Study of Development Path of Supply Chain Integration in Regional Home Textile Industry-Take Haining Xucun Home Textiles as Example

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Abstract. Based on the vigorous development of modern supply chain opportunities in Zhejiang Province, this paper has proposed the research ideas to develop the integrated development path of regional home textile industry supply chain by analyzing the development status of Haining's home textile industry. It has put forward the significance to develop the regional textile industry, and interpreted the policies of local governments at all levels to propose the development ideas of supply chain integration. From the perspective of development status and opportunities, we have explored the development direction of supply chain integration in the home textile industry.

Introduction

The supply chain has been risen to the national strategy, and Zhejiang Province has vigorously promoted the development of modern supply chains. In October 2017, the General Office of the State Council has issued the "Guiding Opinions to Promote Actively Supply Chain Innovation & Application" to encourage wholesale, retail, and logistics companies to integrate supply chain resources, build a procurement, distribution, warehousing, and delivery supply chain collaboration platform, guide the traditional circulation enterprises to transform into supply chain service enterprises and cultivate vigorously the new supply chain service enterprises. It indicates that the modern supply chain has been risen to the national strategy, and China will gradually move from the modern logistics development period to the new supply chain development period.

He Zhejiang Development & Reform Commission has compiled the "Zhejiang Modern Supply Chain Development Action Plan (2018-2022)", which has proposed that the province's supply chain should enter the national ranks in terms of innovation in technology, industrial format, management, brand and business model, accelerate the cultivation of professional supply chain service enterprises and sharing platforms, and propose the corresponding resource support and preferential policies to promote the development of professional industry supply chains in the province.

Based on the development path of supply chain, Haining's home textile industry can accelerate the integration of home textile industry resources, serve the home textile industry chain, support the transformation & upgrading of home textile industry, guide the sustainable development of home textile enterprises, and conform to the industrial development direction of Zhejiang Province and the national development strategy. The in-depth promotion and application of mobile Internet, Internet of Things, big data, blockchain, and 5G technology, etc. have provided the strong technical support for the regional home textile supply chain development based on the regional home textile industry supply chain integration services.

Significance of Development Path of Supply Chain Integration in Haining Home Textile Industry

Agglomeration in Supply Chain Field to Seek Strategic Transformation & Upgrading

China Haining National Textile City has been established in 2012, and the business scope is "Market development & construction management, investment management, property management, housing leasing, information consulting services; sales of needle textiles and raw materials"
(excluding fresh cocoon and seed cotton); Finished product exhibition service." It is mainly engaged in the operation and management of the textile professional market. It has developed, operated and managed the “Haining Home Textile Decoration City” and “Haining Home Textile City International Trade Center” among the leading textile professional markets in the country. The main products in the market include curtain fabrics, sofa fabrics, bedding, and small home textiles etc.

Under the background of Xucun home textile industry to seek transformation & upgrading, e-commerce explosive growth, and home decoration continuous improvement concept, the simple leasing and management services of China Haining Home Textile City Co., Ltd. are difficult to meet the requirements of transformation and upgrading of the home textile industry, the integration of the home textile industry supply chain resources to provide a full chain, all-round and integrated service for the home textile industry has become one of the development directions of the strategic transformation of China Haining Home Textile City Co., Ltd.

Conducive to Standardize the Logistics Industry in Haining and Promote Healthy & Rapid Development of Industry

The logistics industry in Haining develops basically around the three major sectors of leather, warp knitting and home textiles. The logistics market is relatively extensive, the service quality is uneven, the vicious competition is fierce, and the small scattered and chaotic phenomenon of logistics development still exists. On the one hand, the logistics special line and the express branch have broken down the logistics pressure brought by the industrial development in Haining, on the other hand, the extensive logistics operation mode has brought the certain traffic congestion, environmental pollution and the related obstacles to industrial transformation and upgrading in Haining. The establishment of Haining Home Textile Supply Chain Innovation Base has provided a standardized operation space for logistics special lines and express delivery companies, alleviated the pressure brought by cargo transportation vehicles to urban transportation, enhanced the operation mode of logistics industry, improved the informationization intelligence level of logistics industry, increased the supporting role of the logistics industry to the other industries, and promoted the healthy and rapid development of the logistics industry.

Conducive to Cultivate Modern Supply Chain into a New Economic Growth Point in Haining City

Haining has a good manufacturing base and a clear location advantage. The manufacturing industry such as home textiles is large in scale, the circulation of raw materials, auxiliary materials and products is relatively large. The loose relationship between the upstream and downstream nodes of the industrial chain makes the links of raw material supply, production processing and distribution sales dispersed relatively, which has increased the production cost of products, weakened the cost advantage of the production enterprises, and reduced its market competitiveness. It is urgent for the upstream and downstream enterprises in the manufacturing industry in Haining to make the close cooperation and optimize the industrial chain to form a strong competitive industrial supply chain. The Haining Home Textile Supply Chain Innovation Base aims to establish a chain service platform integrated with raw and auxiliary materials procurement, production design, distribution and sales, financial services and the other functions, which takes the Internet, big data and other technology as means, the supply chain thinking as guide and the information platform as support, it is conducive to develop the industry sustainably, increase the competitiveness of the industry, and cultivate the modern supply chain into a new economic growth point in Haining.

