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Analysis of Anta Group's Profitability under the Background of Digital Transformation

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Abstract: Against the dual backdrop of the rapid development of the digital economy and the continuous promotion of national sports industry policies, the digital transformation of traditional manufacturing has become a key path to enhance the core competitiveness of enterprises. This paper takes Anta Group, a leading enterprise in China's sports goods industry, as the research object. Based on its financial data from 2020 to 2024, the DuPont analysis method is employed to systematically analyze the impact mechanism and path of digital transformation on the profitability of the enterprise. The research shows that digital transformation significantly improves the net profit margin of the enterprise by promoting changes in the DTC (Direct-to-Consumer) model, optimizing supply chain management, and implementing refined operations, making it the core driving force for the growth of return on net assets. Although in the early stages of transformation, due to the increase in direct sales channel construction and digital infrastructure investment, the total asset turnover rate experienced some pressure in the short term, this strategic resource investment laid a solid foundation for long-term operational efficiency improvement and profit quality optimization. This paper further proposes targeted suggestions from three dimensions: deepening digital operations, enhancing asset utilization efficiency, and exploring new profit growth points, providing theoretical references and practical insights for promoting high-quality sustainable development in China's traditional manufacturing industry.

Keywords: DuPont analysis method; Anta Group; profitability; digital transformation; financial strategy

1. Introduction

With the in-depth development of the digital economy, digital transformation has become a key path for traditional manufacturing industries to build their core competitiveness. According to IDC data, 67% of the Global Top 1000 companies have incorporated digital transformation into their core strategies, indicating that digital transformation has become an important strategic choice for manufacturers[1] . As a field that directly faces end consumers and has huge market potential, the development trend and transformation process of the sporting goods industry are strongly driven by national top-level design. In order to stimulate the potential of sports consumption and build a modern industrial system, the country has issued a series of strategic documents in recent years. The "Outline for Building a Strong Sports Country" issued by the General Office of the State Council establishes the strategic goal of promoting the sports industry to become a pillar industry of the national economy from a macro level, laying the foundation for its long-term development. Immediately afterwards, the "14th Five-Year Plan for Sports Development" outlined a specific action roadmap, not only setting the development goal of the total industry scale but also identifying "accelerating the development of digital sports" and "promoting the integration of online and offline consumption" as core tasks, directly guiding and supporting enterprises' digital practices. In addition, policies such as the "Opinions on Promoting National Fitness and Sports Consumption to Drive High-quality Development of the Sports Industry" provide solid institutional support for industrial innovation and transformation and upgrading from the perspectives of deepening the reform of "decentralization, regulation, and service" and strengthening factor guarantees. Catalyzed by this series of strong policy dividends, China's sports industry has ushered in an unprecedented golden development period, while also placing higher demands on the competitiveness of market entities.

The impact of enterprise digital transformation on corporate finance has emerged as a prominent topic in management and accounting research in recent years. Empirical studies based on large samples have consistently demonstrated that digital transformation positively influences corporate productivity and performance by enhancing management efficiency, reducing operational costs, alleviating financing constraints, and boosting innovation capabilities[2][3]. However, despite the growing body of research, most macro-level empirical analyses still struggle to capture the dynamic interconnections and evolutionary pathways of financial indicators during digital transformation. Additionally, existing case studies predominantly focus on descriptive analyses at the strategic level, lacking in-depth exploration from a systemic financial perspective on the structural synergies and dynamic relationships between digital transformation and core drivers of profitability—such as net profit margin, asset turnover, and the equity multiplier in the DuPont framework. This paper aims to address these research gaps by examining Anta Group as a case study. Through longitudinal comparative analysis, it explores the synergistic changes between digital transformation processes and the three DuPont factors, while attempting to reveal the underlying logic connecting these changes with the evolution of ROE and the reshaping of profit models.

As a benchmark in the industry, Anta Group's forward-looking multi-brand strategy since 2016, as well as its comprehensive promotion of direct-to-consumer-centric omni-channel digital transformation in 2020, are key measures that align with national strategic directions and seize market opportunities. Against this backdrop, a core issue urgently requires rigorous evaluation from a financial perspective: to what extent and through what pathways has Anta Group's vigorous digital transformation effectively improved the company's core financial performance - profitability?

While classical financial ratio analysis can reveal a company's short-term debt-paying or operational capabilities, it struggles to systematically and comprehensively evaluate the driving sources of the company's overall profitability. The DuPont analysis method, by decomposing the core indicator of return on net assets layer by layer, can clearly reveal the internal structure of a company's profit model, providing an ideal analytical framework for gaining insight into the strategic effectiveness of digital transformation under the macro background of national policy empowerment.

