Research on Transformation & Upgrade Path of the Zhejiang Hai-Gang Intelligent Home City under New Trend of Industry Development

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Abstract: The Zhejiang Hai-Gang Intelligent Home City is an influential home market in Haiyan County; the transforming and upgrading development idea is the result of active adapting to the structural reform of the supply side of the country, which can maximize the transformation and upgrading of the regional wholesale and retail industry, with the obvious demonstration significance. Based on the existing development speed and bottlenecks in the development process of The Zhejiang Hai-Gang Intelligent Home City, Home City and Market Management Co., Ltd still need to solve the following problems to adapt to the transformation and upgrading of the home market and expand the influence of home industry in north Zhejiang Province and Yangtze River Delta.

1. Introduction
The modern supply chain has been raised to the national strategy, and China will gradually move from the modern logistics development period to the new supply chain development period. As the influential home market in Haiyan County, The Zhejiang Hai-Gang Intelligent Home City is the only enterprise in Haiyan County that applies for the modern supply chain key enterprise project. Its transformation and upgrading of the development idea is the result of active adapting to the national supply side structural reform. At the same time, it can maximize the transformation and upgrading of the wholesale and retail industry in the region, with the obvious demonstration significance.

The industry has been accelerated to shuffle; the innovation and change are the new direction of enterprise development. In 2017, China's home building materials industry is highly competitive, and the industry will still be in a critical period of major adjustment and integration during a period of time. Along with the listing of many industry companies and the emerging consumers of the post-80s and post-90s, they have self-defined the traditional decoration process. In order to have the new developments and breakthroughs in this melee, the companies must reshuffle to upgrade in this rough sea.

2. The Home City has Met the Urgent Need for Development under the Dual Factors of Domestic Demand and External Pressure
As the only large-scale home wholesale and retail base in Haiyan County, The Zhejiang Hai-Gang Intelligent Home City brings together many home brands with the rich categories and corresponding scales, and it has the potential to become the iconic home market in northern Zhejiang. At present, the merchants in the home city are close to saturation, the efficient operation and management have become a problem that the home city has to face in the current development process. The market infrastructure is relatively simple, and the commercial business service package is relatively lacking.
The home city lacks the business headquarters, the whole house customization, the smart home and other merchants and enterprises, and it is gradually difficult to meet the needs of consumers in the new era. The home city is still dominated by the fragmented transactions, merchants operate independently, and the unified settlement has not yet been realized, resulting in a large number of tax losses. The intrinsic development needs and external development pressure of the home city require constantly the home city to undergo transformation and upgrading. Increase the market functions, improve the supporting infrastructure, and agglomerate the supply chain resources of the industry, which is the next development direction of the home city.

According to the existing development speed and bottlenecks in the development process of The Zhejiang Hai-Gang Intelligent Home City, Home City and Market Management Co., Ltd. still need to solve the following problems to adapt to the transformation and upgrading of the home market and expand the influence of home industry in north Zhejiang Province and Yangtze River Delta.

3. The New Trend of Industry Development Brings the Inevitable Transformation and Upgrading

This is a consumption pattern due to the current consumption upgrade, the increasing demand for personalization, and the fact that traditional household products cannot meet the needs of consumers perfectly.

3.1. Customized Furniture has become the Mainstream, Production Advantage and Service Value will become the Key to Success
Since 2015, the whole house customization has become a hot topic in the industry. In 2016 and 2017, the market size of the customized furniture industry is about RMB70 billion. According to estimates, by the end of 2017, the size of the customized furniture market has exceeded RMB 90 billion. In the next four years, the growth rate of the customized furniture industry will still maintain a growth rate of more than 20%. In 2020, the industry scale will reach RMB 166.6 billion. Considering the needs of the rural market, the industry space is RMB 200 billion.

3.2. Green and Environmental Protection Requirements for Home Building Materials Industry are Getting Higher and Higher
As the upgrading of consumer consumption concept and the requirements of national policies, the “Technical Requirements for Environmental Labeling Products---Furniture” issued by the Ministry of Environmental Protection has been officially implemented on February 1, 2017, which puts higher requirements on the production process of furniture and the environmental protection of the products themselves.

3.3. The Development Trend of Home Intelligence is Obvious and Growing Rapidly
China's smart home market has shown a growth momentum since 2011, and the number of smart home enterprises has been increased significantly in 2017. Although the start is late without a climate, the intelligence has become an inevitable trend.

