

Research on Innovation of Business Model of Architectural Ceramics Enterprises in a “New Normal” Economy

Aijuan Chen

Hanshan Normal University
Chaozhou, Guangdong, 521000

Abstract—Based on the visual angle of the "new normal" economy and through the analysis of our country's overall economic trends and architectural ceramics industry development situation, this paper discusses a new business operation model of architectural ceramics enterprises and puts forward new developing route of architectural ceramics enterprises from three main aspects: "Internet plus" action plan, the application of home decoration experience software and brand management.

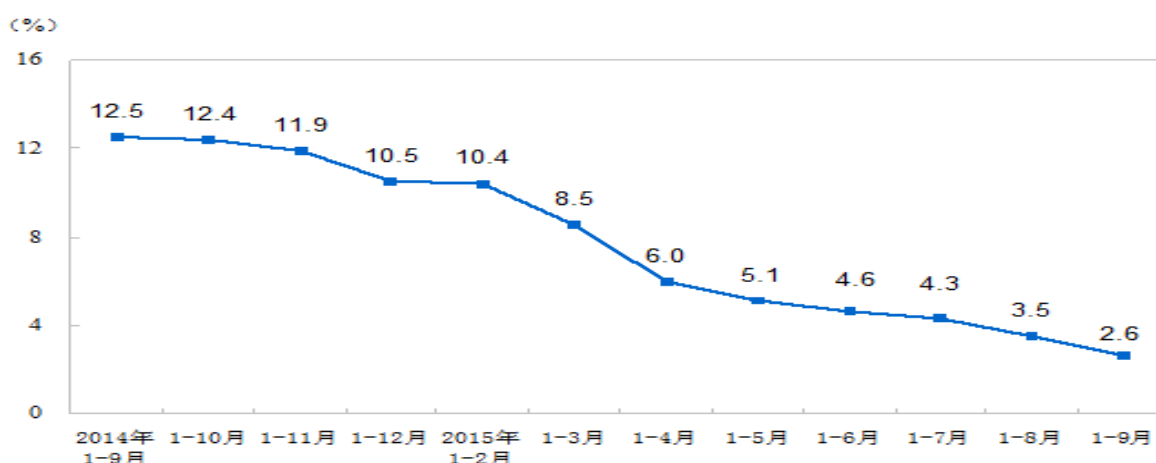
Keywords—new-normal economy; architectural ceramics industry; business model; Internet plus

I. ANALYSIS OF CURRENT SITUATION OF ARCHITECTURAL CERAMICS ENTERPRISES

China's economy continues to present a downward trend. In 2015, the GDP increased 6.9% in first three quarters and decreased below 7%. From January to August, industrial enterprises on a national scale realize profit of 3.7663 trillion yuan, falling 1.9% year on year. The cost per hundred capital

in main business income of industrial enterprises over scale is 86.13 yuan, and profit rate of main business income is 5.38%. Domestically, the main reason that causes economic downturn is that our country is still in the key stage of structural adjustment, and traditional industries are not only cutting down inventory, but also cutting down capacity, the growth rates of traditional over-capacity industries like iron, cement and building materials are all going down [1].

Influenced by economy downturn, periodic adjustment of industry of real estate closely connected to architectural ceramics is enhanced, sales volume of commercial residential building, and growth rate of industrial investment is gradually slowing down “Fig.1”. From Jan. to Sept. in 2015, developing investment of national real estate is 7.0535 trillion yuan, falling 0.9% compared to Jan. to Aug. Thereinto, residence investment is 4.7505 trillion yuan, increasing 1.7%, growth rate of which falls 0.6%. Proportion of residence investment in developing investment of real estate is 67.3% [2].



^a. Data source: National Bureau of Statistics of the People's Republic of China

Fig. 1. Growth of national real estate development and investment

It was pointed out in “Report of Executive Condition of 2014 National Economy and Social Development Plan and Draft of 2015 National Economy and Social Development Plan” issued in the two sessions in March, 2015, that overall requirement and policy orientation of 2015 economic society development is to stress innovative promotion, and one of the major missions of economic society development is to lead transformation and upgrading of industrial structure via innovation, in which speeding up transformation and upgrading of traditional industry is an important content[3]. As a classic traditional industry, architectural ceramics industry needs to optimize and adjust its structure, eliminate enterprises with behindhand capacity, promote merger and recombination of enterprises, strengthen technical transformation, which are the orientation of future development.

