Market Positioning Analysis of CJ Brand Fitness Equipment

Bohan Liu, Yuying Li, Ping Yu*, Jiayue Zhou, Kang Fang

Department of Finance and Economics, Shandong University of Science and Technology, Jinan 250031, Shandong Province, China

*Corresponding author: Ping Yu, yuping2020@163.com

Abstract: CJ Health Technology Co. has been an export-oriented supplier of fitness equipment, boasting leading technology innovation and manufacturing capabilities. However, in the process of expanding into the domestic market, the challenges of unclear market positioning and lack of brand awareness have emerged as major obstacles. To address these issues, a SWOT analysis was conducted to explore a suitable market positioning strategy for the CJ brand. The analysis reveals that the market demand for commercial fitness equipment is relatively saturated, with fierce competition. In contrast, the home fitness market represents a new blue ocean with promising development opportunities for the CJ brand. Leveraging excellent product quality, stringent quality control measures, and innovation-driven cutting-edge technology, it is recommended that CJ brand fitness equipment target young customers aged between 25 and 35 years old. Additionally, vigorously developing the home fitness product line is proposed to capitalize on this burgeoning market segment.

Keywords: Fitness equipment; Brand planning; Market positioning; SWOT

Online publication: April 29, 2024

1. Introduction

CJ Health Technology is a China-based fitness equipment supplier with a strong focus on the export market. Leveraging its extensive experience in catering to international demand, the company has established long-term and stable customer relationships overseas. With leading technological innovation and robust manufacturing capabilities, CJ Health Technology has earned a reputation for delivering high-quality products. Recognizing the growing fitness demand among Chinese consumers, CJ Health Technology has begun to prioritize the domestic market while continuing to serve its international clientele. However, as a small and medium-sized enterprise and an emerging brand, CJ faces challenges in establishing brand awareness in the domestic market.

This paper proposes a market positioning and segmentation strategy tailored to the CJ brand, drawing insights from internal strengths and weaknesses, as well as external opportunities and challenges, while also considering competitor analysis. Recent research by Addolorato et al. highlighted fitness equipment as a sustainable solution for optimizing human movement across various environments, predicting continued expansion in the global fitness industry. Qian offered a specific marketing implementation plan for the
Ironman brand, emphasizing strategic analysis and environmental considerations [2]. Xu provided an objective assessment of the marketing landscape and challenges faced by Shuhua fitness equipment, recommending a market positioning segmentation strategy to identify promising market segments [3]. Zhang et al. explored marketing strategies and approaches tailored to community-based consumer groups of fitness equipment [4]. Finally, Liu presented a marketing strategy optimization plan for TLS fitness equipment, incorporating analysis of enterprise characteristics, environmental factors, and consumer group positioning [5].

2. SWOT analysis of brand competitiveness

2.1. Strength analysis

2.1.1. Excellent product quality and strict quality control

CJ Sports Equipment Co., Ltd. was established in 2014 and has since built long-term and stable relationships with overseas customers. With over 90% of its products exported abroad, the company possesses the expertise and experience to cater to mature markets effectively. CJ Sports Equipment has obtained ISO9001, ISO14001, and ISO18001 certifications, and is currently undergoing NSCC, 3C, and other related certifications. The CJ brand is dedicated to establishing a systematic and comprehensive management system to ensure stringent product control and the production of high-quality goods. This includes meticulous oversight of design, material procurement, manufacturing processes, and quality control measures. For instance, the in-house SA series products boast not only sleek and stylish designs but also exceptional functionality. They are characterized by vibrant colors, trendy aesthetics, exquisite craftsmanship, and precise weight measurements. Five mm diameter nylon-coated steel cables sourced from reputable suppliers were also used to ensure safety and reliability. Additionally, the products feature robust construction, incorporating 50 × 100 flat elliptical tubes with a thickness of 2.5 mm to guarantee durability and strength.

2.1.2. Innovation-driven and leading cutting-edge technologies

CJ Sports Products has achieved localization in design and manufacturing, boasting two invention patents, seven utility model patents, and ten appearance patents. The company has also embraced cutting-edge technologies such as wireless charging and facial recognition, which have been integrated into the RT8 high-end treadmill. Upon activation of the running function, the RT8 treadmill’s fresh air circulation system initiates automatically. After the workout, pressing the “ease” button reduces both the speed and incline of the RT8, facilitating gradual recovery of the heart, lungs, and blood circulation. This feature aligns with the principles of human exercise and health.