3.4. Home City can Extend Its Value Chain, Discover the Potential Consumer Demand, and Increase Market Value and Profitability by Improving other Functions of each Node in the Home Supply Chain
The Zhejiang Hai-Gang Intelligent Home City is only used as a trading place for household products currently. Its facilities, business formats and supporting services etc. need to be improved. Compared with the current development trend of the home professional market, the Zhejiang Hai-Gang Intelligent Home City is in urgent needs to comply with the development trend of the home industry for design, research & development, financial services, market support, etc.

4. The Objective and Idea of the Transformation & Upgrading of the Zhejiang Hai-Gang Intelligent Home City
Objective: build a digital supply chain ecosystem in the home market; build a big data center in the northern Zhejiang home market; explore a typical home supply chain integration service mode; and
create a digital supply chain service system that adapts to intelligent manufacturing.

By 2023, the total market transaction volume will exceed RMB 10 billion, and the annual profit and tax will exceed RMB 500 million. Highlight fully the economic advantages of the headquarters; gather the more than 50 home brand businesses, 30 e-commerce companies, and 20 new technology companies such as VR. Complete the smart home supply chain service platform, integrate more than 50 home design companies, 10 supply chain R&D and application institutions, more than 20 integrated technology and innovative logistics service providers gather and hatch more than 3 comprehensive service companies in the home supply chain field.

The Zhejiang Hai-Gang Intelligent Home City is built by “5S Innovative Service System”, which will become a “special and strong” home circulation platform, serve the “small and beautiful” new home market, achieve the upgrading and transformation of the smart intelligent and modernized home market, and it will become the most typical exemplary home supply chain integration service platform in northern Zhejiang.

5. The Path of Transformation and Upgrading of the Zhejiang Hai-Gang Intelligent Home City

According to the current market demand and enterprise resources and capabilities, Haiyan Haigang Market Management Co., Ltd. proposes to adopt a comprehensive improved mode of “market software & hardware upgrade + information platform service + supply chain operation”. In the future, the overall development of the home market is in good condition, and new market demands are emerging. Under the premise of matching the resources of operators, the market is considered for the transition to the mode of supply chain integration operation.

5.1. Smart Integrated Service Base

Smart Integrated Service Base is the main organization for internal management and external publicity of the entire market; it activates the entire market through online malls and market management platform. Under the background of Internet thinking, big data application and intelligent technology products, take the concept of coordinated development of supply chain resources, and base on the needs of transformation & upgrading of the home retail market. The construction is based on the modern operation platform, take the information technology as the development support, and create the market resource unified dispatching center that combines online & offline double sales, unified settlement, sufficient fund guarantee and certain brand promotion capabilities.

Planning & construction: upgrade the existing headquarters building and increase the two functional sections of the online mall and market management platform. The online mall can supplement the existing sales channels, realize the integration of online & offline to open to consumers synchronously; the market management platform realizes the unified settlement of the market according to the access of sales data and the entry of financial platform to meet the capital needs of market merchants. Through the judgment of market positioning and market development needs, launch the targeted brand promotion and home exhibition activities. It is estimated that the transaction amount will be RMB 580 million in 2023.

5.2. Intelligent Logistics Warehouse Allocation Base

The Intelligent Logistics Warehouse Allocation Base serves the merchants settled in the Zhejiang Hai-Gang Intelligent Home City; it is the place to carry out the basic logistics transportation, home building materials storage and distribution. Under the background of Internet thinking, big data application and intelligent technology products, take the concept of coordinated development of supply chain resources, and base on the demand of intelligent development of the home market. The construction is based on the smart storage areas and smart distribution areas, take the information technology as the development support, and create smart home logistics warehouse distribution center integrating freight forwarding, after-sales transportation and assembly, and unified settlement.

5.3. Market Management Service System

Home Supply Chain Financial Services: It is a fund support section for the development of the home supply chain integration platform. It mainly provides the support functions such as financial support and
strategic investment for Haiyan Haigang Market Management Co., Ltd. Haiyan Haigang Market Management Co., Ltd. uses the technologies such as the Internet to cooperate with relevant agencies such as the government and financial institutions to build a financial service platform for the supply chain of the home industry, and provide supply chain financial services for upstream and downstream enterprises in the home industry. Orient to the market merchants, provide with warehouse receipt pledge and small micro-credit business, and meet the capital needs of upstream and downstream enterprises. The financial services business will cover more than 300 market merchants and more than 100 home supply chain upstream and downstream enterprises in the future.