2. Case Introduction

2.1. Introduction to Anta Group

Introduction to Anta Group Founded in 1991, Anta Sports Products Co., Ltd. is a leading comprehensive sportswear group in China. Since its listing on the Hong Kong Stock Exchange in 2007, Anta has evolved from a traditional manufacturing enterprise into a top three global industry giant. Its success is rooted in its clear "single focus, multiple brands, and omni-channel" strategy: it has always focused on the main business of sportswear and, through successful acquisitions and incubations, has built a powerful brand matrix covering professional sports, fashion sports, and outdoor sports, including ANTA, FILA, DESCENTE, KOLON SPORT, etc., achieving full coverage of consumers from the mass market to the high-end market.

To address the challenges of the digital era, Anta Group has embarked on a profound transformation centered on the "DTC (Direct-to-Consumer) model transformation" since 2020, transitioning from the traditional wholesale model to a direct-to-consumer digital retail model. This move aims to strengthen terminal control, integrate online and offline data, and drive intelligent upgrades across the entire value chain. Leveraging its prominent industry position and forward-looking digital transformation practices, Anta Group serves as a highly representative case study for examining the evolution of profitability in traditional manufacturing industries in the digital context.

2.2. Analysis of Digital Transformation Drivers and Paths

2.2.1. Drivers of Anta's digital transformation

(1)National policy-driven

Anta's decision to undergo digital transformation is inextricably linked to the national strategic layout for the development of the digital economy. In recent years, the introduction of a series of top-level design documents has pointed out the core path for traditional manufacturing giants like Anta to transform and upgrade, and provided strong policy endorsement and a favorable development environment. The "14th Five-Year Plan for Digital Economy Development" proposes to "vigorously promote the digital transformation of industries" and focus on promoting "the deep integration of digital technology and the real economy." This provides the most authoritative strategic guidance for Anta to transform from a traditional manufacturing and retail enterprise into a digital enterprise. At the same time, "Made in China 2025" aims to promote China's transition from a manufacturing powerhouse to a manufacturing superpower, with "smart manufacturing" as the main focus. This enables Anta to advance automation and intelligent transformation in its production processes, and exert pressure on upstream suppliers to jointly create a flexible supply chain system with rapid response capabilities. By closely following national policies, promptly upgrading corporate strategies, and enhancing its own development, Anta can gain a foothold in future market competition and sustain its development.

(2)An Analysis of External Drivers

Anta Group's comprehensive advancement of digital transformation constitutes a strategic response to the profoundly changing and increasingly complex external environment of the present and foreseeable future. This transformational decision is externally driven by the multiple, intertwined, and resonant forces of the global macro-environment, technological revolution, market ecology, and sudden public crises.

Firstly, examining the global macro-environment, "changes of a magnitude not seen in a century" are rapidly unfolding. The undercurrent of deglobalization, pressures on the restructuring of global supply chains, and international trade frictions coupled with geopolitical conflicts have heightened market uncertainty. This volatility, complexity, and unpredictability in the external environment pose severe challenges to Anta, which is deeply embedded in global value chains, significantly increasing the risks associated with its traditional reliance on low-cost manufacturing and scale expansion. Digital transformation, particularly through building a data-driven smart supply chain and flexible production system, has become a key means for Anta to enhance supply chain resilience, optimize global resource allocation, and resist external systemic risks, enabling it to maintain operational stability and agility within a turbulent international context.

Secondly, the Fourth Industrial Revolution, represented by big data, artificial intelligence, and cloud computing, is reshaping the rules of global economic competition. This has transcended the purely technological realm, evolving into a core competition concerning dominance over industrial ecosystems. Nations have successively launched strategies like "Industry 4.0" and "Reindustrialization," while China has explicitly proposed top-level designs for "Digital China" and "Smart Manufacturing." In this context, digital transformation is no longer an "option" for enterprises but a "necessity" for survival and development. Anta must integrate itself into this national strategy and the tide of global industrial upgrading. By leveraging data as a new key factor of production to empower the entire value chain—from product R&D and smart manufacturing to precision marketing—it can avoid becoming passive and marginalized in future industrial competition.

Furthermore, structural shifts in the consumer market constitute another core external push. Currently, the main consumer force is shifting to Generation Z and younger demographics, whose consumer behavior is highly digitalized, segmented, and pursues personalization, experiential consumption, and emotional resonance. The traditional, one-dimensional wholesale and retail models struggle to meet their demands. Concurrently, the slowdown in macroeconomic growth and periodic fluctuations have led to changes in consumer confidence, making decision-making more rational and cautious. This necessitates Anta's shift from a "product-centric" to a "user-centric" approach. Digital transformation, especially building a Direct-To-Consumer model and private traffic pools, allows it to bypass intermediaries, engage directly with end-users, gain deep insights into their rapidly iterating needs, provide personalized products and services, and in the process, build stable brand loyalty to mitigate impacts from market volatility.

