

# Investigation for Marketing Strategies in the Digital Economy— —Based on Mercury Home Textiles

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**Abstract.** Our country is currently undergoing a digital economic transformation across various industries. As a traditional and popular sector, household textiles are also facing opportunities and challenges. This article utilizes the SWOT analysis method to explore the marketing strategies of Mercury Home Textile, the industry's leading enterprise, in the context of the digital economy. In the market, Mercury Home Textile has a number of benefits. The business has a vast distribution network that enables it to reach a sizable consumer base and realize economies of scale. However, For small and medium-sized textile businesses, the ongoing decline of the old economy and the unexpected rise of the digital economy create difficulties for transformation and upgradation driven by technical innovation. Mercury Home Textile also has to contend with the rapid rise of e-commerce and social media, as well as fierce rivalry in the textile business. It is crucial to improve its marketing strategy based on digitization.

**Keywords:** Marketing Strategies, SWOT analysis, Digital Economy.

## 1. Introduction

Since the beginning of the 21st century, China's domestic textile industry has developed rapidly, with an annual growth rate of over 20% in industrial output value. The export volume and foreign exchange income have grown in sync, and a preliminary pattern of "big home textiles" has formed, indicating the positive momentum of industry enterprises and the significant effectiveness of brand management strategies [1-2]. In 2018, China's home textile industry reached 220.37 billion yuan, with a year-on-year growth rate of 4.1%. It is expected to reach 258.71 billion yuan in 2021, with a year-on-year growth rate of 5.8%. In terms of consumption proportion, China's home textile products account for only 28.6% compared to 33% in developed countries, indicating a significant room for growth [3].

However, with the drastic changes in the macroeconomic environment and the continuous downturn of the traditional economy, as well as the rise of the digital economy, small and medium-sized home textile enterprises are facing challenges brought by the transformation and upgrading driven by technological innovation. Against the backdrop of the digital economy, data has become a factor of production and has entered the economic system, providing new marketing strategies and solutions for brand marketing. In addition, information and communication technologies have also driven the development of new economic models such as e-commerce, social media, and instant messaging, which will bring huge prospects for the traditional textile industry [4-6].

This paper examines the marketing strategies of Mercury Home Textile in the context of the digital economy. The basic information and financial situation of the company are introduced first. Then, based on SWOT analysis, its strengths, weaknesses, opportunities, and threats are discussed. Its strengths include mature online channels such as e-commerce, a skilled and experienced design team, and diversified products. Weaknesses include scarce offline stores and inadequate cost control. In the future, it faces marketing opportunities under the digital transformation and artificial intelligence background, while threats come from competition from other brands and China's stable economic downturn.

The structure of this paper is as follows. Section 2 introduces the company. Section 3 discusses its competitive situation based on the SWOT model. In Section 4, the authors provide marketing strategy suggestions in the context of the digital economy, and conclusion is presented in the last Section.

## 2. Firm Description

In the 1980s, Mr. Li Yujie, who operated a department store, often traveled around China. Besides bringing back the latest household items from big cities, he also brought back a whole suitcase of snacks and toys for his four children every time he returned from his business trips. Even if he came back late, the children would still jump out of bed with joy. In the damp and cold southern winter, as a father, he always found that even the children who wore two pairs of socks and wrapped themselves in a quilt were still shivering. Traditional quilts obviously lacked warmth in the face of the humid and cold winter nights in the south. With this worry in mind, Mr. Li Yujie conducted research on quilt stuffing. He firmly believed that the concept of science was the most effective tool to promote the development of social industries. After a series of market research and visits to raw material production sites, he was determined to introduce advanced research and development technology to enhance the warmth retention of quilt stuffing. Thus, the Shui Xing Jiangnan Bedding Factory, established in 1987, began the journey of the Shui Xing Home Textile Group [7]. From 1987 to the present, Shui Xing Home Textile Group has also gone through some significant milestones and development processes: in 2000, Shanghai Shui Xing Bedding Co., Ltd. was established, and the construction of the Shanghai Shui Xing Industrial Park was launched. In 2021, Mercury Home Textile was awarded the title of "Top 100 Chinese Brands Loved by Consumers in 2021", and the Mercury Home Textile advertisement "Long Silk Granny" won the Silver Award for Best Advertisement Film in the Home Products category at the 2021 Cannes Lions International Advertising Festival. In 2022, the offline Mercury Home Textile brand was fully upgraded to "Mercury STARZ HOME", opening a new era for the brand. From 2015 to 2021, Mercury Home Textile has won the top sales for the "Tmall Home Textile Category Single Store" and "Single Brand" for seven consecutive years on Double 11.

