

Marketing Analysis of Fu Anna Home Textile Co., Ltd.



Miss Jue Lin

An Independent Study Submitted in Partial Fulfillment of the
Requirements

for the Degree of Master of Arts in Business and Managerial Economics

Field of Study of Business and Managerial Economics

FACULTY OF ECONOMICS

Chulalongkorn University

Academic Year 2020

Copyright of Chulalongkorn University

การวิเคราะห์การตลาดของ Fu Anna Home Textile Co., Ltd.



น.ส.เจือ หลิน

สารนิพนธ์นี้เป็นส่วนหนึ่งของการศึกษาตามหลักสูตรปริญญาศิลปศาสตร
CHULALONGKORN UNIVERSITY
มหาบัณฑิต

สาขาวิชาเศรษฐศาสตร์ธุรกิจและการจัดการ สาขาวิชาเศรษฐศาสตร์

ธุรกิจและการจัดการ

คณะเศรษฐศาสตร์ จุฬาลงกรณ์มหาวิทยาลัย

ปีการศึกษา 2563

ลิขสิทธิ์ของจุฬาลงกรณ์มหาวิทยาลัย

Independent Study Title Marketing Analysis of Fu Anna Home Textile Co., Ltd.
By Miss Jue Lin
Field of Study Business and Managerial Economics
Thesis Advisor Assistant Professor SAN SAMPATTAVANIJA, Ph.D.

Accepted by the FACULTY OF ECONOMICS, Chulalongkorn University in
Partial Fulfillment of the Requirement for the Master of Arts

INDEPENDENT STUDY COMMITTEE

..... Chairman
(Assistant Professor PACHARASUT
SUJARITTANONTA, Ph.D.)

..... Advisor
(Assistant Professor SAN SAMPATTAVANIJA, Ph.D.)

..... Examiner
(Assistant Professor RATIDANAI HOONSAWAT,
Ph.D.)



จุฬาลงกรณ์มหาวิทยาลัย
CHULALONGKORN UNIVERSITY

ชื่อ หลิน : การวิเคราะห์การตลาดของ Fu Anna Home Textile Co., Ltd..

(Marketing Analysis of Fu Anna Home Textile Co., Ltd.) อ.ที่ปรึกษาหลัก :

ผศ. ดร.สันต์ สัมปิตตะวนิช

ด้วยการพัฒนาอย่างรวดเร็วของเศรษฐกิจแห่งชาติของจีน ตลาดสินค้าอุปโภคบริโภคภายในประเทศกำลังเติบโตอย่างเจริญรุ่งเรือง ในขณะเดียวกัน อุตสาหกรรมสิ่งทอสำหรับใช้ในบ้านก็กำลังแสดงฉากที่เฟื่องฟู อย่างไรก็ตาม มันกำลังเผชิญกับวิกฤตของความซับซ้อนที่เพิ่มขึ้นในสภาพแวดล้อมที่อยู่อาศัย ดังนั้น หากบริษัทต้องการความได้เปรียบเชิงเปรียบเทียบในสภาพแวดล้อมวัตถุประสงค์ที่มีอยู่ บริษัทจำเป็นต้องจัดทำแผนกลยุทธ์ที่เหมาะสมกับสถานการณ์ปัจจุบันและเพิ่มความสามารถในการแข่งขันหลัก งานวิจัยนี้ใช้การวิเคราะห์กลยุทธ์การตลาดของ Fu Anna Household products Co., บจก. เป็นหัวข้อ จะวิเคราะห์สภาพแวดล้อมภายนอกและภายในของ Fu Anna ประการแรก งานวิจัยนี้จะวิเคราะห์การจัดการบริษัทและรูปแบบธุรกิจ จากนั้นใช้การวิเคราะห์ SWOT เพื่อตรวจสอบสภาพแวดล้อมภายนอกและภายในของบริษัท และรับตัวเลือกการจัดการเชิงกลยุทธ์ที่เหมาะสมกับบริษัท เราสรุปได้ว่าบริษัทจำเป็นต้องปรับกลยุทธ์การแข่งขันใหม่ ประการแรกคือการรักษาความแตกต่างและนวัตกรรมของผลิตภัณฑ์ ประการที่สอง การขยายช่องทางการตลาดและรักษาราคาให้ต่ำ สุดท้าย การปรับปรุงความสามารถในการแข่งขันหลักของบริษัทในทุกด้านในการแข่งขันที่ดุเดือด

สาขาวิชา	เศรษฐศาสตร์ธุรกิจและการ	ลายมือชื่อ
	จัดการ	นิติติ
ปี	2563	ลายมือชื่อ อ.ที่ปรึกษา
การศึกษา		หลัก

6384013729 : MAJOR BUSINESS AND MANAGERIAL ECONOMICS

KEYWORD Fu Anna, Home Textiles, Low price strategy

D:

Jue Lin : Marketing Analysis of Fu Anna Home Textile Co., Ltd.. Advisor:
Asst. Prof. SAN SAMPATTAVANIJA, Ph.D.

With the rapid development of China's national economy, the domestic consumer goods market is growing prosperous. At the same time, the home textile industry is showing a thriving scene. However, it is also facing a crisis of increasing complexity in the living environment. Therefore, if a company wants to gain a comparative advantage in the existing objective environment, it needs to formulate a strategic plan suitable for the current situation and enhance its core competitiveness. This research takes the marketing strategy analysis of Fu Anna household products Co., Ltd. as the theme. It will analyze the external and internal environment of Fu Anna. First of all, this research will analyze company management and business model. Then uses SWOT analysis to examine the external and internal environment of the company and obtains the strategic management options suitable for the company. We conclude that the company needs to reformulate its competitive strategy. It is, first, maintain product differentiation and innovation. Second, expanding marketing channels and keep low prices. Finally, improving the company's core competitiveness in an all-around way in the fierce competition.



Field of Study:	Business and Managerial Economics	Student's Signature
Academic Year:	2020	Advisor's Signature

ACKNOWLEDGEMENTS

I would like to give a big thanks to these contributors who help me accomplish this report with best.

First of all, I am very grateful to my respected advisor San Sampattavanija, whose continuously assistance have ensured the accomplishment of this individual study. With his guidance and help, I have greatly improved my understanding of academic writing and gain a lot of practical skills.

Secondly, I am grateful to the professor who has given me unselfish help in my learning career and not only assists me to solve a lot of difficulties but also gained a lot of knowledge. Also, I appreciate the valuable help from my friends in this year. They have given me encouragement and allowed me to feel the warmth when far away from my hometown.

Last but no least, Thanks to Chulalongkorn university and MABE program , it has given me the top educational resources in Thailand and provided me with kind assistance to get a better progress in my studying life.

