

# Research on Traditional Strategy of Digital Transformation of Textile Manufacturing Industry

## -- Take Zhejiang Datang Hosiery Cluster as an Example

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### Abstract

Increasing the added value of products by enhancing brand value is an effective way to promote the digital transformation of the textile industry. This article systematically elaborates on the problems of my country's traditional textile manufacturing industry, analyzes the challenges of digital transformation of the traditional textile industry, and then in-depth exploration of the digital transformation dilemma of Datang Hosiery Cluster in recent years, and conducts research through the Kotler brand promotion model and analyzes it intensively. The problems faced by the digital transformation of the manufacturing and marketing ends of Datang Hosiery were addressed, and countermeasures and suggestions were put forward for the transformation of traditional manufacturing; Focusing on the core work of Datang hosiery industry's value-added industry-the transformation and upgrading of the marketing side, and proposed a brand enhancement plan based on the Kotler model.

### Keywords

Digitalization; Textile Manufacturing; Datang Hosiery Cluster; Brand Promotion.

## 1. Problems in China's Traditional Textile Manufacturing Industry

As one of my country's traditional pillar industries, the textile manufacturing industry occupies an extremely important position in the country. Since the reform and opening, the textile manufacturing industry has rapidly grown into a dominant industry in my country, relying on demographic dividends and government support, and its main textile products have occupied a large share of the global market. However, in recent years, with the changes in production factors and global economic strategy changes, the following problems have begun to emerge and have a profound impact on the traditional textile manufacturing industry.

### 1.1. The Cost of Competition Continues to Rise

First, as the country improves people's livelihood issues, the income of urban and rural residents continues to grow, labor costs in various regions have risen to varying degrees, and the demographic dividend is disappearing; second, the rise in raw material prices has further compressed corporate profits; third According to research, for every 1% appreciation of the renminbi, the sales profit margin of the textile industry drops by 2%-6%[1], and in the past year, the exchange rate of the renminbi against the US dollar has risen by about 7.8%; Fourth, as the country continues to pay attention to environmental issues, the cost of pollution control in the textile manufacturing industry is also rising; Fifth, international trade frictions represented by the Sino-US trade war continue, and tariffs and trade barriers have increased the difficulty of exporting my country's textile products.

## 1.2. Intensifying Domestic and Foreign Competition

In China, the textile industry in Zhejiang, Jiangsu, Guangdong, Shandong and other places has a certain scale. While facing the constant competition among existing competitors, due to the low entry threshold of the textile industry, textile manufacturing enterprises are still facing There is a constant threat of new competitors entering. In addition, developing countries represented by Southeast Asia, relying on their advantages of low cost of production factors, are constantly "preying" on the domestic textile manufacturing market share.

## 1.3. Lack of Core Competitiveness and Low Added Value of Products

Due to insufficient self-branding efforts, although regional cluster brands such as Dongguan in Guangdong, Datang in Zhejiang, and Liaoyuan in Northeast China have had initial influence, they still lack individual brands with strong domestic or international influence, and most companies lack brand enhancement. Ability, lack of innovation awareness, can only be in the production and processing link at the low end of the value chain, and cannot make progress on the design and marketing side. This has led to the lack of core competitiveness of my country's traditional textile manufacturing industry, serious homogenization of competition, and the inability to increase the added value of products.

## 2. Challenges of Digital Transformation of Traditional Textile Industry

Traditional textile manufacturing enterprises have insufficient data governance capabilities, business analysis capabilities, and system integration analysis capabilities in the digital transformation stage. In the actual production process of enterprises, digitization does not play the functions of integration, mining, collaboration, and analysis. For example, the digital analysis functions of some enterprises are limited to simple statistical charts, and no further integration and correlation of all data, mining more efficient Production management methods. Enterprises are not fully using digitalization, leading to the production benefits brought by digital transformation are limited to a simple increase in a certain area, instead of giving play to the multiplier benefits that digitalization should have. [2]

### 2.1. Insufficient Resources Required for Digital Transformation

Compared with large-scale enterprises, small and medium textile manufacturing enterprises lack the awareness of digital transformation and the driving force for innovation. [3] In the actual process of digital transformation, it is more difficult for small, medium and micro enterprises to raise funds for transformation from banks and other financial institutions, and they are also facing the dilemma of lack of digital professionals. At the same time, most small, medium and micro enterprises are content with the status quo of enterprise development and are unwilling to take unknown risks to further expand and innovate. Therefore, small, medium and micro enterprises generally lack the acumen and corresponding transformation capabilities that digital transformation should have, and they often pass away with opportunities.

