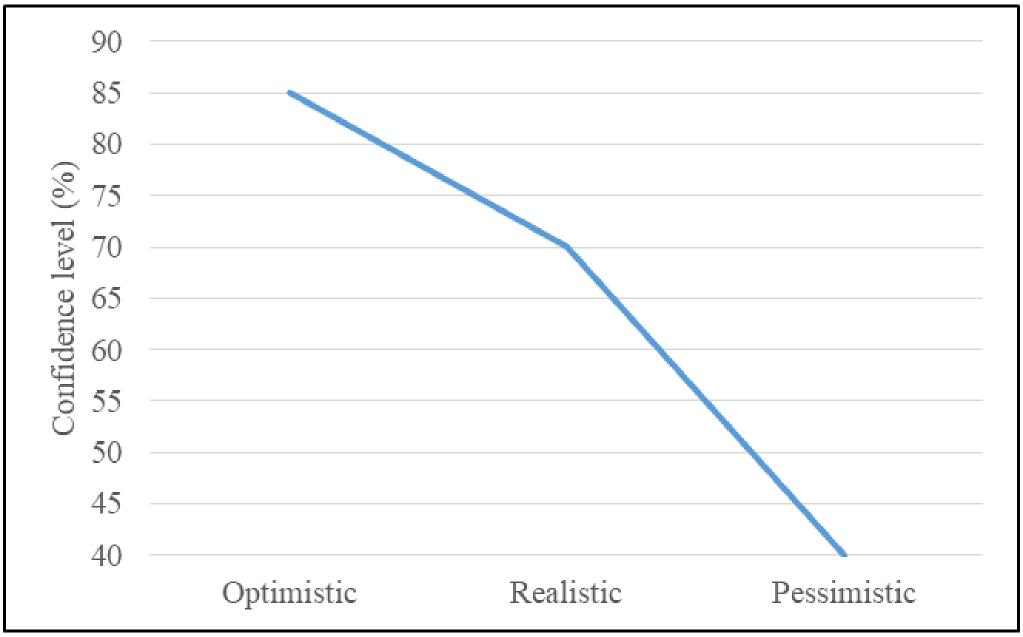

Fig. 4. Confidence in Strategic Scenario Projections

Source: Compiled based on R. M. Grant, Contemporary… op. cit.

Figure 4 complements this by illustrating the results of a scenario-based risk assessment. The company evaluated three strategic alternatives (optimistic, realistic, and pessimistic) using scenario modeling and sensitivity analysis to estimate how external disruptions could affect profitability. The outcomes indicate that nearshore sourcing reduces downside risk under adverse conditions, providing higher operational resilience. This finding confirms that decision-making based on economic tools such as TCO and risk modeling yields tangible strategic advantages.

Professional, outstandingly performing cross-functional team can operate a process for continuous updating of data and ongoing evaluation of demand and supply shocks. Using a collaborative team approach supports deliver robust, scenario-enabled modeling that is fact-based and supports real-time decision-making. Scenario planning methods need to be aligned to capital allocation strategy. Forecasting should look at the balance sheet as well as the P&L, in an integrated fashion. In addition to monitoring liquidity, there are capital allocation decisions that will help companies thrive after a crisis. Will capital need to be reallocated amongst business units under various recovery scenarios? Will the company have the capital to invest in new technologies or bolt-on acquisitions, while also maintaining or increasing a dividend or share repurchases?