Jue Lin

TABLE OF CONTENTS

	Page
ABSTRACT (THAI)	iii
ABSTRACT (ENGLISH).....	iv
ACKNOWLEDGEMENTS.....	v
TABLE OF CONTENTS.....	vi
1. Introduction	1
1.1 Research Background.....	1
1.2 Research Significance.....	1
1.3 Literature review.....	2
2. Company Information	5
3. Methodology.....	7
3.1 Macro environment analysis of the industry.....	7
Political environment.....	7
Economic environment.....	8
GDP growth	8
Foreign exchange reserve	9
Domestic trade	10
People's Life.....	11
Social environment	12
Technology environment	12
3.2 Internal conditions analysis of the company	13
Operation and management analysis	13
business model analysis	14
(1) Direct store mode	14

(2) Franchise mode	14
(3) Store counter mode.....	14
Brand analysis.....	15
Profitability analysis	16
3.3 SWOT Analysis	17
4. Recommendation.....	19
5. Conclusion.....	21
REFERENCES	23
VITA	25



1. Introduction

1.1 Research Background

China's textile industry has a history of development for many years, and home textile companies are a new force in the textile industry. Its typical feature is that the differences of enterprises are relatively small, which is reflected in many aspects such as product structure and type, marketing model, marketing channel construction, and target customer positioning.

The home textiles industry is developing rapidly, people's demand for home textiles is not only reflected in quantity but also quality. The overall development of China's textile industry has been in a stage of in-depth adjustment and transformation, focusing on improving the quality of the product. In the second half of 2020, the domestic demand market of China's textile industry has shown a clear recovery trend. According to data from the National Bureau of Statistics of China, the growth rate of the industrial added value of enterprises above designated size is 7.9% in the industrial textile industry in 2020, which is higher than the average of the manufacturing industry and is at a maximum level in the textile industry.

At present, the textile market in China is not yet saturated, the market's demand is enormous, and the industry profits are also considerable, which also means that the competition in the home textile industry is very fierce. Therefore, home textile enterprises must fully understand the differentiated requirements of customers under the background of the current economic new normal, continue to enrich the types of home textile products, improve the structure of home textile products, and realize the transformation and upgrading of the enterprise as soon as possible to obtain better development opportunities.

Although it has anti-risk solid capabilities, China's textile industry still faces some challenges in the following aspects: The rising of raw material prices and the fluctuations in the RMB exchange rate; The development of China's industrial textiles mainly relies on a huge domestic demand market, and the proportion of exports is not high; The outbreak of the covid-19 has put tremendous pressure on the domestic and international economic environment as well as the development of industries such as transportation textiles, synthetic leather base fabrics, and sail textiles that are already facing more significant difficulties.

1.2 Research Significance

This research takes Fu Anna Company, a leading enterprise in the home textile

industry, as the research object. Founded in 1994, Fu Anna Company is a comprehensive home furnishing enterprise. It only took 20 years for the company to develop from a small workshop to today's leading enterprise. As a pioneering domestic company, Fu Anna has been in development for 26 years, which has a significant position in China's textile industry.

The reason why Fu Anna can develop rapidly and maintain its leading position in the home textile industry in recent years is closely related to its core management strategy. This research will summarize Fu Anna's estimation strategy for implementing multi-brand channel management. At the same time, when facing new challenges, Fu Anna must adopt new management strategies to obtain better development opportunities and maintain a top-level in the industry. So this research will put forward some suggestions by SWOT analysis on the company's current marketing strategy, aiming to provide itself with some meaningful theoretical reference for future marketing management and practice and helping China's textile industry develop better in the new stage.

1.3 Literature review

The essence of strategic management is to formulate the analysis, grasp, and selection of the environment and the formulation, execution, and evaluation of strategies. Strategic management has gone through three essential stages. Chandler published "Strategy and Structure" in 1962, which initiated classic strategic management theory^[1]. In 1965, Ansoff published "Corporate Strategy", which marked the formation of a systematic corporate development strategy theory^[2]. In his classic book "The Concept of Corporate Strategy" in 1971, Andrews proposed a SWOT framework for researching and formulating strategies, making corporate strategic plans more scientific and comprehensive^[3]. However, since the scholars at that time focused on the research of corporate strategy mainly on the internal environment of corporate development, there were relatively few theoretical analyses and researches on the external environment of the market in which the company was located.

With the continuous development of the market economy, Harvard Business School professor Michael E. Potter, known as the father of the competitive strategy, summarized five types of competitiveness in his book "Competitive Strategy" in 1980, they are the threat of new entrants, the threat of substitutes, Bargaining power of customers, Bargaining power of suppliers and competitive rivalry^[4]. In addition, Porter believes that there are three types of successful strategic ideas in the struggle against the five types of competitiveness: the total cost leadership strategy, the differentiation strategy, and the specialization strategy. The goal of the implementation of these strategic ideas is to make the enterprise. The management of the company is superior to others in the industry competition. Porter's competitive strategy theory has created a new field of corporate development strategy management. It has become the most important and widely used model for global

companies to conduct an environmental analysis and stimulate strategic choices.

Since the 21st century, the turbulence of the business environment has shaken the belief of enterprise strategic planning, and the voice of rebellion against the traditional strategic theory has become increasingly assertive. In this background, the idea of a "post-modern" enterprise development strategy emerges as the times require. It is based on environmental uncertainty, future unpredictability, system complexity and unbalanced development. The theory of "post-modern" enterprise development strategy is not systematic. It is still in the process of formation and development and is not perfect for the time being. The main contents are as follows: Strategy results from trial and error and learning; Strategy is an intention; Strategy is an emergency process.

In terms of the development strategy of textile enterprises, the relevant research status is as follows. Since the beginning of the 21st century, the US textile industry has actively adjusted its structure under the pressure of competition from developing countries such as China, presenting some new development characteristics, which are mainly reflected in the formulation of corporate development strategies and plan improvements, including product differentiation, enterprise-scale miniaturization, production technology flexibility, and trade policy liberalization, etc., through the construction of textile enterprise environmental management strategies and cost analysis models, focusing on non-production links with high added value, and strengthening the international. The soft power of competition creates a steady stream of profit growth.

Judging from the existing literature at home and abroad, foreign research mainly focuses on applying modern economic theories and quantitative analysis methods. Around quantitative analysis, that is, the establishment, application and testing of models, a set of standardized processes and procedures for analyzing textile demand and supply have constructed. Model; However, foreign scholars have not paid enough attention to the institutional factors and policy arrangements of China's textile supply and demand, and the establishment and analysis of the model lack the two prerequisite factors of institutions and policies.

