

Marketing Strategy Analysis of Jiangho Group

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Abstract: Jiangho Group Co., Ltd. (hereinafter referred to as "Jiangho") is a listed large multinational enterprise. The diversified development of the group relies on the dual main business of building curtain wall and interior decoration. For enterprises that take project orders as their lifeline, marketing is one of the key factors affecting their survival and development. Based on the current market environment, this paper analyzes the problems and market risks faced by enterprises in the marketing process, and puts forward the responsive marketing competition strategy and the view of enhancing marketing ability according to the actual situation.

1. Current Situation of Domestic Market

In order to ensure the health and stability of the real estate market and avoid repeating the mistakes of Japan's real estate foam, the state decisively began to introduce regulatory measures from the end of 2009 to the beginning of 2010. In the past 11 years, the state and local governments have constantly revised and introduced new supporting regulatory measures. Especially in the past five years, the regulatory efforts have been significantly increased, with significant effects, and the real estate market has cooled down significantly. In view of the background of strictly controlling the supply scale of new construction land in 2014 and the prediction that the residential land price may rise in the short term, the Ministry of land and resources and the Ministry of housing and urban rural development will coordinate with the revision of relevant plans to delimit boundaries for cities, so as to stop the phenomenon of "spreading the pie" in the uncontrolled expansion of cities around the world, which further accelerates the arrival of the shrinkage of the real estate market. Notice of the Ministry of housing and urban rural development and the national development and Reform Commission on Further Strengthening the management of cities and architectural features in 2020. With the introduction of the new policy, the state has imposed restrictions on super high-rise buildings, and the "skyscraper fever" will really drop. Strict construction control has been carried out on super large public buildings such as municipal stadiums, exhibition halls, museums and grand theatres as major urban construction projects. China's urban architecture will move from a wild and blind development to a more rational, pragmatic and stable stage. With the overall shrinkage of the market, the competition for the survival of building decoration enterprises is becoming increasingly fierce, and the marketing will gradually become white hot.

2. Analysis of Building Decoration Industry (Porter's Five Forces Model)

Based on Porter's five forces model, this paper analyzes the development status and Prospect of the building decoration industry from five dimension, as seen in Figure 1.



Figure 1: Analysis of building decoration industry

2.1. Competitiveness of Existing Competitors in the Industry

Headquartered in Beijing, Jiangho has four brands in its construction and installation sector, namely Jiangho Curtain Wall, Chengda Group, Gangyuan Decoration and Gangyuan Curtain Wall, as shown in Figure 2. Powerful external competitors include Suzhou Golden Mantis, Chinayasha and more than 10 other units. The interior and exterior markets are facing fierce competition [1]. The main competitor of Jiangho creation is Suzhou Golden Mantis, which has branches in major central cities in China and is also the most powerful competitor the company encounters when bidding in the market.



Figure 2: Four brands in Jiangho

Founded in January 1993, Golden Mantis is a professional decoration enterprise focusing on interior decoration, integrating curtain wall, furniture, landscape, artwork, electromechanical equipment installation, etc. The company has the largest interior designer team in China with more than 700 people, including 20 most influential senior designers and 60 national outstanding young and middle-aged designers [2]. The company also has a team of more than 200 registered first-class and second-class builders and project managers, which provides sufficient talent guarantee for the effect and quality of each project. The company always adheres to innovation and the cultivation and training of talents. The company and Soochow University jointly founded the Golden Mantis School of architecture and urban environment of Soochow University, taking the development path of integrating production, learning and research, becoming a "booster" for the company's further development. Its ranking in the "top 100 in China's building decoration industry" has been the top for 17 consecutive years. The financial report shows that the operating income of Golden Mantis in 2020 was 31.243 billion yuan, an increase of 1.33% year-on-year; The net profit attributable to shareholders of listed companies was 2.374 billion yuan, an increase of only 1.04% year-on-year. Especially in the development of interior decoration, when "assembly decoration" and other

decoration units are still at the conceptual stage, Golden Mantis's interior decoration has initially formed the overall solution capability of "market research, research and develop innovation, scheme design, procurement and supply, information platform construction, and assembly training".