Although Net Present Value (NPV) and Internal Rate of Return (IRR) are all the investment valuation methods under the framework of Discount of Cash Flow (DCF) model, and they all take into consideration the time value of money. The NPV and IRR are frequently used criteria for choosing capital investment projects which has been applied for long days since they been created. Nevertheless, these two indicators may lead to contrary result in certain situations21. NPV is the dollar amount difference between the present value of discounted cash inflows less outflows over a specific period of time. If a project's NPV is above zero, then it's considered to be financially worthwhile22. The NPV

21 J. Huang, Comparison between NPV and IRR: Evaluation of Investment. BCP Business & Management, 40, 149-154, 2023. https://doi.org/10.54691/bcpbm.v40i.4373

22 P. Samuelson, W. Nordhaus, Economics, eBook, 19th Edition 2010, ISBN13: 9780073511290, https://nibmehub.com/opac-service/pdf/read/Economics%20by%20Paul%20Samuelson-compressed%20(1).pdf [accessed: 2025.10.24].

formula is the following:

$$NPV = \sum_{t=0}^{n} \frac{Rt}{(1+i)^t} \quad (1)$$

where:

Rt=Net cash inflow-outflows during a single period, t

i=Discount rate or return that could be earned in alternative investments

t=Number of timer periods

IRR estimates the profitability of potential investments using a percentage value rather than a dollar amount. IRR is usually more useful when you are comparing across multiple projects or investments, or in situations where it is difficult to determine the appropriate discount rate. NPV tends to be better for when cash flows may flip from positive to negative (or back again) over time, or when there are multiple discount rates[23].

The presented case study demonstrates that the application of business economics and financial decision-making tools—such as CVP analysis, TCO estimation, NPV and IRR calculations, and structured risk assessment—can significantly enhance the quality and rationality of corporate strategic choices. Although Li Ning operates within a complex, rapidly evolving global environment, these tools enable decision-makers to quantify trade-offs, forecast outcomes, and reduce uncertainty. The findings confirm that bridging theoretical frameworks with practical business cases not only deepens managerial understanding but also provides actionable insights for sustainable growth and competitive advantage.

Supply chain disruption can be defined as any event that disrupts the free movement of products or manufacturing, sale, or distribution of goods. Well-organized supply chain is critical for preserving product quality from beginning to end and ensuring that all resources used are of the highest quality,

23 J. Huang, Comparison Between NPV and IRR: Evaluation of Investment. BCP Business & Management, 40, 149-154, 2023. https://doi.org/10.54691/bcpbm.v40i.4373.