## 3. Swot Analysis

The SWOT analysis is a strategic planning tool used by businesses and organizations to assess their current position and determine a path forward. SWOT stands for Strengths, Weaknesses, Opportunities, and Threats [8-10]. The model is designed to provide a comprehensive analysis of both internal and external factors that can affect the success of an organization. This paper employs a SWOT analysis to investigate the competitive landscape of Mercury Home Textile.

### 3.1. Strength

Mercury Home Textile has several advantages in the industry. Firstly, the company has an extensive distribution network, allowing it to reach a large customer base and achieve economies of scale. In 2019, Mercury Home Textile proactively responded to the new trend of live streaming and established a mature network of anchors, significantly boosting the sales of home products. The brand exposure of Mercury Home Textile has been growing at a geometric rate, from 160 million in 2019 and 2020 to 380 million in 2021 and 760 million in 2022. In 2021, the sales revenue of the company on the three major platforms, Tmall, JD.com, and Vipshop, accounted for 90% of the total revenue of online channels. Building upon its rapid growth on these platforms, the company is now focusing on strengthening its investment in live streaming, talent development, establishing specialized live streaming bases, and developing its self-broadcasting business. Moreover, the company is actively expanding into new social e-commerce channels such as Douyin and Kuaishou. Apart from its thriving self-broadcasting business, Mercury Home Textile's influencer live streaming business is also continuously increasing in speed.

Secondly, it has a strong brand image and reputation for producing high-quality home textile products that are both stylish and functional. The company has built up a track record for creating high-quality, cozy home textile products that satisfy customers' expectations. The firm offers a large selection of items, including towels, beds, and curtains, in a range of designs and hues.

Thirdly, Mercury Home Textile has a skilled and experienced design team that is able to create innovative and unique products, giving it a competitive edge over other brands in the industry.

Lastly, the company has a strong commitment to sustainable and ethical production practices, which resonates with modern consumers who prioritize social responsibility in their purchasing decisions.

### 3.2. Weakness

The disadvantages faced by Mercury Home Textile mainly include the following.

Low brand awareness. Although Mercury Home Textile has a certain competitive strength and brand influence in the industry, it still has a certain gap compared to the leading brands in the industry. According to market research data, in 2019, Mercury Home Textile's brand awareness was only 25.3%, while the awareness of the leading brands in the same period reached 59.7%.

Serious product homogenization. Mercury Home Textile belongs to the mid-to-high-end brand in the home textile industry. Its product positioning is relatively single and lacks differentiation from other brands in the same industry. In addition, there are many similar products in the market, and consumers find it difficult to distinguish the differences between brands, which puts pressure on Mercury Home Textile's competition.

Lack of physical stores. Although Mercury Home Textile has good performance in e-commerce channels, its lack of physical stores affects its reliability and credibility in the minds of some consumers. At the same time, physical stores also play an important role in improving brand image and expanding brand influence.

Insufficient cost control. Mercury Home Textile's products are relatively expensive, but its cost control is relatively low, resulting in a certain gap between the quality and price of the products, which may make some consumers choose products from other brands.

### 3.3. Opportunity

Artificial intelligence and digital marketing bring numerous opportunities for the brand marketing of Mercury Home Textile.

Firstly, AI technology can help Mercury Home Textile analyze customer data and behavior patterns, better understand customer needs, accurately target customer groups, and develop more precise marketing strategies and product promotion plans, thus improving marketing effectiveness and customer satisfaction.