At present, domestic research on the textile industry is mainly concentrated on textile products, or mostly from one aspect of the development of the textile industry, lacking in-depth analysis of the industrial system. There are many analysis methods in the environmental analysis of enterprises, and SWOT analysis is one of the widely used methods. Especially in enterprise market analysis, as a vital analysis basis, SWOT can analyze the strengths and weakness, opportunities and threats of enterprises and initiatives, has applications in many aspects. Li Huiyan(2006) analyzed the similarities and differences of textile and clothing export structure between China and India, Pakistan and South Korea, found their respective advantages and disadvantages through the SWOT analysis method, and predicted the development prospects of the four countries^[5].

In China, Zeng Shengshu(2013) analyzed the business strategy of several listed companies in the industry, given the rapid rise in the cost of the home textile industry

and proposed to increase profitability through option incentives and expansion channels^[6]. Zhou Yan(2014) discussed the importance and necessarily of JIT's textile enterprise strategic cost management in the application of textile enterprises, which based on the status quo of cost management in Chinese textile enterprises^[7]. she thinks that china's textile enterprises are still in the low-end development stage, and the backwardness of traditional cost management methods is an essential factor. JIT strategic cost management is the combination of the advantages of JIT and strategic cost management, based on the principle of producing the necessary quantity of required products, with continuous improvement and continuous improvement of product quality as the core, and reducing costs and increasing efficiency as the fundamental purpose Strategic cost management model. By analyzing the development dilemma of Chinese textile enterprises in 2015, Han Yue regards improving the performance management model as the top priority of the company's strategic development^[8].



2. Company Information

Shenzhen Fu Anna Household Products Co., Ltd. established in 1994. It is a comprehensive home textile company integrating R&D, design, production, marketing and logistics and engaged in household products and bedding. It took only 20 years for the company to develop from a small workshop to today's leading enterprise. In 2008, it rated as "Advanced Enterprise in Chinese National Brand Design, and it successfully listed on the Shenzhen Stock Market in December 2009. As a pioneering domestic company in the home textile industry, Fu Anna has been developing for 26 years so far.

As of 2011, Fu Anna owns three major industrial parks in Shenzhen Longhua, Jiangsu Changshu, and Sichuan Nanchong and adopts the internationally advanced German SAP company ERP system to implement information management. As of the end of 2012, the company has 27 subsidiaries and more than 3,000 speciality stores/counters across the country and has wholly entered the well-known business circles of first-and second-tier cities, establishing its leading brand position in the home textile industry.

Fu Anna Home Furnishing Co., Ltd. settled in Shenzhen, and now Fu Anna Home Textiles has become a leading brand in the home textile industry. With a solid brand attraction, Fu Anna has established 1,200 stores globally and has become a strategic partner within the top ten domestic commercial market, and successively gain a series of honor such as the titles of China Famous Brand and Top 500 Chinese Brands.

Fu Anna has the strongest R&D team in China and has received careful guidance from top international designers. It has developed thousands of flower patterns. There are more than 100 new flower patterns promoted each year, and it has seven design patents. With 217 copyright registrations, it is the enterprise with the most independent intellectual property rights in the same industry in China.

In August 2004, Fu Anna solemnly launched the art flat net series products representing the highest level of the domestic bedding industry. Only Fu Anna and another foreign company have achieved large-scale production of flat-screen products in the world.

Fu Anna's success has been reported frequently, and it has successively won honorary titles such as "Shenzhen Top 50 Private Enterprises", "Most Influential Shenzhen Famous Brand", "Guangdong Famous Brand", and "First Shenzhen Most Respected Enterprise".

In 2004, Fu Anna fully launched the "Yangtze River Delta Strategy" and built a large modern production and logistics centre covering an extend of 150,000 square meters in Changshu, Jiangsu, China.

The main products are duvet covers, pillows, bed sheets, mattresses, curtains, furniture beds. At present, fuana has five derivative brands, as shown below

(1) Sunflower

sunflower is a wholly-owned home textile sub-brand of Fuana. The target customers are those who like the value for money. Consumers who pay attention to the quality of famous brands and are very rational. In addition to Fuanna, Shengzhihua is a brand with very good sales. Currently Fuanna has opened a flagship store on Taobao specifically for Shengzhihua

(2) Bravo

Established in 2000, as an independent original brand of Fuana, bravo Home Textiles has a strong R&D and design team. They have a keen sense of fashion, British pastoral style and modern fresh fashion as the main body, and the style and price are more suitable. Mass consumer

(3) Versai

In 2003, Fu Anna fully bought out the operation rights of the top Italian brand---versai in China, filling the gap in the high-end market of the domestic bedding industry, and bringing the exotic and aristocratic life quality of Italy to Chinese families.

(4) Kuqizhi

More emphasis is placed on childlike and innocent life experience, fun and dreamy sleep experience, to retain innocence, retain good memories, and create happiness for children.

(5) Fu Anna, Meijia

Based on the concept of "beauty as the core", FUANNA Meijia provides customized services for the overall space visual supporting design and solutions and officially launched the home service of "whole house art Meijia preparation". It is committed to providing customers with more artistic experiences and unique home appliances, continuously creating surprises for customers' lifestyles.

3. Methodology

3.1 Macro environment analysis of the industry

This chapter uses the PEST analysis method to analyze the external environment of Fu Anna. PEST is the initials for political, economic, social and technological changes, also a useful method to comprehend risks of management and strategy. It identifies the changes and the effects of the external macro-environment on a firm's competitive position. It constructs a framework of macro-environmental factors used in the environmental scanning component of strategic management. Combining PEST analysis with SWOT and Porter's five forces model will get more comprehensive analysis results and also worked better when analyzing the environmental elements from the target company's core resources and competencies^[10].

This research analyzes the external environment of Fu Anna Company from the perspective of these four factors. As one of the top domestic textile manufacturers in China, Fu Anna's products are mainly for domestic sales. The company's development strategy is directly affected by the domestic macro environment. Therefore, analyzing the changes in the external macro environment of the home textile industry is of great significance to Fuanna's future development and also provide basis and direction for the formulation and selection of management strategy for the company.

Political environment

The state has issued a lot of industrial support policies to help enterprises through the post epidemic era, including the increase of export tax rebate, the release of "technical specifications for the recycling of waste textiles" and other announcements. The policies issued by the state have given impetus to the prosperous development of the textile industry as a whole. These policies are of great benefit to domestic independent home textile brands

(1) Technical specification for the recycling of waste textiles

On March 9, 2021, the State Administration of market supervision and Administration (the State Standardization Administration Commission) approved and issued the national standard of technical specification for recycling of waste textiles, which was officially implemented on October 1, 2021. The national standard "technical specification for the recycling of waste textiles" is formulated by China Institute of standardization, China Association of circular economy and related enterprises for the recycling of waste textiles. The standard specifies the general requirements, pretreatment, recycling and environmental protection requirements for the recycling of waste textiles, and is applicable to the recycling of waste textiles, Technical specification for recycling of waste textiles is the basic standard in the field

of comprehensive utilization of waste textiles, which can provide technical support for quality improvement and environmental protection in the process of recycling of waste textiles, and has a positive role in establishing and improving the standard system of comprehensive utilization of waste textiles.