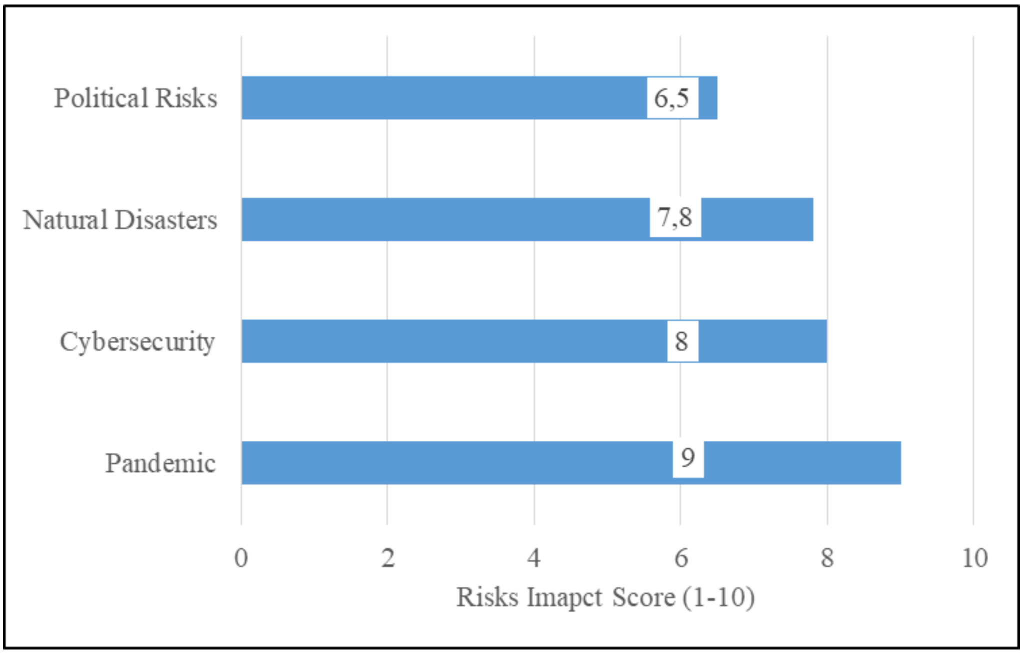

Fig. 5. Impact of Supply Chain Disruption Factors

Source: Own edition based on M. Christopher, H. Peck, Building... op. cit., 1–14. https://doi.org/10.1108/09574090410700275; T. Zhang, Case analysis on Anta's international mergers: From acquisition to integration. China Business Review, 48(2), 2022, 45–58.

Figure 5 illustrates the relative importance of various supply-chain risk factors—such as pandemic disruptions, cybersecurity incidents, natural disasters, and geopolitical risks—on Li Ning's international operations. Following the risk-weighting framework proposed by Christopher and Peck (2004)[24], each factor was evaluated according to its potential impact on production continuity, logistics costs, and market performance. The analysis reveals that pandemic-related disruptions and geopolitical tensions had the strongest influence on Li Ning's export-oriented operations, particularly in the United States. This insight clarifies why the company subsequently prioritized digital-first distribution channels and regional warehousing models to mitigate exposure to global shocks.

4. LI NING'S BRAND STRATEGIES IN PRACTICE

Studies found that 68% of people said the cultural touches made the brand feel more special[25]. They felt proud to wear something that showed cultural meaning, not just fashion. Li Ning has shown its collections at fashion weeks in places like New York and Paris. That's not just about selling clothes—it's also a way of telling a story. By doing this, Li Ning helps the world see Chinese design as something modern and cool, not just traditional or outdated. From a business point of view, this kind of uniqueness helps the brand stand out and keeps people from switching to another similar product easily[26].

Connecting Through Localized Digital Marketing

Li Ning has also done a great job using digital tools to reach out to people. Instead of using the same ads around the world, they change their messages depending on where they are. For example, in

24 M. Christopher, H. Peck, Building... op. cit., 1–14. https://doi.org/10.1108/09574090410700275

25 H. Li, Y. Zhang, The power of Guochao: Cultural identity in Chinese consumer branding, Asia Pacific Journal of Marketing and Logistics, 33(8), 1703–1719 2021, Y. Li, X. Zhang, China-chic marketing and brand perception among Gen Z: A cultural revival. Journal of International Consumer Marketing, 33(5), 2021, 403–417, https://doi.org/10.1080/08961530.2021.1911111

26 Edelman, Edelman Trust Barometer: Special Report on Brands, 2023, Retrieved from https://www.edelman.com [accessed: 2025.10.24].

Southeast Asia, they work with local influencers who speak the local language and match the lifestyle of their audience. This makes the brand feel closer to the people it wants to reach.

According to a report from Statista (2023) showing that Li Ning's social media engagement increased by 35% in 2023. That's a big deal. It shows that people aren't just seeing the ads—they're interacting with them. Whether it's liking a post, joining a challenge, or sharing their own outfits, consumers feel more involved. This kind of two-way communication makes a big difference in how people see a brand. Li Ning's strategy is also smart in terms of cost. Online ads can be adjusted quickly if they're not working, and the feedback comes fast. That means the company can save money and get better results by learning what people like and don't like in real time. Plus, when people create content about the brand on their own, it spreads the message for free.

Adapting Prices to Fit Local Markets

When it comes to pricing, Li Ning doesn't use the same price everywhere. Instead, they adjust based on how much people in different regions can afford and what they're willing to pay. In places where money is tighter, they sell simpler designs at lower prices. But in cities where people have more disposable income—like Singapore or Dubai—they offer more fashionable and exclusive items at a higher price. This makes sense from both a customer and business perspective. People feel like they're getting fair value, and the company still makes a good profit. In addition, customers would be willing to pay a bit more for special designs with cultural themes[27]. Li Ning also thinks about pricing together with how it makes its products. For example, affordable items are made in factories closer to where they'll be sold, which cuts down on shipping costs. Higher-end products are made with stricter quality checks to make sure they match the higher price tag. It's a full-circle approach that shows the brand is thinking carefully about both business and customer needs.