Finally, sudden public crises, such as the global COVID-19 pandemic, served as an extreme "stress test," thoroughly exposing the fragility of traditional business models heavily reliant on physical channels. Plummeting offline foot traffic, disrupted global logistics, and cancelled wholesale orders led to inventory backlog and cash flow constraints, imposing unprecedented operational pressure on Anta. This crisis starkly demonstrated that business models lacking digital buffers and online operational capabilities are extremely vulnerable to "black swan" events. It dramatically accelerated Anta's migration online, the construction of an omnichannel sales network, and the use of digital tools for community operations and marketing. Consequently, digital transformation was propelled from a long-term plan for the future to an urgent agenda item critical for immediate survival.

In summary, it is under the combined action of these four external forces—profound adjustments in the global political and economic landscape, the disruptive drive of technological revolution, paradigm shifts in the consumer market, and the stark forcing function of sudden public crises—that Anta's digital transformation has become an inevitable and urgent strategic choice for creating certainty in an era of uncertainty and forging new paths amidst upheaval.

(3)Technological development empowers

The digital transformation of the manufacturing industry requires a dual-driven system combining internal and external drivers. External drivers require collaborative support, with continuous optimization of the environment, technology, and policies. It is necessary to strengthen the construction of industrial digital infrastructure, develop cross-regional technology sharing platforms, and promote the practical application of key technologies such as 5G and the industrial Internet in real-world scenarios[4]. ANTA utilizes data analysis and artificial intelligence technology to mine customer data,conduct in-depth analysis of data resources, achieve accurate predictions of consumption trends, provide rapid feedback on product design, and carry out targeted marketing and recommendations tailored to individual customers, significantly improving operational efficiency and marketing return on investment. Secondly, by establishing interactive platforms and simplifying business processes, the company's business model has undergone significant transformation, enhancing operational efficiency.

(4)Own strategic choice

Anta's decision to undergo digital transformation is an inherent and inevitable choice to address internal growth bottlenecks and support its grand strategic blueprint. This transformation is deeply rooted in its core strategy of "single focus, multiple brands, and omni-channel", aiming to reconstruct business models and operational paradigms through digital means. Firstly, to address core pain points brought by the traditional wholesale model, such as the isolation between brands and consumers, delayed market response, and limited profit margins, Anta Sports proposed a DTC transformation strategy in mid-2020 to maintain its competitive advantage and achieve sustainable development, fully embarking on the path of transformation. In 2021, it established an "integrated logistics park" that integrates multiple functions such as automated storage, sorting, distribution, and big data analysis, committed to enhancing brand influence and recognition. By adopting the DTC model, it shortens the product circulation chain, reduces intermediate links, and improves operational efficiency and market response speed[5]. Its fundamental purpose goes far beyond channel control; it lies in breaking down data silos, establishing direct dialogue with consumers, and laying the foundation of users and data for the digitalization of the entire chain. Secondly, facing the increasingly complex operational management challenges brought by its multi-brand matrix, such as FILA and Descente, Anta must build a group-level data platform and intelligent system to achieve refined collaboration and efficient management across various brands in supply chain, membership system, and resource allocation. Digitalization thus becomes a key support for managing complexity. Ultimately, all these efforts are aimed at enhancing the consumer experience. By promoting "omni-channel unified inventory" and an integrated membership system, Anta is committed to providing consumers with seamless, consistent, and convenient shopping services, thereby strengthening user loyalty and brand value in fierce market competition. Therefore, Anta's digital transformation is a deep transformation driven by top-level strategy, running through the entire chain of its business model, and is the core engine for its upgrade from an excellent "manufacturing distributor" to a consumer-centric "digital sports service group".

2.2.2. Anta's Digital Transformation path

(1)Channel reconstruction and online operation

The primary task of digital transformation is to achieve the "onlineization" of core business elements. With this goal in mind, Anta has initiated a fundamental channel transformation. Its core measure is to vigorously promote the transformation to the DTC (Direct-to-Consumer) model, converting a large number of traditional distribution stores into directly operated stores or joint operations. This measure goes far beyond channel control; its underlying value lies in the real-time and accurate transmission of terminal sales data through the deployment of unified POS and inventory management systems across all channels. At the same time, Anta actively expands its presence across various touchpoints such as e-commerce platforms, official mini-programs, and social live streaming, and has initially established an integrated online and offline order fulfillment capability. During this stage, Anta successfully built the "neural network" necessary for digital transformation, laying a solid physical foundation for subsequent data-driven decision-making.