Development Status of Haining Home Textile Industry

Policy Environment

In February 2017, Haining City has officially issued the “Policy Measures to Promote Transformation & Upgrading of Three Major Industries of Leather, Warp, and Home Textiles”. We
have implemented the corresponding subsidy policies for R&D and design, brand creation, talent introduction, market expansion, intelligent manufacturing, and green development etc. of the home textile industry to promote the upgrading and transformation of the home textile industry. By 2019, the realized output value has reached RMB 20 billion; the accumulated industrial investment has exceeded RMB 5 billion; 1 listed company has been cultivated, 3 share reforming enterprises have been completed; we have had more than 250 enterprises above designated scale, added 50 enterprise technology research & development institutions at all levels, and strived to create more than 20 brands at all levels. For the first time, Haining’s three traditional industries have a precise support policy of “one policy for one industry”.

**Haining Xucun Home Textile Status**

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 RMB 10 billion. According to the 15% market share, the collection and distribution business should be close to RMB 1.5 billion, calculated according to 3-5% net profit, the annual profit is nearly RMB 70 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.

**Haining Home Textile Supply Chain Integration Path Development Ideas**

The integrated development path of home textile supply chain 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.

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 the home textile brand incubator, and improve the market competitiveness of Xucun home textile products.

**Haining Home Textile Supply Chain Integration Development Direction**

**Design & Development**

**Development Status.** Large or medium-sized enterprises have the design teams to design the new patterns and develop the new products according to the market demand or popular trends. They have produced 3-4 new products each year to maintain market competitiveness, but their own designer cost is more than RMB 100,000 per person per year, who is easy to change the job. Small and medium-sized enterprises are basically cooperating with the design studios that are distributed around Xucun, Yishang of Yuhang and the other towns. There are also some companies that have drafts with the foreign designers, or take reference at various exhibitions, and the experienced bosses can produce their own samples. The research & development costs of enterprises are relatively high, the intellectual property rights of the industry are poorly valued, and the imitation speed of new products is fast.

**Opportunity Point.** Provide the innovative design service platform for the convenient design services of production enterprises. However, the Yishang Town of Yuhang and the Art Innovation Center of Xucun have already had a platform for the collected design. The market advantage of the innovation base to develop the business is not obvious and the competition is large.
Financial Services

Development Status. Bank loans are mainly the fixed-asset pledge loans. The stores of the World Trade Center, the factory buildings and machinery & equipment can be used as collateral. More than 50% of enterprises in Xucun have lent from the banks, and the capital needs of SMEs are large. Xucun Town Hongda Microfinance Co., Ltd. can provide loans for small and medium-sized enterprises. Private lending is mainly used by enterprises only when they have capital needs. Compared with banks and loan companies, private lending rates are slightly higher, but the procedures are convenient and time-efficient.

Opportunity Point. The home textile supply chain innovation base has used the Internet and other technologies to cooperate with the government, financial institutions, and other related institutions to establish a home textile industry supply chain financial service platform, and provide the supply chain financial services for upstream and downstream enterprises in the home textile industry.

Technical Services

Development Status. The installation & maintenance technology of enterprise facilities and equipment is mainly provided by equipment manufacturers. Service points are set up around Xucun. The spare parts are sold locally, and the parts that need to be replaced from the original place are available within 2-3 days.

The domestic produced machines are basically no problem for 2-3 years. Those from foreign countries can basically operate within 5 years. The loss of new machines is relatively small. And the machine-related maintenance services are distributed around Xucun, which can basically meet the needs of production enterprises.

Opportunity Point. Agglomeration for production, provide the timely machine repair and maintenance services for Xucun and even the entire Haining home textile production enterprises.

Supply Chain Integration Service

Development Status. At present, Xucun Town does not have a unified supply chain supply service for raw materials, home textile machine parts and logistics. Some enterprises' information systems are provided by Yongyou Company that provides the customized services according to the needs of enterprises.

Opportunity Point. Establish a supply chain cloud service platform to provide a one-stop service from raw material procurement to product sales for the Xucun home textile industry, improve the market service environment, and increase the value of the supply chain innovation base.

Haining Home Textile Supply Chain Integration Development Path

+Internet. With the advanced technologies and concepts such as logistics network, mobile internet, big data, cloud computing, blockchain, the traditional logistics industry and the Internet industry can be effectively penetrated and integrated. The new format and new mode to “Form the online resources rational distribution and make the offline efficient and high-quality operation” can meet the needs of the logistics market and accelerate the transformation and upgrading of traditional logistics business.

+Industry. Deepen the cooperation with home textile manufacturing enterprises, carry out the integrated supply chain services, extend the services to procurement and sales, provide the additional services such as supply chain finance and big data analysis for the manufacturing industry, and promote upstream and downstream service enterprises of the industrial chain in the park for the agglomeration and chain development.

+Commerce: Integrate with the trading resources of Home Textile City to develop, build a service system of the home textile industry integrating with the “platform + trade + exhibition +
warehouse allocation”. While improving the value of the base, improve the original business market of the home textile market and enhance the radiation and service capabilities.

**Finance.** Through the application of logistics, information technology and industrial data platform, it can realize the whole process supervision and data flow monitoring of goods, improve the supply chain financial supply capacity, and the multiple and diversified supply chain financial products, such as prepaid financing, inventory financing, receivable financing, credit financing; use the financial leverage to accelerate the occupancy of trading companies and dealers, and realize the benefits of enterprises, finance and customers; introduce the home textile industry funds to invest and support the fund for the high-quality textile industry related projects in the region.

**Ecology.** Through a reasonable function setting and layout, build a complete home textile digital supply chain ecosystem in the park, and the information flow, business flow and capital flow of logistics derivatives are effectively combined with the logistics methods such as transportation, storage and distribution to plan, implement and manage the raw materials, semi-finished products, finished products and related information from the place of origin of the goods to the place where the goods are consumed, and achieve the optimal allocation of resources for the low carbon and green development of the home textile industry.

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