Putting all this together, it's clear to me that Li Ning is doing more than just selling sportswear—it's building a meaningful brand that people connect with. By using culture, listening to local consumers, and thinking carefully about how to price and promote their products, they're showing how a Chinese company can succeed on the global stage. Their "China-chic" design helps them stand out, especially in a world full of similar-looking sports brands. Their digital marketing feels real and personal, not just corporate. And their flexible pricing lets them reach people with different budgets without lowering their standards. Other brands—especially those from developing countries—can learn a lot from Li Ning's approach.

27 K. L. Keller, Branding and brand equity, In Handbook of Marketing Strategy 2021, P. Kotler, K. L. Keller, Marketing management (15th ed.). Pearson Education 2016, ISBN 978-1-292-09262-1, https://students.aiu.edu/submissions/profiles/resources/onlineBook/S3D7W4_Marketing_Management.pdf [accessed: 2025.10.24], Statista 2022, Average pricing range of sportswear in Southeast Asia, Retrieved from https://www.statista.com [accessed: 2025.10.24].

4.1. LI NING MANAGERIAL DECISIONS AND THEIR AFFECTS IN WINNING OR LOSING GLOBAL BRANDING

It is worth remarking that in the course of the global brand-building, the same brand can succeed in one region and struggle in another. Global branding isn't about applying the same formula everywhere—it's about reading the room, learning fast, and acting local. I found two cases especially telling: one that went really well in Southeast Asia, and one that didn't work out in the United States.

Li Ning in Southeast Asia

Li Ning's entrance into Southeast Asia felt like a case study in doing things right. Rather than opening expensive stores right away, the company chose to meet people where they already were—online. Platforms like Lazada, Shopee, and Zalora were already popular in places like Singapore, Malaysia, and Thailand. By listing products there and building out localized e-commerce platforms, Li Ning gained visibility without huge upfront costs. The brand worked with regional influencers who knew their audience, spoke the same language, and understood what mattered to young consumers. And the product line matched the mood—China-chic styles that felt new, fresh, and different from the usual options. Southeast Asia's Generation Z buyers want authenticity and culture in the things they wear and Li Ning nailed that[28]. The company also got pricing right. Basic items stayed affordable, while premium collections gave higher-end shoppers something special. According to Statista, a USD 25–40 price range worked well in the region. And behind the scenes, they used local distribution centers to deliver orders in 3–5 days—faster than the regional average. Customer satisfaction showed it too. A TechNode reported a 42% increase in repeat customers within six months of launch[29]. That kind of loyalty is rare and speaks volumes about how much customers appreciated the experience.

Li Ning in the United States

Li Ning's early attempt to break into the U.S. market tells a different story. Around 2010, the company went big. They signed NBA players, opened an American office, and launched campaigns. On paper, it sounded great. But things didn't click. The biggest issue was that they didn't speak the consumer's language—figuratively and literally. Their ads looked like they were made for Chinese buyers, just translated into English. But culture isn't that simple. In a market where brands like Nike and Adidas have decades of trust and community, Li Ning's message didn't land. The numbers back it up. According to Nielsen, 2013 only 4% of U.S. consumers knew the Li Ning name. That's tiny compared to the giants they were trying to compete with. And even though they priced their shoes to match mid-tier brands like Puma, people didn't see the value. Without a clear story or identity, shoppers just passed them by.

Shipping was another problem. Most U.S. orders were fulfilled from China, which meant delays and higher costs. Bloomberg noted return rates were around 18% in 2012. That's a lot of unhappy customers. And after several years of losses—more than RMB 300 million—the company scaled back its American plans in 2015.

28 Bain & Company, Southeast Asia Gen Z Consumption Trends 2021, Retrieved from https://www.bain.com [accessed: 2025.10.24].
29 TechNode, Li Ning: E-commerce growth in Southeast Asia 2022, Retrieved from https://technode.co [accessed: 2025.10.24].