The comprehensive utilization of waste textiles is a crucial practice to promote the establishment of a environment friendly and circular development industry system in China, which is also practical support to vigorously promote energy conservation and emission reduction. It is an important content to change the growth model of the textile industry and alleviate the constraints of resources and environment; It is also an important starting point to carry forward the traditional virtues of the Chinese nation and promote the green and low-carbon lifestyle. It is estimated that in 2018, the comprehensive utilization of China's waste textiles is about 3.8 million tons, with a complete utilization rate of about 19%, equivalent to saving 4.81 million tons of crude oil and 4.31 million mu of arable land. The annual output of chemical fibre is about 2.618 million tons, and cotton fibre is about 1.068 million tons, reducing 13.68 million tons of carbon dioxide emissions. Therefore, the release and implementation of national standards in the comprehensive utilization of waste textiles are conducive to facilitating resource utilization efficiency, reducing carbon dioxide emissions, and protecting the ecological environment, which has important practical and far-reaching social significance.

(2) Outline of scientific and technological progress of textile industry in the 13th five year plan

The 13th Five Year Plan period is the decisive stage for China to build a moderately prosperous society in an all-round way, and also the sprint stage for China to become a textile power "30 + 100" indicates the direction of science and technology in the 13th five year plan. Recently, the development plan of textile industry (2016-2020) and the 13th five year plan for scientific and technological progress of textile industry have been issued one after another. In that period, China's textile industry will vigorously implement the innovation driven development strategy, focusing on improving the ability of independent innovation and promoting the close integration of science and technology and economic development

Economic environment

GDP growth

According to the statistical bulletin of the national economic and social development of the people's Republic of China in 2020, China's GDP in 2020 reach 101598.6 billion yuan, which is an increase of 2.3% over the last year. The added value of the primary industry was 7775.4 billion yuan, which is an increase of 3.0% than the previous year. For the secondary sector was 38425.5 billion yuan, an increase of 2.6%; And for the tertiary industry, it was 55397.7 billion yuan, an increase of

2.1%. The proportions of added value of these three parts are 7.7%, 37.8% and 54.5%. In 2020, for GDP growth, final consumption expenditure drove it down by 0.5 percentage points, total capital formation increase by 2.2 percentage points, and net exports of goods and services also add 0.7 percentage points. The data for 2016-2020 are shown in figure 1.1 below.

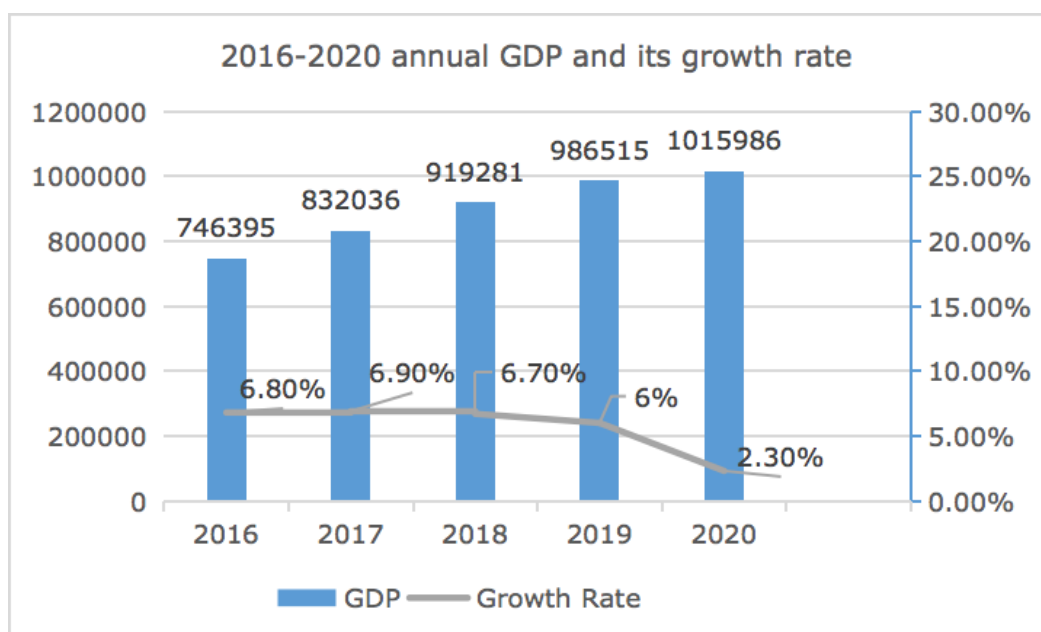


Figure 1.1 2016-2020 annual GDP and its growth rate

Source : statistical bulletin of the national economic and social development of the People's Republic of China in 2020

Foreign exchange reserve

By 2020, China's national foreign exchange reserves reach 3216.5 billion US dollars, an rise of 108.6 billion US dollars over the end of the last year. The annual average exchange rate of RMB was 6.8974 yuan to the US dollar, an appreciation of 0.02% over the previous year. As shown in the figure below.

Unit: billions of dollars

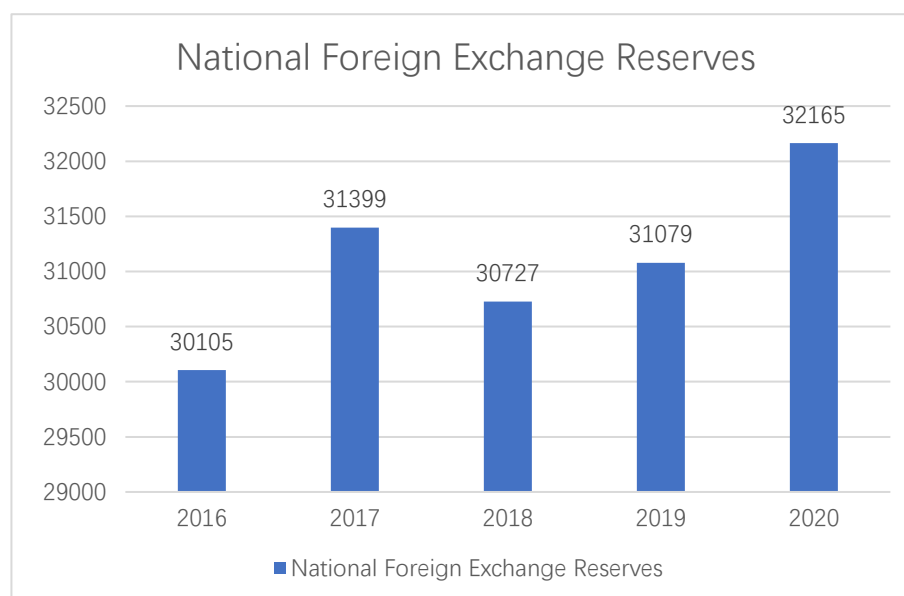


Figure 1.2 2016-2020 end of National Foreign Exchange Reserves

Source : statistical bulletin of the national economic and social development of the People's Republic of China in 2020