Data integration and member integration On the basis of business onlineization, Anta has transitioned into its core stage - connecting datanetworks and building a unified data perspective. Previously, data scattered across various channels and brands formed "isolated islands" and could not generate aggregated value. To this end, Anta has focused on building a group-level data platform, integrating multi-source data from DTC stores, e-commerce, supply chains, and social media to form a unified consumer portrait, product view, and channel view. Simultaneously, Anta has implemented an integrated omni-channel membership system to ensure that consumers are recognized as the same member at any touchpoint and enjoy consistent benefits and services. In this stage, the data platform serves as the "smart brain" of the group, while the integrated membership system acts like "blood circulation", jointly achieving the strategic shift from "channel-centric" to "user-centric".

(2)Data intelligence drives business operations

After the data is fully integrated, Anta's transformation enters the value creation stage, which involves empowering core business operations with data intelligence. On the marketing front, based on the precise user personas formed by the data platform, Anta comprehensively implements precise marketing and personalized recommendations in both public and private domains, achieving efficient conversion of marketing investment and significant improvement in customer loyalty. In terms of supply chain and merchandise, the transformation moves deeper. Anta utilizes data to drive merchandise planning and design, and implements the "omni-channel unified inventory" model, leveraging technologies such as RFID to achieve dynamic visualization and intelligent allocation of inventory. This move aims to build a flexible supply chain, enhance the efficiency of production and sales coordination, fundamentally optimize inventory turnover and capital efficiency, and directly convert data value into profitability.

(3)Intelligent deepening and ecological expansion

Building on the previous three stages, Anta's digital transformation is continuously deepening towards an intelligent and ecological future. Its vision has transcended mere e-commerce or efficiency enhancement, aiming to reconstruct the value chain through technology. This includes utilizing AI models for predictive decision-making and automated operations, as well as integrating smart hardware and sports apps at the product level to tap into the sports and health market. The ultimate goal is to build a digital sports ecosystem, propelling Anta from a "sports goods manufacturing and distribution company" to a "digital sports service group" centered around consumers, thereby opening up new value growth avenues.

3. Analyzing the impact of digital transformation on Anta's profitability based on the DuPont analysis method

The DuPont model analyzes the sources of financial performance (ROE) of a firm. The DuPont analysis is a form of financial statement analysis, which is used to decompose (in its initial phase) the return on asset (ROA) into two multiplicative components: profit margin and asset turnover. Furthermore, these two components are not sufficient to explain the financial leverage of a firm. Therefore, the third component has also been included in subsequent studies of DuPont models. All these three accounting ratios together measure diverse constructs of a firm's financial performance, ROE[6]. That is: ROE = net profit margin × total asset turnover × equity multiplier. Through this decomposition, analysts can penetrate the surface numbers and accurately locate the source of the company's profit advantage, whether it stems from excellent profit margins, efficient asset operations, or reliance on higher financial leverage, and can further trace to more detailed operational indicators such as gross profit margin, expense ratio, inventory turnover rate, etc. Therefore, the DuPont analysis method provides us with a powerful tool to systematically analyze how Anta's digital transformation strategy drives its overall profitability improvement by influencing its operational efficiency and asset efficiency.

The net profit margin on sales measures a company's cost control and product pricing capabilities, reflecting the "efficiency" of its operations; the total asset turnover rate reflects the efficiency with which a company utilizes its total assets to generate revenue, indicating the "efficiency" of its operations; while the equity multiplier indicates the level of financial leverage of a company, reflecting the "structure" of its capital.

3.1. Return on Equity analysis

The return on net assets (RONA) is the ratio of a company's net profit to its average net assets over a certain period. It measures the efficiency with which the company utilizes the capital invested by shareholders to generate profits. A higher RONA generally indicates that the company's profitability and capital utilization efficiency are better.