2.2. Bargaining Power of Suppliers

Suppliers in the building decoration industry mainly include construction labor companies, suppliers of main and auxiliary building materials, suppliers of decorative base materials and surface materials. Their bargaining power is mainly reflected in the increase of input factor prices and the decrease of product quality. The strength of suppliers mainly depends on the importance of the input elements they provide to buyers^[3]. At present, China's building decoration raw material market has sufficient supply capacity, and the factory construction rate of building decoration enterprises is low, so the bargaining power of suppliers is weak.

2.3. Bargaining Power of the Buyer

The buyers of the building decoration industry are mainly public infrastructure, civil housing and other various commercial projects, and their bargaining power is mainly reflected in reducing the price of factors and improving the quality of products and services. At present, China's construction and installation industry tends to be saturated, with many enterprises and a wide range of customers. It is more recognized by companies with high brand reputation, strong design ability and high construction quality, and is less sensitive to price factors.

2.4. Threats from Potential Entrants

While new entrants bring new vitality to the industry, they may compete with existing enterprises in raw materials and market share, which will eventually lead to a decline in the profitability of existing enterprises in the industry and more intense industry competition^[4]. In China's building decoration industry, there are capital barriers, talent barriers in design and construction, and experience barriers of first mover advantage brands with high margin payment rate for medium and large projects. The potential entry of small and medium-sized construction and installation enterprises is not a big threat.

2.5. Threat of Substitutes

Because construction related enterprises and other enterprises rarely extend to the decoration industry, there is no substitute in China's building decoration industry. However, in recent years, under the background that the State advocates green buildings and high-quality housing construction, more and more builders will contract decoration business, which will pose a threat to the building decoration industry.

3. Current Situation of Enterprise Marketing

With the mission of "for the living environment and health and well-being of mankind", Jiangho is committed to providing a green building system, actively responding to the call of the state, and creating a good social effect. However, it has not formed a unified and sound marketing management system, the brand positioning is vague, independent marketing and independent fighting, and the marketing resource information is not shared. Instead of helping each other, it has formed a competitive struggle of internal friction, and has not given play to the group's leading brand advantages in terms of brand, which is mainly reflected in the following aspects, as illustrated in Figure 3:

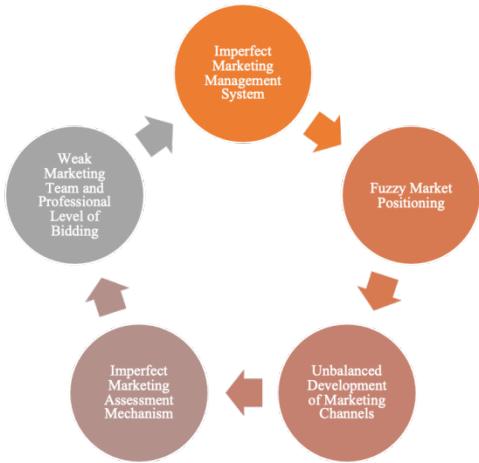


Figure 3: Current situation of enterprise marketing

3.1. Imperfect Marketing Management System

A unified and sound marketing management system has not yet been formed, and the strength of the marketing team is unbalanced, resulting in that the marketing resources are often controlled within individuals or industrial units, so that the marketing activities become the behavior of individuals or industrial units^[5]. The information of marketing resources is not shared, and there is not only no assistance between them, nor unified scheduling arrangements. Each of them fights independently, which is not the behavior of the enterprise as a whole. In the marketing publicity, the leading brand effect of Jiangho curtain wall in the building decoration industry was not brought into play.

3.2. Fuzzy Market Positioning

The market positioning is vague, and each construction and installation unit spreads its net in the marketing market for everyone to fight. This wide spreading network promotion method is equivalent to the carpet bombing tactics in the military. The hit rate is extremely low, and it depends on a large amount of resources to fight for luck, spending a lot of time, money and energy.