Domestic trade

The total retail sales of social consumer goods in the whole year was 391981 billion yuan, down 3.9% over the previous year. As reported by the statistics of the operating places, the retail sales of urban consumer goods amounted to 3391.9 billion yuan, which is 4% lower than the same period; The retail sales of rural consumer goods amounted to 5286.2 billion yuan, which is 3.2% lower than the same period. According to different consumption types, the proportion of them is different, among which, needle textiles are down 6.6%, as shown in the following figure 1.3.

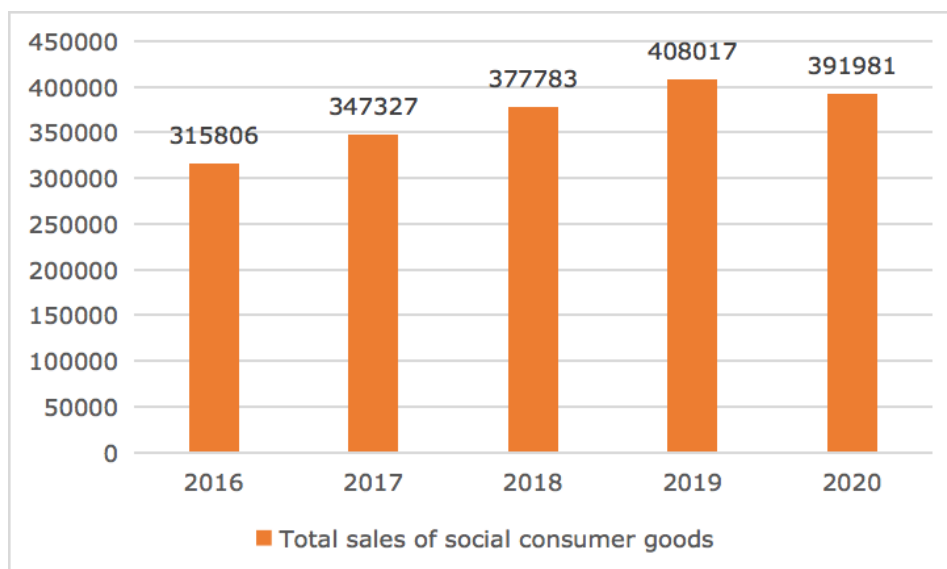


Figure 1.3 2016-2020 total sales of social consumer goods

Source : statistical bulletin of the national economic and social development of the People's Republic of China in 2020

People's Life

The income of urban and rural residents continued to rise. In 2020, the national per capita disposable income was 32189 yuan, increasing by 4.7% over the 2019. Excluding price element, the actual increase was 2.1%. Calculated with permanent population, the national per capita disposable income of urban residents was 43834 yuan, 4.7% more than 2019. After deducting the price factor, the actual increase was 1.2%. The per capita disposable income of rural residents was 17131 yuan, increasing 6.9% over the previous year. Excluding price element, the actual increase was 3.8%. The per capita disposable income ratio of urban and rural residents was 2.56, 8% less than the previous year.

In 2020, national residents' per capita consumption expenditure was 21210 yuan, a decrease of 1.6% from a year earlier. Without price element, the actual decline was 4.0%. Among them, the per capita service consumption expenditure was 9037 yuan, drop 8.6% off from the previous year, accounting for 42.6% of residents' per capita consumption expenditure. Calculated with permanent population, the per capita consumption expenditure of urban residents was 27007 yuan, a decrease of 3.8% than last year. Also after excluding price element, the actual decline was 6.0%. Rural residents' per capita consumption expenditure was 13713 yuan, increasing 2.9%. Calculated without the price factor, the substantial decrease was 0.1%. The Engel's coefficient of national residents is 30.2%, 29.2% in urban areas and 32.7% in rural areas.

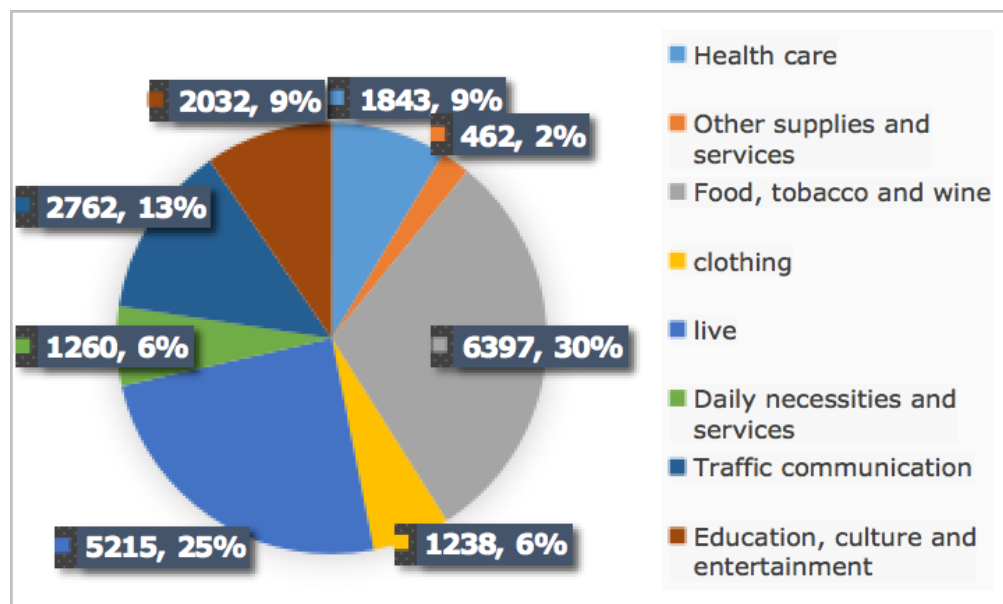


Figure 1.3 China's per capita consumption expenditure and its composition in 2020

Source : statistical bulletin of the national economic and social development of the People's Republic of China in 2020

