

The Building and Management of Sports Brands: The Case of FILA

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Keywords: Enterprise Development and Management, Market Research, Corporate History.

Abstract: This paper aims to study and discuss the successful experience of FILA brand and the lessons of the transformation from the Italian top high-end sport brand to the world sport fashion brand after the establishment in 1911. This paper argues that FILA has successfully redefined brand value in the highly saturated sports fashion arena through strategic brand positioning, market contingency, cultural accustomization and localization. The study points out that the keys to FILA's success include the following three points: diversification and responsiveness to market dynamics, sharp targeting Merlin's brand personality and cultural sensitivity, and Merlin's ability to deal with brand crises. This investigation thus forms a useful guide for future examinations of brand globalisation and application of technology.

1 INTRODUCTION

The importance of branding in contemporary business competition gradually rises to an unprecedented level. A strong and effective brand is not only a significant asset of enterprises but also serves as a communication channel between consumers and enterprises. Brand value is an important intangible asset of an enterprise, of which Brand Loyalty, Brand Awareness, Brand Associations, Perceived Quality are the key elements of brand value (Aaker, 1991). In the context of globalization, branding and brand management have been promoted from marketing resources to the strategic resources in the enterprise business operations. FILA, as a century-old sport brand, has successfully gained consumers' favour in this process by transforming its branding strategies, especially in the Chinese market. It has shifted from its initial niche, high-end brand image to becoming a widely recognized and accepted brand today.

This thesis employs the FILA brand to explicate the approaches and steps used within the process of brand creation and administration. Through the characterization of the FILA brand and by dissecting its development history, the changes of the brand positioning and the variations of the marketing strategies, this paper will show the successful story of how FILA achieved the integration of culture, accurate market positioning, and the long-term brand loyalty of consumers within the strong competitive environment of the international market. The findings

of this paper can provide useful insights and practical references for the construction and management of other brands.

2 HISTORY OF THE FILA BRAND

2.1 Founding and Early Development of FILA

FILA brand was created by the FILA family in 1911 in Biella, Italy. Originally, FILA was a company that focused on the manufacturing of quality wool and textile products for its target market, the domestic market. Its menswear delivery through the use of quality fabrics and excellent workmanship added to its quick and early market acceptance in Italy.

In the 1970s, FILA officially joined the sportswear sector and started to develop professional sportswear. This transition was the first step in turning FILA from a typical textile business into a world class superior sportswear brand and also became the first step that FILA began to go international.

2.2 FILA's Global Expansion

FILA has become a well-known sportswear maker and successfully entered the international market in

the early 1970s. At present, FILA has achieved excellent strategic development results in two continents of Europe and America due to its trademark positioning and superior design style. As consumers' consciousness of healthy life increased, the market demand of sports fashion is expanding, and FILA being positioned fashion sportswear perfectly fits this trend. In this way, FILA has increased the brand's popularity with the help of sponsorships with famous athletes (such as a tennis player Björn Borg) and seasons for the best high-status championships like Wimbledon Open.

Currently, FILA is also popular in Asia. It opened shops in Japan and South Korea in the 1990S when its products met Asian people's needs for formal sports apparel. Asian, especially Chinese middle-class population, has rapidly grown, resulting in higher demands for premium sports brand. In Asia, the re-branding of FILA has partially succeeded in the initial stage and paved the path for further growth. In 2007, FILA was bought out by China's Anta Group to acquire Greater China business and rebrand it. By adapting the strategy on shifting its focuses to the Asian market especial the China market, Anta has gained remarkable returns. At the same time, FILA has gained its zenith in the Asian Market.

However, the problem that hit FILA in the early season 2000s led to a dismal sales performance for the brand. When Nike and Adidas enhanced their functional sports equipment R&D, and fast-fashion brands expanding sports fashion area, FILA's market share was gradually squeezed. Global sales in 2003 were only \$792 million, down 43 per cent from the 1997 peak.