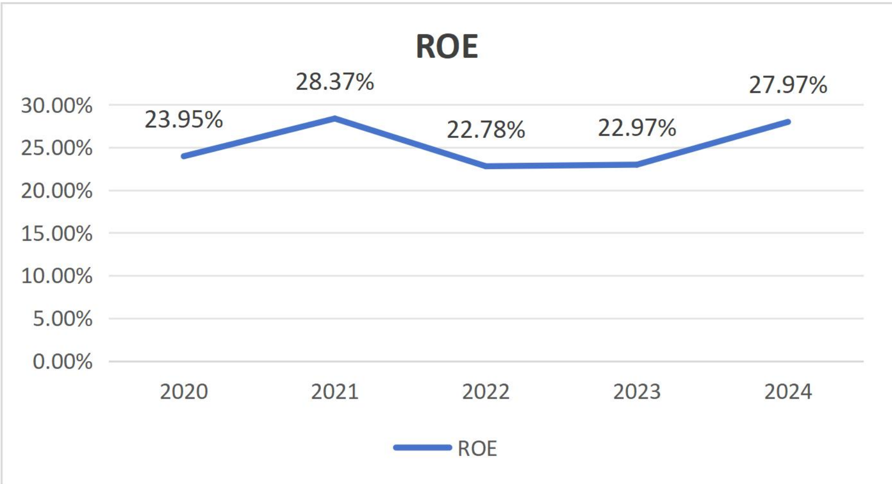

Figure 1. Trend chart of Anta Sports' return on net assets from 2020 to 2024 (**Source:** financial reports and data on Eastmoney.com)

The ROE of Anta Group has exhibited a robust trend of "steady upward movement with a significant recent surge" over the past five years. From 24.0% in 2020 to 28.0% in 2024, Anta's ROE has achieved significant growth amidst fluctuations, especially reaching a new high in 2024. This indicates that the company's ability to create value for shareholders' equity is exceptional, and after a period of adjustment, it has entered a stronger profit cycle.

The fluctuation and growth of ROE are the result of a game between its three major driving factors: net profit margin on sales, total asset turnover, and equity multiplier. The high level in 2021 was a perfect combination of "high profit, high efficiency, and moderate leverage". Both the net profit margin on sales and total asset turnover were at high levels, and despite a slight decrease in the equity multiplier, strong operational efficiency jointly pushed up ROE. The correction and consolidation in 2022-2023 reflected the "labor pains of strategic transformation". The continuous decline in total asset turnover was the main drag factor, which stemmed from the expansion of the asset base brought about by the DTC transformation. The continuously improving net profit margin on sales constituted a strong buffer, resisting the negative impact of declining asset efficiency. The steady decline in the equity multiplier means that the driving effect of financial leverage is weakening. The strong new high stage in 2024 marks a fundamental shift in Anta's profit model, entering an era of "strong profit drive". The explosive growth of the net profit margin on sales has become the absolute dominant factor, and its huge increase completely offsets the negative impact of low total asset turnover and equity multiplier.This proves that even if the assets are more "heavy" and the finance is more conservative, the company can still create high returns for shareholders through high profit efficiency.

The evolution of Anta Group's return on net assets demonstrates how a traditional manufacturing and retail enterprise has successfully upgraded its profit model through profound digital transformation. The company's driving model has shifted from the "scale-driven" approach relying on asset turnover and financial leverage in the past to the "profit-driven" approach relying on brand value and operational efficiency. And digital transformation is the core engine for achieving this shift.

The evolution of ANTA Group's return on equity is highly synchronized with the path of traditional manufacturing and retail enterprises upgrading their profit models through digital transformation. Through the decomposition of the DuPont system, it can be found that the company's driving model is highly consistent with the digital transformation process in terms of time: that is, during the deepening period of digital transformation, especially after 2022, the driving model of ROE has shifted from the "scale driven" that relied on asset turnover and financial leverage in the past to the "profit driven" that relies on brand premium and operational efficiency. This structural transformation is highly consistent with the strategic goal of enhancing terminal control and profit margins through digital transformation, indicating that digital transformation may be one of the core driving factors for achieving this transformation.

3.2. Equity Multiplier

The equity multiplier measures the extent to which a company utilizes debt financing, reflecting the size of its financial leverage and serving as an important indicator of its debt level[7] . Against the backdrop of intensified competition in the sporting goods industry and digital transformation, maintaining a relatively stable financial leverage helps companies withstand market uncertainties and provides financial support for long-term technological investment and strategic transformation. It also helps maintain good credit qualifications, allowing for lower-cost financing to support critical investments when needed. At the same time, a lower financial leverage also places higher demands on the company's profitability and asset operational efficiency, as its growth will rely more on internal momentum rather than external financing.