Social environment

There are many factors influencing people's desire and behavior, among which social and cultural environment is one of the most important. Due to the diversity of cultural background, the customs of different countries and nationalities are also different, which will have a certain impact on marketing activities. The key to success is to distinguish "popularity" from "trend" and seize the opportunities brought by social and cultural environment. The change of people's life style more or less promotes the development of society. For example, some enterprises are now actively advocating green consumption to achieve the goal

Technology environment

The development of any industry depends on the continuous progress of technology. In recent years, the textile industry has developed rapidly, which is the result of the joint effect of the transformation of advanced science and technology and the promotion and application of new materials. Fuana company also relies on this to realize the industrial upgrading. However, at present, Fu Anna company's technology is relatively backward. If we can timely adjust, carry out strategic integration, use

scientific and technological progress and technological innovation, put new technology and new equipment into the market, and implement the catch-up strategy, we can occupy the market with technological advantages and lead those enterprises that can't realize rapid technological transformation due to excessive investment in technology and equipment

3.2 Internal conditions analysis of the company

Operation and management analysis

By analyzing the characteristics of the enterprise and the needs of the management structure, Fu Anna company has established a set of perfect rules and regulations and management system, which can control all aspects of the company's management process, supervise every detail, and ensure the normal, smooth and efficient operation of the company at one time. The company has established a strict system to control the quality of products, which not only meets the requirements of modern enterprise management system, but also ensures the quality of products and the development of the company. The company's management and operation procedures in product development, raw material procurement, product production, sales, human resources, finance, audit, information management system and other aspects of the system are very perfect and reasonable.

From the organizational structure of the company, cross management is the biggest problem in the organizational structure. At present, Fu Anna company adopts the organizational structure of linear function system, which is also the organizational structure adopted by most companies in China. It is characterized by the direct leadership of the general manager, the appointment of directors in different functional departments, and the director is responsible for the management, while the general manager is responsible for the management and assignment of work tasks. The organizational structure of the linear functional system can not only guide and supervise the work, but also avoid the confusion caused by multiple leadership and highly centralize power. But the drawback of high centralization is that efficiency will not be particularly high.

At present, the linear function system can continue to support the development of the enterprise, but after the strategic adjustment, the management ability of the company also needs to be improved. Therefore, it is sooner or later to adjust the organizational structure of the enterprise. We must be forward-looking in this regard and establish a perfect management system that is more suitable for the development of the enterprise

business model analysis

Fu Anna company has strong comprehensive strength and high reputation in China. It has not only advanced R & D design center and first-class production base, but also has a perfect marketing service system and efficient logistics distribution system. With the development of today, fuanna company has set up direct stores and specialty stores all over the country, and has special counters in famous stores. The franchise agent marketing mode adopted by the company is also very successful. At present, the company also began to focus on the network market, and vigorously develop the network market.

(1) Direct store mode

The company's initial business model is to open direct stores in major first tier cities across the country. There are direct stores of fuana in large-scale first tier cities such as Beijing, Shanghai, Guangzhou and Shenzhen. The biggest advantage of Direct stores is that they can guarantee the quality of service. The sales staff are all trained by the company and are familiar with the company's business, and the service level is first-class in terms of consumers. The direct store management mode adopted in the early stage of the company has opened a good head for the company's development, and has established a good brand image in the hearts of consumers.

(2) Franchise mode

The company has limited resources and energy after all. In this case, it is the best way to develop and expand the company, form a huge urban coverage, establish a good sales network and adopt the franchise business model.

Franchise business model has obvious advantages, can quickly cover the domestic market, improve market share, increase coverage, increase brand awareness. The most important point is that the franchise model can be the company to form a huge sales network in the domestic market. Not only the home textile industry, any sales industry want to make the enterprise bigger and stronger, increasing the coverage is one of the best ways, therefore, the franchise business model is also the best choice for many enterprises.

(3) Store counter mode

The development of clothing industry has been very good, its main sales mode is to enter the supermarket. So many industries are competing to follow its sales model, and there are many home textile enterprises among them. If we want to develop, channel is the last word. The sales volume of home textile products accounts for a

large proportion of the total sales volume of home textile products, so the sales mode of shopping malls is also the focus of home textile enterprises. But it's not a good thing to set up a counter in a shopping mall. At the same time, in the practice of this marketing channel mode, there are many problems need to be solved one by one by home textile enterprises. For example, the entry cost of well-known shopping malls is particularly high, and some shopping malls frequently carry out some discount promotion activities, which will have a negative impact on the profits of enterprises.

In addition, considering that many enterprises are interested in the domestic market, many export enterprises have begun to enter the domestic market, resulting in a very fierce competition. Shopping malls with its advantage of large passenger flow, has increased the entrance fee of brand counter year by year, and the cost has increased greatly. At the same time, the decoration cost of shopping malls is not a small amount, and the decoration specifications should be completed according to the requirements and standards of shopping malls, which increases the burden of enterprise costs. Shopping malls have their own rules for settlement. They usually transfer the sales settlement to the manufacturer after three months, which leads to the problem of late capital deposit, which will undoubtedly affect the capital turnover of the manufacturer.

Brand analysis

Fu Anna company develops and designs different brands for different groups of households. "Fu Anna" is romantic and publicized, and its brand connotation is "art home textile". The company also invite Ms. Yang Liping, a famous dance artist in China, to be the advertising spokesperson the products. The spokesperson's temperament and product connotation are reflected, which strengthens the brand connotation of art home textile; In addition, Fu anna company also focuses on meeting different consumer groups, differentiated design and production of products, acting for foreign brands with different prices and styles, so as to meet the needs of consumers to the greatest extent, increase the market coverage of the enterprise, and enhance the brand image and value of the enterprise ^[12].

At present, the demand of domestic third tier cities for home textile products is surging. The establishment of the company's brand image in the third tier cities depends on the brand influence in the first and second tier cities, so as to develop and improve the company's brand coverage in the whole country. In addition, for the large first tier cities that have become saturated, the company's own brand may not meet people's pursuit of brand, so the company adopts the way of acting as an agent for high-end brands abroad to cater to the public and enhance the brand image.

Profitability analysis

Profitability is the most important index to measure the capacity of a private enterprise. It is the concrete embodiment of the enterprise's profitability in a certain period of time. The stronger the profitability, the more profit the enterprise can obtain, and vice versa. In other words, the most fundamental purpose of enterprise operation is nothing more than profit. Through the comparative analysis of the profitability of other enterprises in the industry, from the two aspects of business performance and management, we find the problems existing in the enterprise, take a series of effective measures to solve the problems, optimize the financial structure mode of the enterprise, and greatly enhance the profitability of the enterprise, So as to ensure the sustainable development of enterprises. Therefore, the analysis of profitability is of great practical significance to enterprises.