The Home Big Data Service Center of the north of Zhejiang Province: It collects mainly the daily transaction data in the home market and discovers the potential data in order that the data generates the more value. Through the self-built logistics information system and online mall and market management platform, through the collection of market merchants’ upstream channel & factory information and downstream distributors & consumer information, Haiyan Haigang Market Management Co., Ltd. Makes the information processing and classification, builds the Zhebei Home Big Data Service Center, and optimizes the marketing mode. By collecting, processing and dealing with a large amount of information related to consumer consumption behavior, determine the needs and preferences of specific market consumer groups, and predict the consumer behaviors, thus target the marketing of specific content to consumer groups in the market. Compared with the large-scale marketing methods in the market that has not distinguished the characteristics of consumer objects in the past, it has greatly reduced marketing costs and improved the marketing effects, thus brings more profits to the Zhejiang Hai-Gang Intelligent Home City. At the same time, through industry big data analysis, it is possible to know the production of upstream enterprises in the home industry and extend the service chain to upstream.

The Brand Promotion Center: through the scientific analysis and rigorous argumentation, it is possible to find the brand core competitiveness of The Zhejiang Hai-Gang Intelligent Home City, target the consumer groups accurately, and strengthen brand building through the more comprehensive communication. Through the introduction of the whole home decoration company or the whole customized home company, The Zhejiang Hai-Gang Intelligent Home City has enhanced the modern and intelligent image of the market. On the other hand, it can sell other products in the market through the orders of the home decoration company, discover effectively the needs of consumers, increase the value of the customer orders; increase the coverage of The Zhejiang Hai-Gang Intelligent Home City in the northern Zhejiang market through the promotion of building materials and home supermarkets, and increase its visibility. Through online platform promotion, development and application of market APP, the interior building exterior wall LCD screen and the market's top screen cinema, enhance the impression of consumers and transform the Zhejiang Hai-Gang Intelligent Home City from the home market to the home brand. Adopting the joint marketing mode, the brand promotion halls will be set up in major counties and cities in the north of Zhejiang Province. By 2023, the number of brand promotion halls will exceed 10.

5.4. Logistics Information Service System

Home Industry ERP Management Information System: The Home Industry ERP Management Information System is a powerful support system to support the operation of logistics information systems effectively, which makes the real-time monitoring of the procurement, inventory and sales activities of all materials in the market. Centralize the management of data scattered by merchants in the original market and ensure the data consistency.

Home Supply Chain Integration Services: it is mainly through intelligent hardware, Internet of Things, big data and other intelligent technologies and means to provide market merchants with 12 major categories of procurement, warehousing, distribution, installation and related after-sales services.

The Home Supply Chain Integration Services combine mainly the mobile Internet technology with the traditional logistics IT system, use the APP+OMS+TMS+WMS system etc. to realize the safety maintenance from the main line to the terminal, and the whole process is visible. The products are delivered from the main line, storage, distribution to installation, which is perfect for connecting with
the home suppliers and consumers. The customer needs can be quickly and accurately captured from supply chain management decision-making, command, analysis, planning, and control, while provide the fast and accurate supply, help ultimately the Zhejiang Hai-Gang Intelligent Home City to create an excellent the Zhebei Home Supply Chain to enhance market operations income and profit continuously.

6. The Construction Period
In the construction upgrading phase: in addition to the infrastructure, construction engineering, hardware facilities configuration, it is also necessary to pay attention to the construction of software and platforms, such as cloud service platform, information platform, financial service platform, etc.; the investment targets are divided into partner investment (large investment) , home city business investment (small investment) and other aspects.

The Zhejiang Hai-Gang Intelligent Home City needs more construction and upgrades function segments, so there are more resources to be gathered. In general, the resources of the self-operated business segment and the basic services need to be configured by the developer, and the other resources can be obtained through external introduction, outsourcing, cooperation, and the like.

The construction promotion period is the key investment period of funds, including the constructions: (1) Construction of one-stop home procurement base; (2) Construction of headquarters building; (3) Construction of one-stop base for smart home decoration design; (4) construction of intelligent logistics of warehouse allocation base; (5) Construction of information platform and service system.

7. References
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