Research on Promotion Strategy of Logistics Base of Haining Home Textile Industry of Supply-side Reform

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Abstract. This paper has explored the development direction of China Haining Home Textile City as the most influential domestic textile professional market from the perspective of supply-side structural reform. From the analysis of the status quo of production logistics and sales logistics related to the home textile industry, it has pointed out the methods of the construction of Haining Home Textile Logistics Base and looked forward to the development opportunities and innovative ideas of Haining Home Textile Logistics Base.

Introduction

The supply-side structural reform is continuously advanced, and the wholesale and retail industry is continuously improved. In 2018, Zhejiang Province has integrated the reform and upgrading of the wholesale and retail industry into the top ten action plans of the province, which has specially issued the “Zhejiang Province Promotion Action Plan of Wholesale & Retail Industry (2018-2022)”, proposing to build the four major goals called as Strong Circulation Province, Strong E-commerce Province, Large Consuming Province and Cultivating Market Players. This is another promotion plan for the wholesale and retail industry based on the release of the “Zhejiang Province Promotion Action Plan of Wholesale & Retail Industry (2017-2020)” in 2017. As a basic leading industry of the national economy, the wholesale and retail industry has an irreplaceable role in economic, social, cultural and ecological aspects. Promotion of the upgrading of the wholesale and retail industry is an inevitable requirement to deepen the structural reform of the supply side and accelerate the construction of a modern economic system; it is an objective need to expand actively the domestic demand and enhance the basic role of consumption in economic development; and it is an inherent requirement to practice the people-centered concept and build the complete well-off society at a high level.

China Haining Home Textile City, as the most influential domestic textile professional market in China, is also a domestic wholesale market of grade I for home textile decorative fabrics and sofa fabrics. The establishment of the logistics base of Haining Home Textiles is the result that adapts actively to the structural reform of the supply side of the country. At the same time, it also plays an important role in promoting the transformation of the national textile city wholesale and retail market in Haining and reshaping the vitality of the home textile market.

Promotion Concept of Haining Home Textile Logistics Base

“Build platform, accumulate function”: Grasp the location advantage, provide the support conditions and organization platform for the accumulation of logistics elements and the rationalization of logistics services; “Strengthen and specialize” the basic logistics services, expand the value-added logistics services, and build the integrated and intelligent logistics services.

"Industry linkage, multi-industry integration”: Rely on the industrial chain, develop the supply chain, enhance the value, and promote the transformation of the home textile industry through multi-industry linkage development; leverage the advantages of logistics resources, and accelerate the development of business integration among logistics, traditional commerce, e-commerce, finance, and information, etc.
"Smart logistics, resource collection": Take the new information technology such as Internet, Internet of Things, big data, cloud computing, blockchain etc. as the means to realize the intelligent operation of the supply chain base; integrate the regional superior resources, optimize the spatial layout of the park, arrange the reasonable pace of development of the park, save the land, and increase the degree of intensive use of land.

"Lead industry, share resource": Innovate the management and service mode, create a higher value industry form, lead the industry development trend; strengthen resource sharing between base, industrial park and trade market, coordinate the development, and promote the coordinated development among the park, logistics, industry, and cities.

Significance to Construct Haining Home Textile Logistics Base

Base Construction is Conducive to Promote the Agglomeration of Resources in Haining City and the Upgrading of Home Textile Industry in Xucun Town

The home textile industry in Xucun Town has formed a relative complete industrial chain from raw material supply, production and processing to sales. However, from the perspective of supply chain, the innovative design and logistics services etc. compatible with the home textile supply chain are scattered around Xucun, resulting in higher cost of innovation design for home textile manufacturers and logistics costs risen up gradually. Logistics services is behind the whole development of the home textile industry. The construction of Haining Home Textile Logistics Base provides a suitable development space for design studios, logistics lines and express delivery companies, and it realizes the effective gathering of resources for the home textile industry, which is conducive to increase the influence of Xucun home textile industry, reduce Xucun production and operation costs of home textile enterprises and help the home textile industry in Xucun Town to upgrade.