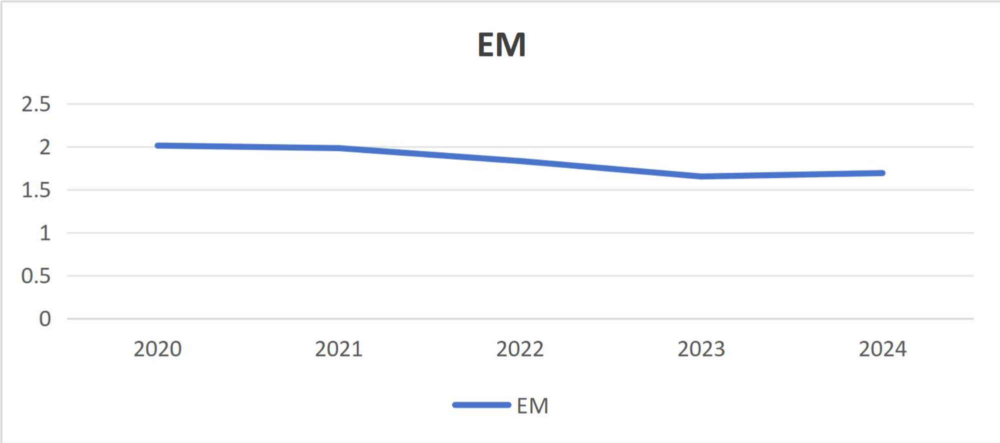

Figure 2. ANTA Sports' equity multiplier trend chart from 2020 to 2024
(**Source:** financial reports and data on Eastmoney.com)

According to the data in Figure 2, the equity multiplier of ANTA Group has shown a continuous and significant downward trend in recent years, dropping from 2.01 in 2020 to 1.69 in 2024. This indicates that the company's financial risks are systematically decreasing, and its capital structure is becoming more stable and conservative. This robust financial strategy is synchronized with the company's strong digital transformation strategy in terms of time. In the early stages of digital transformation, significant capital investment is usually required in IT infrastructure, data platforms, and direct channels. Maintaining low financial leverage helps ensure the financial security and flexibility of the company when making these long-term investments. Therefore, the downward trend of equity multiplier is logically consistent with the capital expenditure requirements of digital transformation, supporting the inference of a correlation between the two

3.3. Net margin on sales

The net profit margin on sales represents the proportion of a company's net profit to its sales revenue. It reflects how much net profit a company can ultimately generate for every yuan of sales revenue achieved. It visually demonstrates the efficiency with which a company converts revenue into actual profit, and is a key indicator for measuring its operational efficiency and cost control capabilities. A higher indicator indicates that the company has a stronger ability to generate profits from sales revenue. A lower indicator, on the other hand, implies that although the company may be large in scale, the actual money that reaches the shareholders is very little, indicating low profit efficiency.

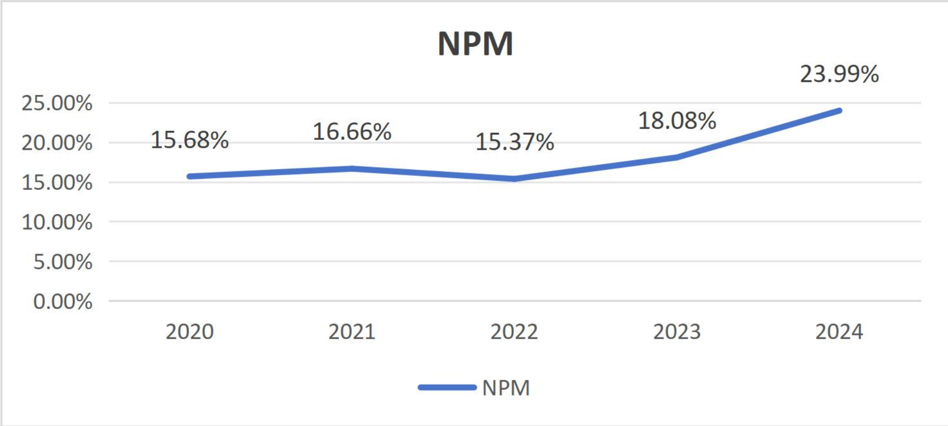

Figure 3. Anta Sports' net profit margin on sales trend chart from 2020 to 2024
(**Source:** financial reports and data on Eastmoney.com)

The sales net profit margin of ANTA Group has shown a significant trend of "overall strong increase, with occasional fluctuations" over the past five years. From 15.68% in 2020 to 23.99% in 2024, ANTA's sales net profit margin has cumulatively increased by over 8 percentage points. This growth rate is particularly noteworthy in the mature sports equipment industry, clearly indicating a qualitative leap in the company's ability to convert sales revenue into actual profits. This excellent profit performance is the result of multiple strategic factors working together. It is worth noting that the two driving forces of mode change and refined management are closely related to the company's digital transformation strategy. The improvement in 2021 coincides with the initial implementation of post pandemic consumption recovery and DTC mode transformation. The DTC model shows a correlation with the initial improvement of the current gross profit margin by reducing intermediate links. The decline in 2022 mainly reflects the pains of transformation and external environmental pressures during this stage. On the one hand, the comprehensive shift to DTC mode means that the company needs to bear the costs that were originally borne by dealers, resulting in an increase in short-term operating expenses; On the other hand, it may be affected by macro factors such as global supply chain fluctuations, rising raw material costs, and weak consumption in some markets. The continuous leap from 2023 to 2024 is synchronized with the maturity period of the DTC model. During this period, both the company's financial report and analyst reports mentioned the positive role of data-driven product planning and precision marketing in optimizing gross profit margins and controlling expenses, indicating a strong correlation between the deep application of digital technology and the improvement of profit margins.