2.2. Weakness analysis

2.2.1. Low domestic awareness as an emerging brand

Since its establishment, CJ Company has primarily targeted the international market, particularly through Original Equipment Manufacturer (OEM) arrangements. Currently, overseas exports constitute the primary source of sales revenue, with domestic sales accounting for less than 10%. Due to the relatively brief period of CJ brand development in the domestic market, brand awareness, promotion, and consumer recognition are comparatively low.

2.2.2. Lack of online marketing capability

The marketing strategy of the CJ brand remains entrenched in traditional methods such as exhibitions, client visits, and online promotions. As a small and medium-sized enterprise, significantly boosting brand awareness
without substantial marketing investments proves challenging. Although the company has established a website showcasing its products, customer testimonials, and after-sales services, it lacks support for price information and online ordering. CJ has also launched an independent store on the JD platform, but sales remain minimal. Moreover, facing fierce competition from established traditional brands like Shuhua and Impulse, innovative brands like Huawei Smart Selection and Mijia, as well as multinational giants like Sole and Aikang in the United States market, the CJ brand struggles with limited competitiveness and sales volume.

2.3. Opportunity analysis

2.3.1. Favorable policy dividends: national fitness as a strategic priority
In the “13th Five-Year Plan for Sports Development” announced by the General Administration of Sport of China in 2016, it was projected that China’s fitness equipment market would sustain a growth rate of 9%, with the market size surpassing 64 billion yuan by 2020. Subsequently, in 2021, the National Fitness Program (2021–2025) was unveiled, outlining the role of the fitness equipment industry in enhancing quality of life. Moreover, local governments have introduced supportive policies aimed at boosting the penetration rate of the fitness equipment industry.

2.3.2. Heightened awareness: improved living standards and physical fitness
With the rapid economic development of China, the consumption level and capacity have significantly increased as people strive for a better quality of life. This trend bodes well for the development of the fitness equipment industry. Simultaneously, amid mounting societal competition, people’s physical fitness is on the decline. The prevalence of common ailments such as hypertension, diabetes, and lung function diseases is rising, thereby heightening awareness about the importance of physical exercise.

2.3.3. Tech boost: “Internet + industry” accelerating fitness equipment sector growth
With the application and promotion of cloud computing, big data, the Internet of Things (IoT), and other emerging technologies, intelligent fitness is gradually replacing traditional mechanical equipment. On the demand side, while pursuing the functionality and safety of fitness equipment, domestic consumers are increasingly emphasizing intelligent, networked, entertainment-oriented, specialized, and personalized products. This shift will further drive the upgrading of fitness equipment design, manufacturing methods, supply and marketing systems, and brand operation modes. These upgrades will stimulate consumer demand and loyalty for fitness equipment. As a result, the fitness equipment industry is expected to grow due to scientific and technological progress.

2.3.4. Emerging trends: domestic home fitness equipment market gains momentum with room for growth
According to statistics from the China Economic Industry Research Institute, China’s fitness population penetration rate was 21.5% in 2021, significantly lower than the rates of 48.2% in the United States and 41.2% in Europe. Additionally, the gym membership penetration rate in China was only 3.2% in 2021, far below the rates of 23.5% in the United States and 9.5% in Europe. As illustrated in Figure 1, the penetration rate of China’s fitness population is projected to reach 29.3% by 2026, indicating significant development space and potential opportunities in the fitness equipment market.
2.4. Threat analysis

2.4.1. Negative effects from external economic changes
In the context of the external macro environment, the transition of economic growth patterns and rigorous energy conservation and emission reduction measures have profoundly influenced the development of the fitness equipment industry. Internally, competition across every segment of the industrial chain, technological advancements, the gradual contraction of the export market, and the increasing complexity of the sales market pose challenges for enterprise decision-makers that need to be addressed.

2.4.2. Fierce market competition
As depicted in Figure 2, international brands like Aikang, Lifefitness, and PRECOR, which have been established for a longer time and are relatively mature, hold approximately 70% of the domestic market share, dominating the high-end market segment. Meanwhile, well-known domestic fitness equipment brands such as Jinling Sports, Shua, and Impulse, command nearly 8% of the market share, competing in the mid-to-high-end market segment. The low-end fitness equipment market is primarily dominated by small local brands, constituting approximately 22% (Figure 3).

Figure 1. Fitness population penetration in China

![Figure 1](image)

Figure 2. Market brand distribution matrix

![Figure 2](image)

Figure 3. 2019–2020 China’s fitness equipment market

![Figure 3](image)
3. Market positioning of the CJ brand

As a small and medium-sized enterprise, to maximize the effectiveness of CJ brand promotion, CJ needs to identify market segments that align with its strengths and conduct precise market positioning. Based on the SWOT strategy analysis outlined above (Table 1), CJ’s market positioning should primarily emphasize its strengths (SO) and capitalize on opportunities (ST) strategies.