3.3. Unbalanced Development of Marketing Channels

The development of marketing channels is unbalanced, and online marketing is weak. The channels that Jiangho delivers products and services to customers are mainly construction sites and exhibitions. The marketing points are scattered, and no systematic marketing channels have been formed. Most of them are offline channels, and there is an unbalanced introduction of customers by different marketing channels. In contrast, BMW China's marketing strategy conforms to the trend of the times, and its touch marketing of breaking the circle and rejuvenating has achieved great success. In 2020, BMW China entered BiliBili, changed the traditional video tone, presented its products in the form of patch splicing and pop art style, and invited Yi Yangqianxi, the new spokesperson, to pass on the warm wishes of "blue sky and white clouds will arrive as scheduled" during the outbreak of the epidemic. The spokesperson has worked with Dewu app in the shoe industry, Alexander Wang in the fashion industry, glory of the king in the game industry, League of heroes, Summer of the Band 2 in the music industry and other brands to carry out cross-border marketing, winning a large number of young "Internet aborigines". As the leading enterprise in the building decoration industry, Jiangho and BMW are the leaders in the middle and high-end automobile industry. Both of them have good pricing advantages and brand effects in the industry. Jiangho marketing surface and marketing structure are far inferior to that of BMW China. In the future, we need to open up marketing channels to win more customers.

3.4. Imperfect Marketing Assessment Mechanism

The marketing assessment mechanism is not perfect, resulting in serious speculation. There is no review mechanism for Beijing information investigation such as the capital source of the

construction unit, and it is impossible to check the authenticity and reliability of the information. The investigation is unclear or the report is not truthful, resulting in a large number of advances after winning the bid, incomplete delays, and difficulty in recovering the final payment; Or through improper means, he won the bid with Party A's bid leader at a low price, which was reckless, and finally dumped the project profit and loss to the project operation management team.

3.5. Weak Marketing Team and Professional Level of Bidding

The marketing team's bidding professional level is weak, there is no unified skill training, the understanding of BOQ quotation is insufficient, the bidding risk is not estimated enough, and the quotation is blind and arbitrary. As the quotation of the bill of quantities has a great impact on the original budget price system, the internal quota system of the enterprise has not been formed, and many budget personnel quote based on the past experience in combination with the market situation, so the inaccurate quotation results in the low winning rate and poor quality of the winning price [6].

4. Marketing Strategy Optimization Suggestions

In recent years, Jiangho has made positive changes, continued innovation, improved both internally and externally, consolidated its dual main businesses, opened up multiple channels in an all-round way, and promoted intensive development, as demonstrated in Figure 4.