3.4. Total asset turnover

The asset turnover ratio evaluates how effectively a corporation uses its assets to generate sales[8].A higher ratio indicates higher efficiency in the operation of corporate assets, with less asset investment generating more revenue. The assets "turn over" quickly, indicating stronger asset management capabilities of the management team. A lower ratio indicates that corporate assets are idle or underutilized, with a large amount of assets being occupied but failing to generate corresponding sales benefits, resulting in serious asset "accumulation".

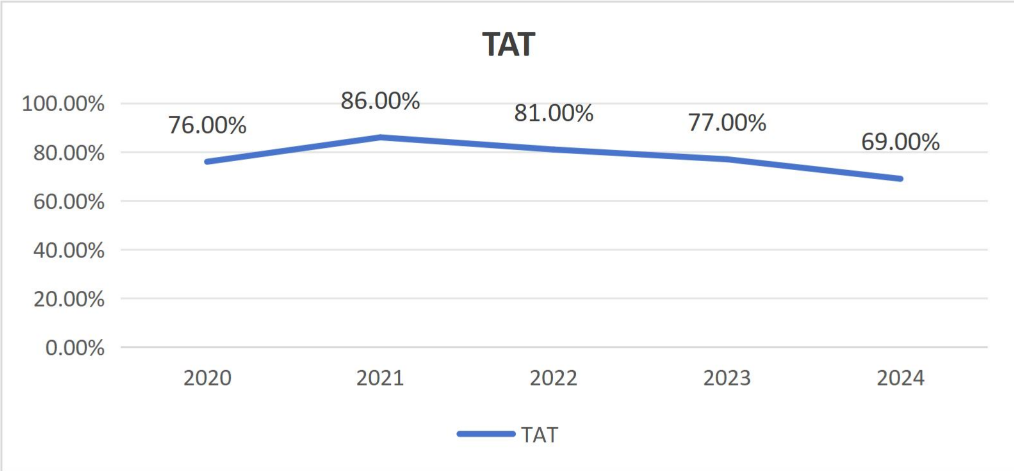

Figure 4. Anta Sports' total asset turnover rate trend chart from 2020 to 2024
(**Source:** financial reports and data on Eastmoney.com)

The total asset turnover rate of ANTA Group has shown a fluctuating trend of "first rising and then falling" over the past five years. This trend indicates that ANTA's asset operation efficiency has gone through a process from improvement to pressure. After 2021, the income level that the company can generate per unit of assets continues to decline. The downward trend of total asset turnover is completely synchronized with ANTA's capital investment period in promoting deep digital transformation and DTC mode reconstruction. The shift from the wholesale model of light assets to the DTC direct sales model that requires more fixed assets such as stores and warehouses theoretically will inevitably lead to a faster expansion of asset scale than revenue growth, thereby exerting short-term pressure on asset turnover. Anta's data precisely confirms this theoretical correlation, as the 'weight gain' of its asset structure and the decrease in total asset turnover rate constitute a typical feature of the transition period. Digital transformation requires enterprises to have stronger control over their core assets. The shift from the wholesale model of light assets to the DTC direct sales model of heavy assets will inevitably lead to an increase in fixed assets such as stores and warehouses. The intentional adjustment of this asset structure is the direct reason for the short-term decrease in total asset turnover, but its purpose is to obtain higher profit margins and more stable customer relationships in the long run.

The enhancement effect of digital transformation on asset operational efficiency exhibits a lag effect. The value of the digital systems currently invested in will gradually be unleashed in the future. For instance, intelligent inventory management systems will significantly boost inventory turnover in the future. Data-driven precise product selection and distribution will enhance the output efficiency of individual stores. Intelligent logistics planning will improve the utilization efficiency of warehousing and transportation assets. Once these digital capabilities are fully integrated into the business structure, they will effectively drive the stabilization and rebound of the overall asset turnover rate.