The following table is a comparative analysis of the profitability of Fu Anna, Luolai and Mengjie in 2020, as shown in table 2.1

	Fu Anna	Luolai	Mengjie
Net profit rate of sales %	17.97	12.08	2.11
Gross profit margin of sales %	53.90	43.18	39.94
Return on net assets %	14.27	14.11	2.22
Return on total assets %	11.25	10.58	1.37

Table 2.1 2020 Comparison of profitability indicators of home textile listing

Source: Financial statements of the company in 2020

As can be seen from the above table, the gross profit margins of the three companies in 2020 were very high, which were 53.90%, 43.18% and 39.94% respectively. Among them, Fu Anna ranked first. Gross profit is the company's income from selling products without deducting costs. In the environment of weak demand for home textile products, Mengjie home textile still vigorously opens stores in order to expand its marketing channels, which makes its net profit rate far lower than that of fuana company and Luolai home textile. The two companies mainly open new stores in their own strong areas. In the long run, this move is very beneficial to the development of the company's sales network.

The development of home textile industry is very fast. If the company want to be invincible in such a fierce competitive environment, the key is choosing the right

development strategy and the analysis of the company's profitability has important guiding significance for the company's strategic choice.

3.3 SWOT Analysis

This research has conducted a detailed analysis of the Fu Anna's external environment and internal conditions in the previous chapter, which identifies the advantages and disadvantages and opportunities and threats, under the guidance of promoting strengths and avoiding weaknesses, the author uses SWOT analysis tools to develop Fu Anna's strategy.

SWOT matrix analysis is the most commonly used method to analyze the situation faced by enterprises. SWOT analysis method integrates the external factors and internal factors faced by enterprises. The external factors include opportunities and threats, while the internal factors include advantages and disadvantages possessed by enterprises. SWOT is the initials for strengths, weaknesses, opportunities, and threats. This kind of analysis model can make the enterprise adapt to its internal and external possibilities and can be used to build organizational or personal strategy. The most important thing is that this kind of analysis method can accurately provide the basis for the choice of enterprise strategy^[11]

By combining the advantages, disadvantages, opportunities and threats of an enterprise, different strategies suitable for the development of the company can be obtained. Generally, there is growth strategy (SO), that is, to make full use of the strengths and opportunities of enterprises, and to march into new markets on the basis of maintaining the original market and advantages. So as to develop the advantages of enterprises; Diversification strategy (ST) is to make use of advantages to avoid threats. This strategy is mainly sufficient to develop human resources in the field of existing advantages of enterprises, develop new fields as far as possible, and adopt diversification strategy to avoid the threats they face. Turnaround Strategy (WO) is to use opportunities to drive out internal weaknesses of enterprises. Every enterprise has its own weaknesses, and avoiding weaknesses and seizing opportunities is the key to enterprise development; Defensive strategy (WT) is to give up the existing business areas in order to avoid threats, put all energy into developing new areas, strive to create new technologies and possess new resources in all new areas. In the second and third chapters, this paper analyzes the external environment of fuana company, compares and summarizes the internal resources and capabilities of the company, and summarizes the opportunities and threats faced by fuana company, as well as the advantages and disadvantages of the company. On this basis, if we want to make an accurate and appropriate judgment of fuana's strategy, we must combine these final factors and consider them comprehensively.

Now we combine the internal strengths, weaknesses and external opportunities, threats are matched, the SO strategy, ST strategy, WO strategy, WT strategy into the SWOT matrix.

Internal Factor	S-strengths 1. Good brand and reputation 2. The strongest R&D team, strong independent innovation ability 3. In-depth marketing 4. Established a number of different levels of brands to meet different levels of market demand 5. Possess advanced flat screen printing and dyeing technology	W-weaknesses 1. Narrow market coverage 2. Channel strategy is conservative 3. Industry and trade integration industry chain is too long
External Factors		
O-opportunities 1. Successful IPO listing 2. Strong demand in the third-tier market 3. The online shopping market has huge potential	SO strategy 1. Develop new markets (S1,S2,S4,O1,O2,O3) 2. Low price strategy (S2,W4,O2,O3)	WO strategy 1. Implement a differentiation strategy and develop third-tier markets (W1,W2,O2) 2. Increase capital investment in the online shopping market (W1,W3,O3)
T-threats 1. Industry competition is fierce 2. International market demand slows down, domestic first- and second-tier demand is saturated 3. Opponents take the lead in the online shopping market 4. The impact of the fluctuation of the real estate market on the home textile industry 5. Upstream and downstream squeeze, small profit margins	ST strategy 1. Increase the research and development of new products (S2,S3,S4,T1,T2,T4) 2. Implement low-price strategy and expand production line scale (S3,S4,T1,T4,T5) 3. Improve the level of craftsmanship and compete with major international brands (S1,S3,S5,T1,T2)	WT strategy 1. Establish your own terminal sales network (W1,W2,W3,T3,T5) 2. Improve corporate management (W2,W3,T1,T5) 3. Implement a differentiation strategy (W1,W2,T1,T2,T3)

Figure 1.1 Fu Anna's SWOT matrix

Ps:

S1/S2/S3/S4/S5 indicates the serial number of the strengths

W1/W2/W3 indicates the serial number of the weaknesses

O1/O2/O3 indicates the serial number of the opportunities

T1/T2/T3/T4/T5 indicates the serial number of the threats

4. Recommendation

1. Differentiation strategy

As the name suggests, differentiation strategy is to be different. No matter brand or concept, even business and management can pursue to be different and unique. This paper analyzes the differentiation management strategy of fuana company from the following three aspects.

(1) Analysis of brand differentiation

Through SWOT analysis, we can see that Fu Anna's products are mainly sold in China. Therefore, in terms of brand positioning and promotion, we should consider the thinking and preferences of local people, design products suitable for domestic consumers, cater to the taste of Chinese people, and design what they need and what we want. Excellent enterprises create markets. Therefore, innovation is a very important way to guide consumption. We should do more large-scale exhibitions to publicize our personality and spread our ideas.

(2) Market analysis and positioning differentiation analysis

China's home textile industry has a large market and different consumer groups. Therefore, in order to form a huge sales network, market segmentation is essential. Fu Anna company should pay attention to differential positioning, be committed to the pressure of consumer groups, and have targeted sales. For example, we can specialize in home textile products for the elderly, study the purchasing behavior of the elderly, suit the right medicine to the case, develop and sell the products they want, so as to make an enterprise that will win the hearts of consumers.