In addition, FILA has been facing the problem of blurred brand image in its global expansion: the positioning is not clearly defined between luxury clothing and sports wear and thus it has slowly faded off the map in Europe and America. Problems, such as how to make sure different regions hold the same brand image and at the same time cater to the cultural and preference differences of the global consumers, are often some of the critical demands in the layout of the global market that FILA needs to jointly solve.

3 FILA'S BRAND POSITIONING AND SHAPING

Acquired by China's Anta Group in 2007, FILA underwent a strategic transformation starting in 2012, transitioning from a premium athletic apparel brand to a mass-market sports lifestyle brand. This repositioning exemplifies the brand's adaptive

management strategies. The key strategic initiatives for FILA are the repositioning of the brand. During the market survey, they have watered down this technical aspect of the professional sports and had shifted the brand focus to design oriented and trend sensitive brand that aims at the sports fashion segment of the market. Therefore, the objective of Anta is to achieve social equity between 'luxury' and the 'mass' (Zhang & Li, 2021). It is all about finding the balance between 'high-end and expensive' and 'affordable'. This has created the situations where FILA products can be employed even more often, thus developing multifaceted possibilities of the products, and essentially enlarging the spectrum of the audience that might be interested in FILA.

Secondly, FILA has diversified new product lines through sub-brands to meet different segments of market needs and reformulated its products depending on the consumers' preference in the international market. For instance, FILA FUSION is targeted towards youth trend market, FILA KIDS for children and FILA ATHLETICS aiming for professional sporting equipment (Wu, 2019).

The third important aspects, which is worth mentioning is the changes in the techniques of marketing. Cross border collaborations have also been adopted by FILA and other related products have incorporated fashion design aspect from luxury brands to enhance its brand image and marketability. For example, they state that a cooperation with FENDI brought a limited edition collection, being presented at the fashion weeks in several countries. This approach not only improved FILA's exposure but also benefited consumers in terms of an improved view of the brand and gained market impact. Such collaborations have been effective since, they suit consumer's-interest in unique and popular designs hence strengthening FILA in the fashion empire (Kim, 2018).

Involved in the brand transition, FILA has also widened its marketing focus from professional athletes and high-income groups of consumers to mass consumers.

For example, FILA targeting the male 18-35 age group it launched marketing strategies such as celebrity endorsement (Kim Soo-hyun) a Korean artist to appeal the trendy youngsters. This group cares about the latest fashion and brand personality and likes brands which are both useful and make them look like they know a great deal about fashion (Lee & Park, 2020). By the right pricing approach and light luxury design, FILA is able to satisfy the middle-income earners who are in search for affordable but quality products. It helps to prolong 'perception of

luxury' and creates value for the brand, ultimately appealing to the middle-class consumers (Zhang & Li, 2021).

Through high-quality children's wear and a focus on parent-child dynamics, FILA KIDS has successfully captured the family market, increasing brand awareness among young families. Wu, 2019).

4 FILA'S BRAND MANAGEMENT STRATEGY

4.1 Channel Management and Marketing

FILA uses an omnichannel approach where both the online and offline markets are utilized to cater for consumers' needs. The exterior channels consist of officially websites and e-business channel including the official website of this brand in Chinese market, the e-business channel of this brand including Taobao and the other similar e-business channel. In order to meet the convenience of online channels which entered the consumers' life with a wide variety of offers. Offline channels communicate brand value through flagship shops and boutiques, et al. Offline shops are easy to be seen and touched and consumers can decide whether to purchase or not according to the tangible things they come across, which will improve their degree of brand trust and experience. The perfect integration of e-channels and brick-and-mortar allow FILA to maximize ecommerce to enhance sales while raising brand contacts and customer loyalty via retail store. The use of online and offline interaction in Omni-channel retailing is likely to extend client delight and brand affection. (Verhoef, Kannan & Inman, 2015).