Secondly, digital marketing provides new marketing channels and methods for Mercury Home Textile, such as online marketing and promotion through social media platforms, e-commerce platforms, and live streaming platforms, as well as improving product experience and interactivity through digital means such as AR/VR technology, enhancing brand image and customer loyalty.

Finally, digital marketing can help Mercury Home Textile achieve personalized marketing and service, such as real-time response and resolution of customer needs through intelligent customer service and AI technology, thereby improving customer satisfaction and loyalty.

### 3.4. Threat

According to industry data, the textile industry in China has been rapidly developing since the 21st century, with an annual growth rate of over 20% in industrial output value and a synchronous increase in export volume and foreign exchange earnings. The "big home textile" pattern has initially formed, and the development of industry enterprises has been favorable, with significant effects of brand management strategies. It is challengeable for Mercury Home Textile to extent its market shares and reputation.

The continuous downturn of the traditional economy and the sudden rise of the digital economy present challenges for small and medium-sized textile enterprises in terms of transformation and upgrading driven by technological innovation.

In addition, Mercury Home Textile faces intense competition in the textile industry, and the rapid development of e-commerce, social media, and instant messaging driven by information and communication technology has brought new marketing strategies and plans, but also increased the difficulty of brand competition.

#### **4. Marketing Strategy Suggestion**

(1).Empowering the brand with e-commerce live streaming: E-commerce live streaming is not an obstacle to the development of enterprises, but how to make better use of it is the key to the long-term development of enterprises. Mercury Home Textile will leverage this future development trend of e-commerce live streaming through a series of measures to empower the terminals, such as building a matrix of Douyin brand live streaming rooms, forming a closed loop of offline and online private domain traffic, using top-tier anchors to attract traffic to brand live streaming rooms, focusing on brand shaping, and continuously improving brand influence.

(2).Keeping up with the times and accelerating the implementation of omni-channel digital transformation: More stores and regions will be included in the omni-channel chain, and efforts will be made to promote the online launch of POS systems for terminal stores, standardize the membership management model, and use digital precision to gain insights into consumer purchasing intentions, improving the operational efficiency of stores to achieve the long-term development strategy of "online and offline integration, and digitalization of the entire enterprise chain."

(3).Using the new retail model to improve the customer acquisition rate of offline stores: A new retail center will be established to support and help distributors better utilize new retail models to improve the customer acquisition rate of offline stores and increase sales conversion rates, such as cloud store mini-programs, live streaming, and private domain traffic operations. Efforts will be made to increase brand investment and enhance brand premium ability.

(4).Creating exclusive products and maintaining product competitiveness through cross-border collaborations with IP: A series of methods will be adopted, such as creating exclusive products through cross-border collaborations with well-known IPs and international designers, actively exploring cross-border trends, promoting brand youthfulness and upgrading. Through social e-commerce platforms, the brand will continue to create and publish a large number of short videos to gradually accumulate fans and continue to settle users, realizing the "three-in-one" integration operation of "brand promotion, product sales, and user sedimentation" and gradually replacing the brand with traffic to better enhance brand premium ability.

#### **5. Conclusion**

Facing the digital economy reform that is taking place in the industry, the Mercury Home Textile enterprise, as a representative of the traditional home textile industry, is adjusting its strategy to adapt to the current opportunities and challenges. Through the SWOT analysis in this article, we have learned about the strengths, weaknesses, opportunities, and threats of the Mercury Home Textile enterprise. The strengths include a mature online operation channel, including e-commerce platforms and live e-commerce, activating offline traffic and realizing the integration of offline and online private domain traffic loops. The product design innovation and strong factory supply chain are the core of Mercury Home Textile's development for many years, while the weaknesses are the gradual reduction of offline stores and the lack of cost-effective management. In the future, the enterprise faces the marketing opportunities under the background of digital transformation and artificial intelligence, as well as the threats from competition with other brands and the poor economic situation in China.

This study aims to explore the new challenges and opportunities in the home textile industry under the development of the digital economy through the case analysis of Mercury Home Textile. Although the selected case is representative, it is relatively single and more cases could be added to enrich the content. In terms of marketing strategy research methods, a combination of qualitative and quantitative methods can be used.

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