2. Low price strategy

Low price strategy refers to setting a lower price then attracting more consumers, and maximizing profit as soon as possible. When selling the new products, enterprises determine the price according to the profit margin of available products and try to meet the needs of multi-layer users during the investment period. In mass manufacturing and mass sales, enterprises realize scale benefits by reducing manufacturing costs.

From the above SWOT matrix, we can analyze the feasibility of Fu Anna's low price strategy from the following two perspectives:

(1) The needs of the environment.

At present, the third tier cities in China have the largest demand for household goods, and the demand is growing rapidly. At the same time, the consumption level of the

third tier cities is still a little lower than that of the first and second tier cities. Therefore, in order to meet the market demand and make up for the market gap, fuana company can carry out special research, planning and feasibility judgment for the big market of the third tier cities, Through the low price strategy, we can quickly occupy the market of the third tier cities and meet the demand of the market gap.

Income is always accompanied by risk. There are two main risks in the low price strategy: first, when the market demand does not reach the expected value, it will not be able to make profits or even recover the investment; Second, it may change the reputation of the product. Considering low prices, users may connect its function and quality with the "cheap goods", which stand for low quality and may affect its sales. Therefore, adopting the common price strategy requires a promising enterprises impression and outstanding brand reputation. However, Fu Anna company's image in the home textile industry has always been excellent, so it can consider using a low price strategy.

(2) Fu Anna company's own implementation conditions.

Using the low price strategy also raise barriers to competition. Potential competitors have to give up the idea of participating due to the cost of technology, capital scale, and it will help enterprises remain competitive in the long term. To assure the effective implementation of this strategy, we must build a matching selling network and obtain a scale of economic benefits. Consequently, most of the enterprises adopting this strategy are excellent large-scale enterprises. Fu Anna is one of the largest enterprises in China, so it is very suitable to adopt this strategy.

In addition, Fu Anna company has the strongest R & D team and the most advanced R & D technology in China, and has the largest number of patents in the home textile industry. This provides favorable conditions for developing new technology and new process to carry out low price strategy. In today's fierce competition in the whole industry, only by developing new products with high quality and low price can fuana be independent. Fu Anna has unique R & D ability and the conditions to carry out low price strategy. Therefore, the implementation of low price strategy will bring huge profits and considerable development prospects to the company.

5. Conclusion

It is imperative to consider the development strategy of the home textile enterprise. It is a long and challenging process from processing raw materials, fabric production, processing home textile to developing into a home textile enterprise today. An enterprise strategy that can make an enterprise develop for a long time should consider the macro and overall situation and pay attention to its long-term benefits and achieve sustainable development. In this current development situation of home textile enterprises, China Home Textile Industry Association, referring to the development of the world's home textile industry, through comprehensive and systematic analysis, has worked out new measures that can make China's home textile develop continuously. The research and promotion of China's home textile fashion trend are important ones. It requires China home textile to realize the strategic concept transformation from focusing on product production to concentrate on information integration.

Market competition is becoming increasingly fierce, prices are rising, and inflation is still increasing. In particular, the epidemic situation is still dire. The recovery of the world economy is slow, and the growth of the leading economy is sluggish. By analyzing Fu Anna company's internal and external advantages, we found the domestic market competition intensifies, the cost of various raw materials rises, and the enterprise cost also increases. The profitability of the main business of the enterprise decreases, and the loss of human resources and logistics resources is also very unfavourable to the enterprise. Therefore, the development strategy of Fu Anna should be changed in time, Not only for the enterprise itself but also for the entire Chinese textile industry, which is very necessary.

With the continuous development of China's economy, Fu Anna company has gradually grown from an import and export trading company to a leading enterprise in China's home textile industry. After achieving rapid growth, Fu Anna company is facing significant challenges in its development - the international home textile trade faces fierce competition from domestic and foreign competitors.

In a word, we should strengthen the construction of a marketing network, support scientific research and development, enhance innovation ability, and promote the new products to enter the market quickly. Strengthen the management, improve the management system, strengthen the management ability, combined with the company's purpose, to achieve all-round, unified and closed control of the company's products, human resources and logistics. At the same time, we should implement the low price strategic plan, quickly seize the vast market of the third-tier cities, expand the company's marketing scope, and strive to be the leader of the home textile industry. Finally, the company should make strategic planning from the perspectives of sales channels, brand marketing, and corporate governance to adapt to the market's future development trend and requirements.

Due to the limitation of my academic level and many shortcomings, I will

continue to study the company's strategic choice, which will urge me to further study and research in the future.



REFERENCES



จุฬาลงกรณ์มหาวิทยาลัย
CHULALONGKORN UNIVERSITY

- [1]Chandler, A. D. (1962). Strategy and structure: Chapters in the history of the industrial empire.
- [2]Ansoff, H. I. (1965). Corporate strategy: An analytic approach to business policy for growth and expansion. McGraw-Hill Companies.
- [3]Andrews, K. (1987). The Concept of Corporate Strategy [1971]. Irwin: Homewood, IL.
- [4]Porter, M. E. (1980). Industry structure and competitive strategy: Keys to profitability. Financial analysts journal, 36(4), 30-41.
- [5]Li Huiyan. Analysis on the similarities and differences of the export structure of textiles and clothing in Asian countries[D]. Tianjin University of Finance and Economics, 2006.
- [6]Zeng Shengshu. Going forward under pressure. Analysis of the business strategy of listed home textile companies[J]. Textile and Apparel Weekly, 2013(37): 20-25.
- [7]Zhou Yan. Strategic cost management of textile enterprises based on JIT[J]. Enterprise Economics, 2012, 31(04): 63-66.
- [8] Han Yue. Research on Performance Management of my country's Textile Enterprises Based on Balanced Scorecard[J]. Special Economic Zone, 2015(12):148-150.
- [9]Xu Qingxian. Research on the development strategy of Fuana Home Furnishing Co., Ltd.[D]. Shanghai Jiaotong University, 2015.
- [10]Sammut-Bonnici, T., & Galea, D. (2015). PEST analysis. Wiley Encyclopedia of management, 1-1.
- [11]Ahn, S. (2002). Competition, innovation and productivity growth: a review of theory and evidence. Available at SSRN 318059.
- [12]Hu Junfeng. (2008). Research on the terminal control of home textile sales channel. Time trade: the last ten days, 6 (22), 32-33

VITA

NAME Jue Lin

DATE OF BIRTH 27 August 1996

PLACE OF BIRTH CHINA

INSTITUTIONS ATTENDED -Faculty of Economics, Chulalongkorn University, Thailand
-The Master of Arts in Business and Managerial Economics, MABE (International program)

HOME ADDRESS Xinghu Lijing, Longhu District, Shantou City, Guangdong Province, china, 515041



จุฬาลงกรณ์มหาวิทยาลัย
CHULALONGKORN UNIVERSITY