Digital marketing can optimise the allocation of resources and increase the efficiency of marketing campaigns through data analysis (Chaffey & Smith, 2017). FILA has outperformed in its marketing through digital approach where the consumer's behaviour is studied, and precision marketing is done with the help of advanced technologies. Most of the young consumers are attracted due to application of social media to advertise contents like new product launch attractive promotional designs and collaboration with well-known designers. In parallel, the company has managed to improve performing supply chain and inventory with the help of digital tools available within FILA. For instance, using the sales data, FILA is able to change the distribution of stocks in the various areas in order to suit the demands.

The use of this data-based marketing practice strengthens its position in the competitive market and customer satisfaction.

4.2 Brand Crisis Management

The growth process of a brand may be confronted with a number of problems from external environment, as illustrated by the case of FILA in the Hong Kong market. During the 1990s, FILA began enjoying a rapid market growth in the Asian market and after getting into the 2000s, the company has experienced a slow decline in its performance in Hong Kong because of the problems such as market saturation and confused brand identity. This decline was a result of poor commercial transition of high-end professional sports apparel brands, particularly in the new area of young consumer's fashion integration of sports wear and trends.

To this end, FILA has attempted to pursue several strategies to meet this challenge, such as converting the brand positioning, enhancing the marketing promotion, and cooperating with localised resources. For example, FILA has recently released sports fashion, which is closer to consumers' demand of Asia and the need for targeting group of design and practicality. Secondly, FILA has given a new life to the product by working with local talents to advertise new releases. Moreover, FILA adapted the format of its points of sale and workshops to a greater similarity with the fashionable image of the brand while at the same improving the consumer experience. These strategies allowed FILA to establish a brand- new path to the recovery from this downturn with a new brand vision among the young people.

5 IMPLICATIONS FOR OTHER BRANDS

5.1 Flexibility to Respond to Market Changes

Market Sensitivity FILA has demonstrated how a strategic response to market trends can be valuable by evolving from a professional equipment specialist image to a fashion image. It is crucial for brands to timely identify shifts in consumer behaviour and, depending on these shifts, be willing and able to adapt its marketing channels: from traditional 'brick-and-mortar' stores to online 'electronic' ones, as well as to the growth of e-commerce and social networking as a means of expanding its coverage of the market.

Based on the information collected from consumer research, social network analysis and sales data, brands can gather timely information on the market trends and timely make changes in product design and marketing strategies. They can also use varying brand promotion strategies and plans to expand their range of products, for example, different series of products corresponding to the high-end segment and the massive one. Moreover, the existing digital structures can be developed by investing in e-commerce systems and digital marketing professionals to perfect customers' experiences and boost the performance by interpreting the data correctly (Allan, Blanchet, Robichaud, & Kinuani, 2023).

5.2 Precise Brand Positioning and Cultural Integration

The experiences of FILA in Asia especially Korea revealed that positioning and localisation strategies are critical determinations of brands success. The brand has grown its consumers by incorporating aspects of the cultural and using the strategy of rejuvenation (Holt, 2004).

Brands can localise their design and promotion, for instance, FILA released products according to the Korean templates based on Koreans' ideas. However, they need to focus on several actions further, including the enhancement of brand position. Market analyses can see brand specify its target market and align the definitions of core values needed for the target population. For example - brand positioning as a 'brand for the fashionable young' or an 'eco-technology sports brand'. This is because the cultural connection is another way through which brand can build a bond relationship with their customers through activities like sponsorship to festivals or music festivals, sporting activities, hire celebrities or endorse local products (Renee & Chao, 2019).

6 CONCLUSION

The key to the success of the FILA brand consists of three elements include exact positioning of the brand, market elasticity, and cultural assimilation and localization plan. All these factors hold great promise for FILA, and the study of the target market and the timely adjustment of the strategy is the fundamental determinant of success. When the brand goes global, it should remain loyal to the brand values and truth but can accommodate culture and need of brand consumer.

This analysis of FILA's brand success will also be useful for other brands and create a basis for further discussions in the topics of brand globalization and technology. In future research, incorporating cross cultural factors and new technology trends will bring more understanding to the complexion and opportunities of brand management.

Under the background of the trend of globalisation, how the brand provides consistency and variability to different culture still have a potential for further research.

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