### 2.2. The Obstacles of the Original Enterprise Organization to the Transformation

Due to knowledge and time, many senior executives of textile manufacturing enterprises lack the understanding of new things such as digital transformation, and are relatively conservative in major corporate decisions. It is difficult to implement the concept of transformation. At the same time, digital transformation will bring profound changes to the organizational model of enterprises. The organizational hierarchical relationship of traditional enterprises is more complicated, while the organizational model of new enterprises tends to be flatter. In the process of digital transformation, traditional enterprise organizations and new enterprise

organizations inevitably conflict. How to transfer the two organizations and make overall arrangements for new enterprise organizations is also a major problem in transformation and upgrading. [4]

### **3. Solution and Path**

#### **3.1. Promote the Digital Transformation of Enterprises Systematically**

First of all, it is necessary to optimize modern enterprise management and build an excellent management system. Secondly, it is necessary to standardize the data management system to lay the foundation for transformation, and to break through the barriers to data flow, and realize the digitization of products through digital design. Finally, companies need to treat data information as an important core asset, and they also need to implement institutional safeguards and establish a long-term guarantee mechanism.

#### **3.2. Reform and Innovation**

Enterprises need to make bold changes in response to existing problems and be bold in reform and innovation. One is to optimize the design in the design and process, and the other is to simplify the complexity at the management level and use the concept of lean management to achieve the smooth and rapid circulation of key information.

#### **3.3. Establish Phase Goals**

The traditional manufacturing industry needs to actively adapt to the changes brought about by digital transformation, and it needs to look at the pros and cons of the change with a development eye, and be fully prepared. First, enterprises need to optimize production management and continuously improve production efficiency through standardization of manufacturing process, lean production management, and specialization of product manufacturing. Companies can also use digital tools to optimize business processes and enhance employees' management and innovation capabilities, thereby encouraging employees to actively participate in digital transformation. Second, enterprises need to strengthen collaboration, strengthen and establish the concept of departmental collaboration. Third, companies need to pay attention to customer needs, establish a customer-oriented service support platform for the entire industry chain on the basis of digitization and informatization, so as to better realize the digital transformation of manufacturing enterprises.

#### **3.4. Focus on Digital Team Building**

In the digital age, with the application of new technologies, textile manufacturing enterprises will generate a large number of new jobs and special job skills requirements, and will need more professional employees. Therefore, the person in charge of the company must fully understand the key requirements for new jobs and special work skills in the digital age, and pay attention to the construction of digital teams to create a good environment for talent growth.

On the one hand, companies need to hire and train relevant technical personnel, through training, to enhance the knowledge and skills of employees. On the other hand, companies must introduce and apply talents necessary for new technologies to meet the challenges of the times [5].

### **4. Analysis on the Status Quo of Datang Hosiery Cluster**

#### **4.1. The "Brilliant Past" of Datang Hosiery**

Datang Hosiery is the largest and most well-known hosiery cluster in China, and it has an important position in my country's hosiery market. In 2019, the value of the regional brand value of Datang Hosiery reached 110 billion yuan, and Datang Town ranked 13th among the

top 100 in the country. The output of Datang Hosiery once accounted for 65% of the country's total output, and it can also occupy the world. Nearly one-third of the market. Therefore, Datang Town is also known as the "Hometown of Socks".

#### **4.2. The Impact of the Epidemic on the Datang Hosiery Industry**

In recent years, Datang Hosiery, as a typical traditional textile industry cluster, has encountered bottlenecks in its development. Many small and medium-sized enterprises have encountered difficulties in recruiting workers, increasing labor costs, and reducing orders. Their business performance has been declining, and their market share has also been declining. At the beginning of 2020, the outbreak of the epidemic has made some small and medium-sized enterprises in Datang Hosiery difficult to operate. Due to the epidemic, the prolonged suspension of production and production has severely hit the economic situation of the company. When the domestic situation improved, the outbreak of the foreign epidemic led to the suspension of foreign trade business. After investigation, most of Datang's enterprises are mainly foreign trade business, and after the outbreak of the epidemic, how to open new sales and publicity channels will become another problem facing enterprises.

#### **4.3. Brand Building is in Trouble**

In addition to the challenges brought about by the epidemic, Datang Hosiery cluster itself also has many disadvantages. A few years ago, Datang Hosiery had a cluster structure with fewer leading companies and more small and medium-sized enterprises, which was very unfavorable for the long-term development of Datang Hosiery. Today, this situation has worsened. The original few well-known socks brands lost their popularity and influence. Therefore, Datang Hosiery faces a major problem: the lack of well-known socks brands.

Nowadays, most companies in Datang Hosiery are still doing OEM production because of the high risk and high cost of building their own brand. No one wants to invest too much money in self-operated brands. Therefore, how to carry out brand transformation and upgrading has become another big problem facing Datang Hosiery.