Overall, the trend of total asset turnover stands in stark contrast to the robust increase in net profit margin on sales. This indicates that Anta's strategic choice is clear: to actively bear the short-term pressure of asset turnover in exchange for fundamental improvements in brand value and profit quality. Digital transformation serves as the underlying framework for achieving this strategic shift. In the future, with the basic completion of DTC transformation and digital layout, the company's asset scale will stabilize. At that time, the accumulated efficiency of digital transformation in refined operations, inventory optimization, supply chain response, and other aspects will begin to fully kick in, potentially driving higher-quality revenue growth and leading total asset turnover into a new, healthier period of stability or rebound.

4. Suggestions on Anta's profitability improvement

4.1. Deepen digital operations

Deepen digital operation In terms of improving the net profit margin in sales, it is recommended that Anta further deepen digital precision marketing and supply chain collaboration. By improving the customer data platform and building more accurate user personas, personalized product recommendations and marketing activities can be achieved, thereby enhancing conversion rates and average transaction value per customer. At the same time, it is necessary to continuously promote the optimization of intelligent replenishment systems and dynamic pricing models, and utilize machine learning algorithms to predict regional consumption trends, achieving precise control of inventory levels. This data-driven operation model can not only reduce the marketing expense ratio but also protect the gross profit margin by reducing inventory backlog and discount promotions, thus achieving further breakthroughs on the basis of the already high net profit margin and consolidating the core advantage of profitability.

4.2. Enhance asset utilization efficiency

Improve asset utilization efficiency Regarding the optimization of total asset turnover, Anta focuses on promoting the in-depth operation of "one inventory for all channels", achieving real-time inventory visualization through Internet of Things technology, and establishing a more flexible regional warehouse network layout. At the same time, it optimizes the network benefits of directly operated stores, utilizes big data analysis to accurately position and plan categories for each store, eliminates inefficient stores, and upgrades potential stores. It implements automation transformation for logistics centers to improve warehouse space utilization and order processing efficiency. These measures will effectively activate the fixed assets increased due to the DTC transformation and drive asset turnover into a recovery channel.

4.3. Develop new profit growth points

Explore new profit growth points It is recommended that Anta accelerate the construction and monetization of its digital ecosystem. Based on its existing membership system, it should develop a sports health management platform and create new revenue streams through value-added services and content subscriptions. At the same time, it should deepen digital collaboration with supply chain partners, export proven retail technology and management systems to the industry, and open up new tracks for B-end technical services. These innovative businesses can not only contribute direct revenue but also enhance user loyalty, bring sustained growth momentum to the main business, and form a virtuous cycle of business ecosystem.

5. Summary

This paper takes Anta Group, a leading enterprise in China's sports goods industry, as a case study, focusing on its digital transformation practices from 2020 to 2024, and systematically analyzes the impact mechanisms and pathways of this strategy on corporate profitability.

In the core analysis section, the paper uses the DuPont analysis method to systematically analyze the intrinsic relationship between digital transformation and the evolution of ANTA's profit model by decomposing the return on equity (ROE). Research has found that during the digital transformation cycle, implementing measures such as DTC model reconstruction, supply chain optimization, and refined operational management exhibits strong synchronicity and logical consistency with the significant improvement of the company's sales net profit margin, making it a key correlation factor driving the growth of net asset return. At the same time, the large-scale investment in direct sales channels and digital infrastructure during the early stage of transformation has led to the expansion of the company's asset scale, which has put pressure on the total asset turnover rate in the short term; A prudent financial strategy leads to a continuous decrease in the equity multiplier. This pattern of "one rise and one fall" indicates that ANTA's profit model has successfully shifted from relying on asset turnover and financial leverage for "scale driven" to relying on brand premium and operational efficiency for "profit driven".

In the core analytical section, the paper employs the DuPont Analysis method, deconstructing Return on Equity (ROE) to clearly reveal how digital transformation has reshaped Anta's profit model. The study finds that digital transformation, through initiatives like the DTC (Direct-To-Consumer) model overhaul, supply chain optimization, and refined operational management, significantly improved the company's net profit margin, making it the core engine driving ROE growth. Concurrently, the large-scale investments in direct retail channels and digital infrastructure during the initial transformation phase led to an expansion of the company's asset base, exerting short-term pressure on the total asset turnover ratio; meanwhile, a prudent financial strategy resulted in a continuous decline in the equity multiplier. This pattern of "one rising and one falling" indicates that Anta's profit model has successfully shifted from "scale-driven" reliance on asset turnover and financial leverage to "profit-driven" reliance on brand premium and operational efficiency.

Finally, based on the above analysis, the paper proposes targeted recommendations for Anta and similar traditional manufacturing enterprises regarding sustainable and high-quality development from three perspectives: deepening digital operations to consolidate the net profit margin advantage, improving asset utilization efficiency to revitalize existing assets, and exploring new profit growth points such as the digital ecosystem.

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