Base Construction can Improve Haining City Urban Logistics Support and Realize Strategy to Integrate with Shanghai and Hangzhou

The economic growth and industrial transformation & upgrading of Haining City have put forward the higher requirements for urban logistics. However, with the increase in the prices of resource elements such as land and labor, the development of logistics industry in Haining has gradually exposed the shortcomings of limited logistics land, high logistics operation costs, and limited operating capital of logistics enterprises, and the trend of external economic environment is developing, so the logistics industry has to be transformed and upgraded to support the city's economic development and its own sustainable development. The landing of Haining Home Textile Logistics Base can better serve as an urban supporting service for urban industry development, undertake the resource spillovers from Hangzhou and Shanghai, increase the exchanges with Hangzhou and Shanghai, and achieve the development goal of “Wide-scale integration and deep access to Hangzhou and Shanghai”, and realize the strategy to integrate with Shanghai and Hangzhou.

Home Textile Logistics Development Trend

Home Textiles Purchasing Logistics

Development status: For home textile enterprises such as silk, yarn, cloth and other raw materials, the method of decentralized procurement is adopted. The home textile production and trading enterprises carry out certain storage of raw materials, among which the annual storage of company-owned enterprises is about RMB 2 million, the annual storage of individual enterprises is around RMB 1 million, and the phenomenon of payment before goods is more common. When selling to the downstream customers, the monthly and quarterly accounts are mostly settled, and the account period is longer. For SMEs, the liquidity pressure is high, and the daily operation of the company is difficult.
The procurement of production enterprises is generally served by their own vehicles to transport, and the idle time of vehicles is long, which causes the waste of internal transportation resources. The procurement of trade enterprises is generally served by the logistics transportation services.

**Development Opportunity.** The home textile logistics base can carry out the collection and distribution business for the main raw materials of home textiles. On the one hand, it can increase the bargaining power during procurement through a large amount of raw material procurement, which helps the enterprises to reduce the cost of raw material procurement. On the other hand, it gives the home textile enterprises a certain payment period to ease the pressure on their liquidity as the collecting and distributing services.

**Benefit Point.** Xucun Town has nearly 1,000 home textile company-made enterprises and more than 9,000 individual enterprises. The company-made enterprises have invested about RMB2 million each year, and the individual enterprises have invested about RMB 1 million each year. It is estimated that the annual raw material market transaction volume of Xucun Town exceeds RMB10 billion. According to the 15% market share, the collection and distribution business should be close to RMB1.5 billion, calculated according to 3-5% net profit, the annual profit is nearly RMB70 million; the collection and distribution business requirements of the project's operational capacity is high, which needs the strong financial support, professional procurement team, intelligent warehouse integration service and industry big data services as development support.

**Home Textile Production Logistics**

**Development Status.** Xucun Town's current large-scale production-oriented enterprises have had the initial production & processing capabilities from raw materials to finished products. Production logistics has basically realized informationization, scientificization and warehousing automation through ERP and other systems, and some enterprises are forced to intentionally introduce the information systems due to the developing pressure in the market.

Trade-oriented enterprises can use the processing enterprises around Xucun to complete the processing from semi-finished products to finished products, standardize the production process, shorten the production time, and improve the rapid response ability of enterprises to the market.

Development opportunities: For the large number of small and medium-sized processing enterprises, the production methods are still relatively traditional, take most of the production enterprises in the Xucun Home Textile Technology Industrial Park as an example, the enterprises put the raw materials on the second or third floor, the raw materials are simply placed and stacked. Generally, the forklift is used for transportation in the factory area, the number of transportation is high, the transportation route is not scientific enough, and the loss of raw materials and production time are increased.