The so-called severest new “Environment Protection Law” in history stars to be executed from 2015.1.1, items of which increased to 70[4] from 47, clearly stipulating contents of environment standard, environment supervision and pollution charges. As traditional industry with energy-extensive consumption and high pollution, architectural ceramics industry is facing severe situation of environmental protection, from then on, base line of environmental protection became the untouchable high-tension cable of architectural ceramics industry, and enterprises had to transfer to positive coordination from negative response. The architectural ceramics industry entered a key period of structural adjustment and development kinetic energy transformation, and may architectural ceramics enterprises started to explore and try new commercial operation model.

II. ANALYSIS OF NEW BUSINESS MODEL OF ARCHITECTURAL CERAMICS ENTERPRISES

A. Formulate Action Plan of “Internet plus”, Create O2O E-commerce Operation Model

Action plan of “Internet plus” was put forward by Prime minister Li Keqiang in the 12th NPC, which represents a new economic form, that is to fully execute the function of optimization and integration of Internet in the distribution of production factors, deeply fuse innovation achievements into all fields of the economic society, improve innovation and production power of the real economy, and form a wider new form of economic development taking Internet as basis and implementation tool [5]. Its core connotation is to take use of platform of the Internet and information communication technology, integrate all walks of life including traditional industries with Internet, and create a new ecology in new field.

In the age of “Internet plus”, the architectural ceramics industry is facing huge transformation challenges. Firstly, the generations after 80s and 90s are the main consumers of current architectural ceramics market, whose aesthetic standard and value lead the current popular culture. What they need is no longer a mass consumption model or mass brand, they should pursue personal minority consumption model and minority brand. Consequently, first “plus” of action plan of “Internet plus” of architectural ceramics

industry is talent, operation of enterprise shall cultivate operation talents after 80s and 90s to lead the market under the guidance of people in architectural ceramics field of old generations after 70s,

Secondly, to formulate the action plan of “Internet plus” is a problem of information, which needs to realize high online-offline integration, and operation model of O2O E-commerce emerges at the right moment. O2O is the abbreviation of “Online to Offline”, the core of which is to bring online consumers to realistic stores, pay goods and service bought offline online and enjoy service offline. (See graph 3) The architectural ceramics industry take product design, service and shopping guide during marketing process online and helps consumers understand and experience products by themselves in authentic situation, perfectly integrating designer’s designing idea with consumers’ value, completing offline product sales via consumers’ online enjoyment. By creating O2O business model, the architectural ceramics industry can greatly excavate and cultivate potential consumers, assist sales management of agencies, expand terminal markets and exploit the blue ocean of architectural ceramics industry.

Internet+commerce=E-commerce, which is the combination of Internet and commerce, taking use of long-tail effect of Internet platform, the architectural ceramics industry can create scale economy effect while meeting individual needs of the market “Fig. 2”.

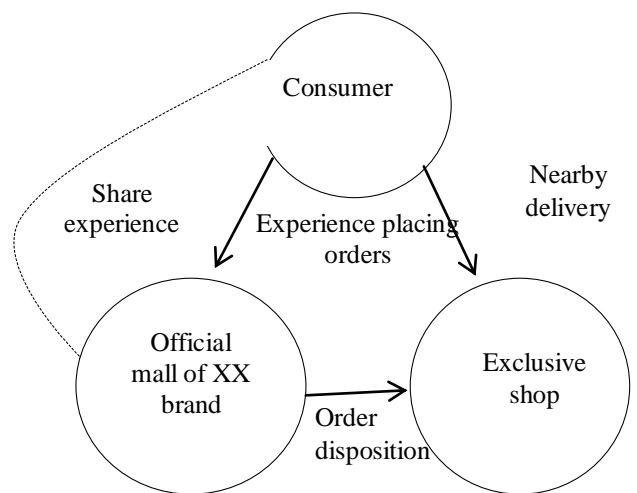


Fig. 2. O2O E-commerce operation model of architectural ceramics industry

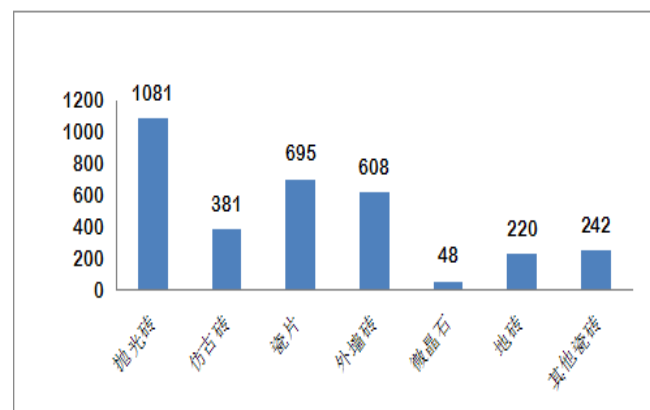
B. Apply Home Decoration Experience Software, Set up Market Interaction Platform