TAB. 1. LI NING MANAGEMENT DECISION SUCCESS AND FAILURES

IN SOUTH ASIA WORKED	IN THE U.S. DID'NOT WORKED
Digital-first, flexible rollout	Expensive up-front investments
Local voices and culture-driven messaging	Generic, copy-paste marketing
Affordable and premium pricing options	Pricing didn't match brand awareness
Fast delivery and regional fulfilment	Slow shipping and high returns

Source: Own edition based on N. K. Malhotra, D. F. Birks, Marketing Research: An Applied Approach (3rd ed.). Pearson Education 2007, Bloomberg, Li Ning's NBA gamble fizzles in U.S 2013, Retrieved from https://www.bloomberg.com [accessed: 2025.10.24], Nielsen, Global Sports Brand Recognition Survey 2013, Retrieved from https://www.nielsen.com [accessed: 2025.10.24], Deloitte, Global Human Capital Trends 2021: A new social contract for the future of work. Deloitte Insights 2021, https://www2.deloitte.com/ [accessed: 2025.10.24], McKinsey Company, The consumer demand **recovery** and the path forward 2023, https://www.mckinsey.com/ [accessed: 2025.10.24].

It wasn't just luck that made one region work and the other struggle—it was how much thought went into tailoring the brand for that audience. The Southeast Asia strategy was smart, humble, and curious. The U.S. approach was bold but too focused on looking big rather than fitting in.

What these stories taught us is that expanding globally isn't about being everywhere—it's about being the right brand in the right way for each place. People respond to brands that understand them, respect their preferences, and make the effort to belong. That can mean different styles, different prices, even different shipping systems. We also realized how important it is to be flexible. In Southeast Asia, Li Ning experimented, listened, and adapted. In the U.S., they seemed to follow a fixed plan. Today's global brands need to stay light on their feet. Lastly, the authors think branding goes beyond product—it's about trust. When a brand feels relatable, people give it a chance. That's something no celebrity endorsement can buy.

4.2. PERSPECTIVE ON LI NING'S GLOBAL OUTLOOK

The brand has shown that it can be bold, resilient, and creative in how it tells its story across borders. At the same time, the contrast between its successes and setbacks makes it clear that the path forward is anything but easy.

Understanding Global Consumers More Deeply

If there's one thing that stood out from the authors analysis about Li Ning's experience in the U.S. and Southeast Asia, it's that knowing your audience is everything. In Southeast Asia, Li Ning took the time to understand what younger consumers wanted: culturally relevant design, affordability, and an online-first experience. In the U.S., however, the brand seemed to lead with assumptions rather than insights.

Moving forward, we believe Li Ning should invest more in long-term, data-driven consumer research across its key international markets. This includes not just traditional market surveys, but also deeper ethnographic studies, digital sentiment analysis, and even community engagement projects. Tools like AI-driven customer segmentation and behavior forecasting could help Li Ning not only understand what people want today, but anticipate what they'll want tomorrow.

For example, younger consumers in Europe and North America are showing increased interest in sustainable fashion, social activism, and brands with clear values. If Li Ning wants to break into these regions in a meaningful way, it will have to address not just style and price, but purpose.

Building Local Partnerships and Co-Creation Channels

Another lesson from Li Ning's Southeast Asian strategy is the power of local influence. Collaborations with influencers, artists, and even local athletes didn't just help promote the product—they gave people a stake in the brand. I believe this concept of "co-creation" could be a powerful path forward.

Instead of just marketing to consumers, Li Ning could invite them into the process. Regional product lines co-designed with local creatives. Limited-edition drops inspired by cultural festivals or city streetwear trends. Even branded content produced in collaboration with digital creators. This kind of approach isn't just trendy—it builds long-term loyalty. According to research by McKinsey (2023), co-created product lines have a 28% higher customer retention rate than traditional offerings. And when customers feel like they're part of the story, they're far more likely to stick around.