#### **4.4. Competitors in the Industry are "Pressing Step by Step"**

In addition, the rapid development of Northeast Liaoyuan Hosiery Park, Yiwu Hosiery Park and Haining Hosiery Park has also brought tremendous competitive pressure to Datang Hosiery. Compared with Datang Socks, some of these emerging sock's parks have low labor costs, some have a high degree of machine integration, and some have advanced management concepts. Each of these hosiery parks has its own advantages. Faced with such challenges, Datang Hosiery is bound to make some changes in order to maintain its original position under the new situation.

### **5. Strategic Analysis of the Transformation and Upgrading of Datang Hosiery**

The overall layout of the digital transformation and upgrading of the textile industry in Datang Town can be roughly divided into two parts: the back-end production "digital +" and the front-end sales "digital +". Combining the above-mentioned problems faced by Datang Hosiery in its current digital transformation, companies should start with these two aspects and make detailed transformation strategies.

#### **5.1. Production of "Digital +"**

##### **5.1.1. Digitalization of Industrial Facility Information**

The digitization of industrial facility information means that every hosiery process is uploaded to the cloud platform through networked machines through the Internet cloud platform. The

information digitization of industrial facilities can better improve the efficiency of socks making and monitor the quality of socks. Compared with the current traditional factories of Datang Hosiery, the knitting, weaving, sewing, shaping, and packaging need to be completed in different workshops. The information digital assembly line can realize the integration of all processes, saving about 70% of labor costs and reducing product losses by about 20%.

### **5.1.2. Technological Innovation**

Technological innovation refers to improving the production efficiency and quality of Datang Hosiery by transforming knitting technology, improving production equipment, intelligent platforms, etc. The Datang Town government should actively encourage the exploration of the informatization of technical equipment and introduce special preferential policies for the hosiery industry. Enterprises should actively invest in the digital transformation of production equipment, actively explore "machine replacement of labor" and "automatic replacement of machinery" to improve their production efficiency and improve their production quality. Companies can increase investment in professional materials and manufacture more functional products to enhance the product's sense of science and technology. To achieve this goal, companies can actively cooperate with universities, materials research laboratories and other professional institutions on information digitization platforms to share scientific research results. The company uses advanced knitting materials and textile technology to produce products, enhance the functionality of socks, and enhance the practicability and comfort of products, thereby creating a higher brand premium.

## **5.2. Marketing "Digital +"**

### **5.2.1. Digitalization of Sales Channels**

Channel digitization refers to broadening the brand channels of enterprises. Companies can use the cloud platforms of their various sales channels to perform statistical analysis on sales data, [6] to solve the needs of target customer groups, and improve their own sales products. Companies can increase brand exposure and publicity through e-commerce platforms, self-media marketing, live broadcasts and other means to achieve multi-platform and multi-channel sales of the company. Datang companies can follow the pace of China's knitting raw materials market to build their own "one network, two platforms, three centers" system: Datang Hosiery Knitting Material Trading Information Network, functional new material display platform, cross-border e-commerce trading platform, knitting material price index release center, O2O interactive experience shopping center, cloud data warehouse management center; Focusing on building a headquarters economy, constructing online trading and offline experience sales models, consolidating the advantages of Datang Town's knitting material market, attracting domestic and foreign knitting material brands to join, and establishing a chain of knitting materials chain supermarkets in the national textile industry from dot to face. , Broaden sales channels [7].

### **5.2.2. Design Digital**

Digital design refers to the collection of consumer information and product innovation. Enterprises realize the understanding of customer needs through digital design and innovate original products. Companies can also interact with consumers through digital design, understand personalized and diversified information, and realize personalized design. A large number of small and medium-sized enterprises in the Datang Hosiery cluster only carry out OEM production, which is not conducive to the development of the brand to a certain extent. Therefore, companies should introduce more socks design talents to design their own styles and patterns that can lead the trend through the digitalization of the design cloud platform. Through cooperation with design professionals, companies can use digital integrated data to improve their aesthetics of socks styles and patterns to better cater to consumers' needs [8].

### 5.2.3. Promote Digitalization

Propaganda digitization refers to broadening corporate visibility and exposure through various channels and platforms. Companies can use Taobao, Douyin and other platforms to introduce Internet celebrities and Douyin masters to attract consumers and promote their products. At the same time, companies can also try WeChat mini programs and Moment's promotion to make their products spread more widely. Enterprises use the cloud platform to collect statistics, understand the sensitive points of consumers, and conduct targeted publicity. The company can use the digital exhibition hall to let people know which socks are popular in real time through their mobile phones, to better display their products.

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