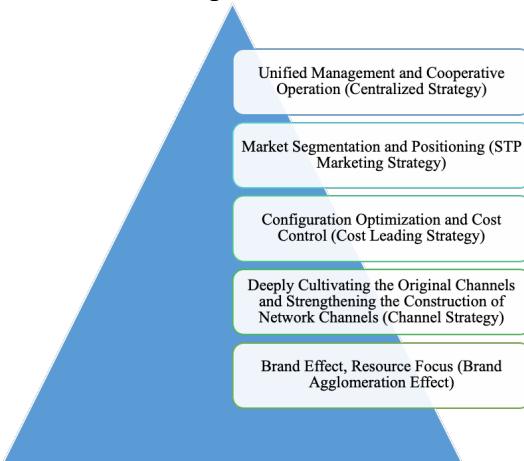


Figure 4 Marketing strategy optimization suggestions

4.1. Unified Management and Cooperative Operation (Centralized Strategy)

Establish and improve the unified management of the marketing assessment mechanism, strengthen and give play to the management function of the senior management in market coordination, make the coordination management smoother, improve the cooperation among various units, effectively play the coordination role, share marketing resources and information, make overall scheduling and arrangements in the principle of maximizing the group's interests, and clarify the group's coordination policies and requirements: first, after fully disclosing and communicating with the cooperator's marketing principal, It has the right to allocate the collaborative brand and team ownership of the collaborative project, and timely report the allocation results to the marketing management department of the group; Second, the cooperator has the right to make decisions on major marketing matters and coordination and docking relations of the project. In case of adjustment of marketing direction and change of belonging brand, it needs to communicate with the cooperatee in a timely manner, and report the decision-making conclusion to the group marketing management department in a timely manner; Third, the cooperator and the cooperatee should strengthen interaction in the marketing process. For all kinds of problems in marketing progress, customer service and internal team, senior leaders of relevant parties should interact in time, share information, and solve relevant problems through consultation, so as to effectively promote the smooth coordination and achieve the effect of winning the bid. Fourth, problems that cannot be agreed by the senior management of the cooperating party shall be reported

to the group market team for solution in time.

4.2. Market Segmentation and Positioning (STP Marketing Strategy)

Each construction and installation unit realizes differentiated operation through staggered development, ensures orderly market competition, avoids internal consumption, and positions Jiangho Curtain Wall and Chengda Group in the high-end market, mainly undertaking top high-end projects; Gangyuan Decoration and Gangyuan Curtain Wall are positioned in the middle end market and mainly undertake middle end projects. After locking the market segments, each unit can seriously and intensively develop its own market segments^[7]. By tapping the potential of target users as much as possible and sincerely trying to retain these users, the more accurate our strategic positioning will be, and the more able we will be to formulate a development strategy that is compatible with resources and environment. A direct communication mechanism should be established between the senior management of each construction and installation unit to clarify the division of labor, cooperate with each other and jointly expand the market.

4.3. Configuration Optimization and Cost Control (Cost Leading Strategy)

To strengthen the sharing of construction and installation supply chain resources, optimize the allocation of resources, achieve large-scale benefits, and further reduce costs, improve quality and service levels, all construction and installation units should adhere to an open and transparent attitude, actively promote the interoperability of supply chain resources of brother units, and the group's bidding and procurement management department should establish a shared supplier information base based on the bidding and procurement system platform resource base^[8]. At the same time, for high-quality strategic resources, we should deepen collaboration and sharing, share a unified supplier evaluation system, maximize the value of supply chain utilization, improve internal cost control, and increase external market competitiveness.

4.4. Deeply Cultivating the Original Channels and Strengthening the Construction of Network Channels (Channel Strategy)

The company should always keep in mind the mission of "for the survival environment and health and welfare of mankind", closely follow the national green and low-carbon building decoration initiative, and provide green and high-quality products and services. At the same time, we will strengthen the publicity of the exhibition and the cooperative relationship with enterprises with high reputation, so as to establish a good image of high quality. The development of e-commerce has made online sales channels hot^[9]. The company should pay attention to the construction and expansion of online channels, enter popular online platforms such as Weibo, Xiaohongshu, Tiktok, Oasis, etc. to carry out more large-scale publicity, so that potential customers can better understand the company's high-quality products and services.

4.5. Brand Effect, Resource Focus (Brand Agglomeration Effect)

Giving play to the leading brand effect created by Jiangho, form the group's internal and external collaborative strategic development, effectively focus on regional resources, and improve the bid winning rate. For mega projects with multiple bid sections and customers also agree that our two units participate in the bidding at the same time, the cooperator and the cooperatee shall report to the group marketing management department. After defining the main cooperator and the auxiliary cooperator, the two internal decoration units can follow up at the same time.

5. Conclusion

To sum up, this paper takes Jiangho Group as the research object, analyzes and studies this large listed company, explores the development and prospects of the construction industry where the company is located according to the current development of the domestic market, and analyzes the current development of the construction industry with Porter's five forces model. In addition, this paper also puts forward solutions to the current problems of the group's development, which are

unified management, market segmentation, optimization of allocation, strengthening channel construction and focusing on brand resources.

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