In the production process, the products are transferred among the printing and dyeing factory, pattern printing factory, compound factory and other plants, the general intermediate processing plant needs to provide the short-term warehousing service and transportation service, and the intermediate processing factory has a larger logistics pressure.

Benefit point: Home textile logistics base can provide the production process design and logistics process optimization services, optimize the production processes, reduce the production costs, and improve the product price competitiveness.

**Home Textile Sales Logistics**

**Development Status.** Xucun Town's sales logistics has formed a relative stable model. The cloths of semi-finished products such as curtain fabrics, sofa fabrics and wall coverings are sent to all over the country through the consignment market. The trading enterprises in the quilt cover market and home textile city send the goods to the joint consignment market by themselves basically. The large-scale production enterprises or trading enterprises are served by the special line vehicle service. Each line in the consignment market can deliver 2-3 cargos a day during the peak season and they have to wait for goods during the off-season. The finished curtains or small home textiles express parcels are picked up by the express company.
The online sales channels are mainly 1688, Liandaojia, Haibuwan, 48 Lu and other platforms; the offline sales channels add new customers mainly through the home textile fairs such as those in Haining, Shenzhen and Shanghai.

**Development Opportunities.** At present, there is no route for planning different types of vehicles in the consignment market. Electric three-wheel or small car delivery can directly enter into the consignment market, causing traffic congestion in the market. There are peak season and off-season in the consignment market. In the off-season, it is necessary to wait for goods as carpool. The truck stays for a long time, and there is no standard parking space in the consignment market. Compared with Keqiao and Hangzhou, the delivery efficiency is slightly lower, resulting in 20% of the supply to Keqiao and Hangzhou. The annual incremental customers of the company come from exhibitions mainly, but the enterprises have invested a lot of money in various exhibitions, and the output benefits have been declined in recent years. The product lacks brand awareness and the brand value is low.

**Benefit Point.** Establish the Smart Alliance Consignment Center, increase the number of special lines on the basis of more than 50 dedicated lines in the existing consignment market, improve the informationization of logistics services, occupy the logistics market in Dama Town, Keqiao District and even Hangzhou City, weaken the vicious competition of local logistics, and promote the healthy development of the market. Implement the brand operation of Xucun home textiles, create a home textile brand incubator, and improve the market competitiveness of Xucun home textile products. Improve the quality of exhibition services, combine with the new trend of home textile industry development, use VR and other technologies to achieve the most comprehensive product display and best customer experience, and enhance the value of the exhibition.

**Development Opportunities of Haining Home Textile Logistics Base**

Haining Home Textile Logistics Base's consignment market and express center can improve the home textile logistics service environment, improve the logistics timeliness, attract the logistics resources in the surrounding Dama and Haining jurisdictions, and logistics services can radiate to Hangzhou, Keqiao and other regions. The vehicle service and the Sanchan support can further regulate the logistics market around Haining Home Textile City, ease the surrounding traffic congestion and enhance the overall image of Haining Home Textile City. The basic warehousing business can provide the suitable and standardized warehouse resources, support the development of small and medium-sized home textile enterprises, enhance the vitality of the home textile market, and promote the sustainable development of the market.

(a) By implementing the collection & distribution of raw and auxiliary materials and the integration of intelligent warehouses, it is possible to increase the bargaining power with upstream suppliers, reduce the capital investment in downstream customers, save the enterprise development costs, increase the investment in design innovation, and improve the product competitiveness.

(b) Carry out the exhibition and brand promotion services, increase the popularity and market promotion of Xucun home textile products, and increase customer brand recognition.

(c) Carry out the supply chain financial services, ease the financial pressure in the development of home textile enterprises, ensure the turnover of funds, and promote the sustainable development of home textile enterprises.

(d) Develop the industrial big data services, access market development data and enterprise development data, analyze the market development direction, improve the rapid response capability of the home textile market, and improve the informationization level and scientific production capacity of home textile enterprises.

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