<table>
<thead>
<tr>
<th>Enterprise competition situation analysis</th>
<th>Internal factors</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>External factors</strong></td>
<td>Internal factors</td>
</tr>
<tr>
<td>Opportunities (O)</td>
<td>Strengths (S)</td>
</tr>
<tr>
<td>Policy dividends.</td>
<td>Excellent quality and control.</td>
</tr>
<tr>
<td>Increasing awareness of physical fitness.</td>
<td>Cutting-edge technologies.</td>
</tr>
<tr>
<td>Rapid development of the Internet.</td>
<td>Focus on core technologies.</td>
</tr>
<tr>
<td>Low permeability induces a chance.</td>
<td>Grasp the mainstream consumers.</td>
</tr>
<tr>
<td></td>
<td>Full utilize modern network technology.</td>
</tr>
<tr>
<td></td>
<td>Enhance the brand influence.</td>
</tr>
<tr>
<td>Threats (T)</td>
<td>Weakness (W)</td>
</tr>
<tr>
<td>Negative effects from external changes.</td>
<td>Lower brand awareness.</td>
</tr>
<tr>
<td>Fierce competition in the market.</td>
<td>Lack of online marketing capability.</td>
</tr>
<tr>
<td></td>
<td>Focus on core technologies.</td>
</tr>
<tr>
<td></td>
<td>Grasp the mainstream consumers.</td>
</tr>
<tr>
<td></td>
<td>Full utilize modern network technology.</td>
</tr>
<tr>
<td></td>
<td>Enhance the brand influence.</td>
</tr>
</tbody>
</table>

3.1. Target audience: primarily young customers aged 25–35

With evolving fitness trends and habits, there has been a gradual increase in the adoption of indoor fitness among young individuals. Regarding the age demographics of fitness users (see Figure 4), the largest percentage falls within the 25–29 age group, constituting 41%, followed closely by the 30–35 age group, accounting for 37%. When considering the penetration rate based on the total population of fitness clubs, data from the 2014 Survey Bulletin of National Fitness Activities indicates a penetration rate of 7.8% for individuals aged 20–29 and 4.8% for those aged 30–39. On a broader scale, China’s overall fitness penetration rate was merely 0.5% in 2016, but saw a rapid increase to 4.9% by 2019, signaling a continuous upward trend.

It is evident that fitness equipment brands primarily target household fitness enthusiasts and establishments offering comprehensive commercial fitness solutions. The fitness community at large demonstrates a trend of being “young and well-informed,” with the main consumer demographic falling within the approximate age range of 25 to 35 years old.

3.2. Expansion: introduce a range of compact home fitness products

Fitness equipment encompasses two primary market segments: home fitness and commercial fitness. Commercial fitness equipment is predominantly sold to institutional consumers in the wholesale market, while home fitness equipment is marketed individually and personalized to individual consumers in the retail market. Notably, the
The success of the home fitness product line hinges significantly on brand awareness and consumer recognition.

The commercial fitness market is largely dominated by international and domestic well-established brands, leading to market saturation. The high entry barriers in this segment limit opportunities for new entrants to develop and expand. Currently, CJ focuses on establishing indoor venues and supplying fitness equipment, collaborating with numerous universities, government agencies, and hotels to bolster its market presence. However, CJ’s brand remains entrenched in the commercial fitness market, which offers limited prospects for development.

Family fitness forms the cornerstone of mass sports, with the “family-centered” approach to sports development emerging as a key trend for the future. The absence of family-oriented sports activities presents significant development opportunities for various fitness equipment manufacturers. Moreover, as economic development progresses, more families are opting for home fitness as a complement to outdoor activities to enhance physical well-being. For CJ, venturing into a small home fitness product line holds promise in capturing the burgeoning family fitness market. To achieve this, the company must enhance its online marketing capabilities, actively develop small intelligent home fitness equipment, and promptly explore new marketing channels such as Jingdong, Taobao, Douyin, and Xiaohongshu.

Author contributions
Conceptualization: Ping Yu
Investigation: Jiayue Zhou, Kang Fang
Formal analysis: Bohan Liu, Yuying Li
Writing – original draft: Bohan Liu, Yuying Li
Writing – review & editing: Bohan Liu, Yuying Li, Ping Yu, Jiayue Zhou, Kang Fang

Disclosure statement
The authors declare no conflict of interest.

References

Publisher’s note
Bio-Byword Scientific Publishing remains neutral with regard to jurisdictional claims in published maps and institutional affiliations.