Strengthening Global Supply Chains for Flexibility and Speed

The importance of logistics came through strongly in Li Ning's story. In Southeast Asia, smart warehousing and local fulfillment made deliveries faster and cheaper. In the U.S., the opposite happened: long waits, slow service, and frustrated customers.

For future expansion, Li Ning should consider building more agile, decentralized supply chains. This might mean setting up mini-hubs or third-party logistics partnerships in strategic regions. It also means investing in supply chain visibility and digital tracking tools, so that inventory, fulfillment, and returns can all be handled smoothly.

Sustainability should also be part of this conversation. Consumers across the globe are paying more attention to how products are made and shipped. If Li Ning can reduce packaging waste, optimize transportation emissions, and offer repair or recycling options, it can set itself apart in a competitive market.

Leveraging Digital Transformation Beyond E-commerce

Li Ning has shown strength in digital sales and marketing, especially in Asia. But as digital ecosystems evolve, there's a chance to go even further. Virtual try-ons, 3D customization, livestream shopping, community-based review platforms—these are just some of the innovations that global consumers are embracing.

The future of fashion retail isn't just about selling products—it's about building digital experiences. Li Ning can experiment with immersive flagship websites, gamified apps, and even AR-based offline pop-up stores. These experiences don't just drive sales—they generate buzz, media attention, and brand love. Every click, view, or swipe is a chance to learn. With the right privacycompliant analytics in place, Li Ning could turn its digital channels into a constant source of consumer insight. From there, the brand could test, adjust, and launch products faster than ever before.

One of Li Ning's core strengths has always been its design. But as the brand goes global, we think there's an opportunity to evolve its aesthetic in a way that still feels Chinese, but also universally appealing. This doesn't mean watering down the brand's identity. It means creating a visual language that's confident, bold, and open to reinterpretation. We've already seen some of this in the brand's "China-chic" collections—runway pieces that blend heritage and modernity. Going forward, I'd love to see Li Ning work with international designers and multicultural creative teams to push this even further. Imagine a design collective that includes artists from Beijing, Berlin, and Buenos Aires. Or a series of collections themed around global interpretations of motion, strength, or unity. This isn't just about fashion—it's about symbolism. A brand that celebrates its own culture while embracing the world could be uniquely positioned to lead a new wave of global streetwear.

Li Ning made decisions during its journey toward internationalization and how those decisions led to different outcomes across markets. Through a close look at the company's actions in Southeast Asia and North America, I was able to identify both strategic strengths and clear decision-making gaps. In Southeast Asia, Li Ning adopted a digital-first approach by partnering with platforms like Lazada and Shopee, using local influencers for cultural resonance, and adjusting product pricing to meet regional income levels. These decisions reflected a strong use of localized marketing, cost-efficiency thinking, and flexible supply strategies—including the use of regional fulfillment centers that enabled 3–5 day delivery, significantly improving customer satisfaction and repeat purchase rates. On the other hand, the company's early expansion into the U.S. was marked by overinvestment in physical presence and celebrity endorsements, without first building brand recognition or tailoring its messaging. Fulfillment delays, high return rates, and a lack of emotional connection with local consumers contributed to poor performance and eventual withdrawal from that market.

These contrasting cases demonstrated how effective decision-making in global business must be grounded in economic reasoning, but also require cultural sensitivity and operational flexibility. I found that Li Ning's success in Southeast Asia was tied to its ability to apply cost-benefit analysis, demand forecasting, and marginal return evaluation in a real-time, adaptive way. In contrast, the U.S. expansion failed due to assumptions that economic investment alone could replace market insight. The findings from this chapter made it clear to me that international brand growth depends not just on ambition or investment scale, but on how well a company listens to the local market, adjusts its strategies quickly, and uses economic tools to guide practical, data-informed decisions at each stage of expansion.