Consumers in the market buy architectural ceramics products for limited times, and they have nearly no understanding to architectural ceramics products, which needs architectural ceramics enterprises to perform pre-sale services like product introduction and application guidance. As generations after 80s and 90s become the major

consumers of architectural ceramics products, architectural ceramics enterprises need to conduct promotion of products according to the feature of this consumer group that they have skillful Internet technology and most of their time is occupied with work. Thus, in the ideal model of “Internet plus”, architectural ceramics enterprises begin to apply Maizhuanbao, a home decoration experience software to help consumers freely swift product space situation, bring consumers direct visual experience and enable them to select products via their demand and complete purchase. Enterprises can effectively analyze the consumption feature of consumers, set up market interaction platform and enhance the “rate of second glance” of products via software like Maizhuanbao.

C. Create Brand New Marketing Model, Realize Strategic Upgrading of Brand Management

The latest data of China Building Ceramics & Sanitaryware Association shows that: in 2014, there were totally 3275 production lines of architectural ceramic tile in our country “Fig. 3”, total capacity was 1.396 million m² “Table I”, increasing 29% compared to 2011, 20% compared to 2013. In 2014, total yield of architectural ceramic tiles of all the producing areas in our country was about 1.022954 m², increasing 5.57% [6] compared to 2014. According to survey data of national capacity, by the end of 2014, there had been over 3500 production liens in the country, total capacity was 14 billion m², but the actual yield was merely 10.2 billion, which showed that architectural ceramics industry had excess production capacity. Consequently, to set up brand new marketing model, integrate marketing channels, effectively manage brand become urgent affairs to architectural ceramics enterprises to fit “new normal” macro-economy.



^b. Data source: China Building Ceramics & Sanitaryware Association

Fig. 3. Production line data of various ceramic tiles

TABLE I. 2014 YIELD OF ARCHITECTURAL CERAMIC TILES IN MAJOR PRODUCING AREAS OF CHINA

Ranking	Producing area	Annual yield (10000 m ²)	On year-on-year basis
1	Guangdong	250380	6.98%
2	Fujian	222414	-2.96%
3	Jiangxi	91836	19.76%
4	Shandong	82184	-2.12%
5	Liaoning	68457	-1.91%
6	Sichuan	67889	5.19%
7	Guangxi	41332	45.76%
8	Henan	40230	16.73%
9	Hubei	37680	-1.30%
10	Shaanxi	34358	34.24%
Total		1022954	5.57%

^c. Data source: China Building Ceramics & Sanitaryware Association

1) *Bidirectional interaction marketing based on Internet.* The traditional marketing model of architectural ceramics industry was a single open-loop model in which the product is transferred from enterprise to agency and from agency to consumer. In the trend of the “new normal” economy, architectural ceramics enterprises can conduct bidirectional interaction with agency and consumer via Internet, most trade can be conducted online directly, and set up a brand new marketing model of Internet.

2) *Cross-boundary integration, set up sharing platform of resource.* In the aspect of marketing channel integration, architectural ceramics enterprises break the traditional method which integrates resource via contacts and sets up special marketing meeting. Groups from all walks of life in the market can join this “meeting”, take use of transverse development to connect all resources, realize resource share, form benefit community, and set up sharing platform of resource. For problems of agencies during sales such as product promotion, selling points, application, price and product influence, professional personnel can be invited to train. Cross-boundary integration can simplify marketing of architectural ceramics.

3) *Create marketing model on Wechat.* From 2011, more and more architectural ceramics enterprises started to use public account of Wechat for marketing, putting two-dimensional codes of Wechat on websites, advertisements and products, encouraging consumers to “scan”. The two-dimensional code of Wechat contains performance and effect picture of the product of enterprise, and consumers can inquire the real-time information of the product on mobile phone. Wechat helps one-to-one marketing between agency and consumer, which is precise and fast, becoming a marketing method with low cost and high efficiency in new age.

4) *Build high-quality brand.* 2015 is a key year for optimization and upgrading of architectural ceramics industry, to fit the “new normal” economy, the architectural ceramics enterprises all reinforce brand building, and consumers trust more and more in high-quality brands, which make brand the core competitiveness for architectural ceramics enterprises. To build high-quality brand, on one hand, architectural ceramics enterprises improve self

competitiveness via setting up brand museum to communicate, cooperate and compete with fir-class brands at home and abroad; on the other hand, architectural ceramics enterprises in one area are combined to build regional brand, compete in the market with the image of regional brand to create more developing chances.

With the deepening of China's economy adjustment and development of world's information economy, architectural ceramics industry enters an age of business mode after industrial transformation, and all the enterprises need to take positive measures to respond all the regulations of the country, thoroughly understand market, take opportunities, create new business mode and make big in new competition based on reviewing and improving themselves.

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