CONCLUSIONS AND RECOMMENDATIONS

Business economics is not just about theories in books. It plays a key role when companies have to make tough choices in fast-changing markets. By studying Li Ning as a case, I was able to see how economic models—like supply and demand, marginal analysis, CVP, and market structure theories—are used to shape strategies in branding, pricing, resource allocation, and risk control. These tools helped the company make smart moves, especially when it faced complex decisions during its expansion abroad. For example, Li Ning shifted a big part of its marketing budget to social media and e-commerce based on CVP analysis. This improved their return on investment and made their brand more visible. In the supply chain, Li Ning used total cost models to compare locations and build a more flexible system between Southeast Asia and China. This made deliveries faster and reduced risks during global disruptions.

One thing that stood out to us was how well these theories worked in Southeast Asia but not in North America. In Southeast Asia, Li Ning adjusted prices and marketing to local needs. In North America, the company didn't adapt its brand message or delivery setup enough, which hurt its performance. This showed me that economic models only work if you adjust them to fit local situations. You can't use the same plan everywhere. Context matters.

Even though this study focused on Li Ning and some similar cases, the authors are aware about the limits of their research. For example, we couldn't include data from markets like Africa or Latin America, which would make future research more complete. Also, it was hard to measure things like cultural fit or emotional branding in economic terms. Going forward, we think business economics should include more flexible tools that also look at customer feelings, local culture, and social values. In addition, business economics can offer useful and practical support for companies making important decisions. It helps leaders think clearly, plan ahead, and make better use of their limited resources. In uncertain times, companies that follow economic logic will likely perform better and grow faster.

Strategic Recommendation for Li Ning's International Expansion

Based on the above research, the authors believe in Li Ning should make five important changes to improve its global strategy. These ideas are based on lessons from both its past wins and mistakes. They also connect directly to business economics and how it helps companies decide where to invest, how to manage risk, and how to create value in new markets.

Li Ning should move from a "Chinese export" mindset to a "local co-creation" strategy. In Southeast Asia, the company succeeded because it adapted to the local market. But in places like the U.S. and Europe, it relied too much on just showing Chinese culture without really connecting with local people. Going forward, I think Li Ning should work with local designers and influencers to create products that mix global trends with local culture. That way, the brand can feel more familiar and less foreign.

Li Ning needs to build a more flexible supply chain. Right now, it relies heavily on factories in Southeast Asia. But what if those factories have problems again, like during the COVID pandemic? The company should think about setting up smaller regional hubs in places like Eastern Europe or the Middle East. This would make deliveries faster and reduce risk. It also matches the idea of using total cost models to plan smarter.

The authors think Li Ning should improve how it measures its digital investments. Instead of guessing which platforms work best, the company should use CVP models, ROI analysis, and A/B testing to compare results. For example, if Instagram brings more sales than YouTube, Li Ning should spend more there. These tools help the company make better marketing decisions with less waste.

Li Ning should have different pricing and product levels for different regions. One set of products can be low-priced basics for budget-focused markets. Another can be stylish, mid-range items for urban buyers. And there can also be high-end limited collections for cities like Dubai or Singapore. This "tiered pricing and design" strategy helps the company match local income levels and build stronger brand identity.

As we see it, Li Ning should tell a stronger global story. Right now, it talks a lot about Chinese culture, but global buyers also care about things like sustainability, equality, and self-expression. Li Ning can shape a message like "Movement with Meaning" that focuses on more than just sports. This would give the brand a clearer purpose that fits with what young people around the world believe in. If Li Ning builds local partnerships, improves supply flexibility, uses data in marketing, adjusts prices smartly, and tells a story with global meaning, I believe it can become one of the top international sportswear brands from China.

General Proposals for Chinese Brands Going Global

After researching Li Ning and studying other Chinese brands like Anta, Huawei, and ByteDance, the authors believe there are some common lessons that can help more Chinese companies succeed worldwide. Global expansion is not just about selling more. It's about building better stories, smarter teams, and stronger systems that can handle change. Here are the five main lessons that we have learned.

1. Chinese brands should keep their cultural roots but also connect with global values. This means sharing what makes them unique—like design or history—but also using messages that make sense to people everywhere. For example, Huawei talks about "technology for all," and ByteDance promotes creativity and self-expression. These messages go beyond nationality and focus on values that many people care about. Brands should aim to tell stories that everyone can understand and relate to.
2. Companies should avoid spending too much too early. Big investments in stores, ads, and staff can fail if the brand doesn't yet have local trust. Instead, brands should test the market with small steps. Start with e-commerce, social media, and simple products. Learn from real data, then scale up when things work. This method lowers costs and improves results. It's a smarter way to grow.
3. Supply chains have to focus on flexibility, not just cost. Political issues, weather problems, and global shortages can all stop business. So instead of only using one factory area, companies should build several smaller hubs in different parts of the world. They should also use technology to track inventory and shipping in real time. This makes the whole system more stable and faster.
4. Building local teams is key. Many Chinese brands still control everything from headquarters. But local teams know the market better. If they get more decision-making power, the brand will grow faster and be more trusted. It's also important to build company culture that respects different backgrounds. Global teams do better when they feel included and valued.
5. Companies should treat international expansion as a learning journey. Every new market gives feedback. If brands treat this as data, they can improve faster. Use economic models like CVP and total cost to test ideas. Use A/B testing in marketing. And build systems that help teams turn mistakes into knowledge. That's how a brand grows stronger with each new step.

Chinese brands that succeed globally will be the ones that listen, adapt, and create real connections. If they focus on shared values, smart strategies, flexible systems, and open-minded leadership, they can compete with the best companies in the world.

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ZASTOSOWANIE EKONOMII BIZNESU W DECYZJACH ZARZĄDCZYCH FIRMY LI NING

Streszczenie

W warunkach nasilającej się globalizacji, dynamicznych zmian technologicznych oraz zmieniających się preferencji konsumentów, menedżerowie coraz częściej muszą opierać swoje decyzje na rzetelnych przesłankach ekonomicznych, a nie na intuicji. Artykuł analizuje, w jaki sposób firma Li Ning – wiodąca chińska marka odzieży sportowej – wykorzystuje ekonomię biznesu w procesach podejmowania decyzji strategicznych dotyczących zarządzania łańcuchem dostaw, polityki cenowej, budowania marki oraz transformacji cyfrowej.

W badaniu zastosowano systematyczny przegląd literatury oparty na modelu PRISMA, łączący dane ilościowe (trendy finansowe i zatrudnieniowe) z analizą jakościową (studia przypadków, kodowanie tematyczne, analiza treści). Wyniki pokazują, w jaki sposób Li Ning równoważy presję globalizacji i lokalizacji, łącząc efektywność kosztową z różnicowaniem kulturowym. Jednocześnie ujawniają one kontrastowe rezultaty działalności firmy – sukces w Azji Południowo-Wschodniej i niepowodzenie na rynku amerykańskim.

Badanie wnosi wartość zarówno do dyskursu naukowego, jak i praktyki menedżerskiej, ukazując, jak narzędzia takie jak analiza koszt–wolumen–zysk (CVP), elastyczność popytu czy koszt alternatywny mogą wspierać formułowanie strategii w warunkach niestabilnych rynków. Artykuł łączy teorię z praktyką, oferując praktyczne wskazówki dla budowania trwałej przewagi konkurencyjnej i rozszerzając zastosowanie ekonomii biznesu na różne branże. Wnioski płynące z badania są istotne nie tylko dla chińskich przedsiębiorstw, lecz także dla firm i decydentów w Europie Środkowo-Wschodniej, którzy dążą do wzmocnienia konkurencyjności w ramach jednolitego rynku Unii Europejskiej.

Słowa kluczowe

ekonomia biznesu, różnicowanie kulturowe, analiza CVP, zarządzanie łańcuchem dostaw, polityka cenowa, transformacja cyfrowa, globalizacja