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Marketing Plan of Oriental Yuhong Company

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Master in Applied Management

Supervisor:

Professor Luis Carlos da Silva Martins, Invited Professor
ISCTE IUL

August, 2023



**BUSINESS
SCHOOL**

Department of Marketing, Operations and General
Management

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Acknowledgements

I would like to thank Professor Luis Martins for his patient and professional guidance in this thesis. I have benefited a lot from Professor Luis Martin's teaching on thesis writing process and methodology, so that I can successfully complete this thesis. I think a thesis cannot represent my level in applied management, and I should not stop here, but learn from Professor Luis Martin's spirit of continuous learning and diligence and truth-seeking attitude, to develop and forge ahead in the field of applied management, to apply what I have learned, to become a talent in this field, and to live up to Professor Luis Martin's words of wisdom.

Thanks to ISCTE-IUL for providing an excellent platform for my Master studies. Thanks to the professors of ISCTE-IUL for their lectures, which provided me with knowledge and research methods to support my research project. Thanks to Prof. Shi and Prof. Quan for their help and guidance.

Abstract

The COVID-19 outbreak, which started in 2020 and has continued globally since then, has largely changed the way human beings live and work, and has also caused different impacts and effects in various industries. The purpose of this project is to develop a new marketing plan to address the decline in operating revenue and profit of Oriental Yuhong Company in 2022. This thesis uses literature review method, case study method and questionnaire method, and conducts external, internal and competitive analysis, and uses 4P marketing model to formulate a new marketing plan.

The final conclusion of this thesis: Firstly, the company needs to reposition the new product market and focus on R&D innovation. Then, vigorously develop the application of the Internet, improve the enterprise network information system, and establish the service system of O2O marketing mode. And it should pay attention to the change of consumer demand in key markets and keep up with the change of policy and general environment.

Keywords: COVID-19, New marketing plan, 4P, O2O, Innovation

JEL Classification: M14, M31

Resumo

O surto de COVID-19, que começou em 2020 e tem continuado a nível mundial desde então, alterou em grande medida a forma como os seres humanos vivem e trabalham, tendo também causado diferentes impactos e efeitos em vários sectores. O objetivo deste projeto é desenvolver um novo plano de marketing para fazer face ao declínio das receitas operacionais e dos lucros da Oriental Yuhong Company em 2022. Esta tese utiliza o método de revisão da literatura, o método de estudo de casos e o método de questionário, e realiza análises externas, internas e competitivas, e utiliza o modelo de marketing 4P para formular um novo plano de marketing.

A conclusão final desta tese: Em primeiro lugar, a empresa precisa de reposicionar o mercado de novos produtos e concentrar-se na inovação de I&D. Depois, desenvolver vigorosamente a aplicação da Internet, melhorar o sistema de informação da rede da empresa e estabelecer o sistema de serviço do modo de marketing O2O. Além disso, deve prestar atenção à evolução da procura dos consumidores nos principais mercados e acompanhar a evolução da política e do ambiente geral.

Palavras-Chave: COVID-19, Novo plano de marketing, 4P, O2O, Inovação

JEL Classification: M14, M31

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Glossary

CE	Conformité Européene
CMA	Certified Management Accountant
CNAS	China National Accreditation Service for Conformity Assessment
CSRC	China Securities Regulatory Commissio
HICP	Harmonised Indexes of Consumer Prices
O2O	Online To Offline

1. Introduction

The COVID-19 epidemic since 2020 in the global outbreak and continues to this day, to a large extent, has changed the way of life and work of mankind, but also on all walks of life caused different impact and influence, the epidemic led to the economic downward pressure increased, PMI data significantly downward. But with the continuous development of the Internet, the rise of e-commerce is also gradually changing people's lives and consumption habits. At the same time, China as a waterproof product consumption of large countries, according to the research data gony.com shows that in 2022, China's consumption of waterproof materials for construction is about 4.876 billion square meters, an increase of 784 million square meters over the previous year, an increase of 19.2%; is expected that in 2023, the consumption of waterproof materials for construction will reach 5.81 billion square meters. Under this current consumption trend, the O2O marketing model allows consumers to purchase through more diversified channels, and if you grasp this opportunity, you will surely be able to stand out from the crowd of competitors.

This project selects the Oriental Yuhong Company as the object of study, for the development of the company's current situation, analyze its marketing strategy, put forward improvement solutions for the problems that exist, increase corporate efficiency, to achieve mutual benefit and win-win situation between business and consumers. At the same time, it is hoped that the improved marketing model is applied to the entire waterproofing industry, leading to the transformation and upgrading of the marketing model of the entire industry.

2. Literature Review

2.1 Marketing strategies in response to epidemics

The sudden outbreak of COVID-19 in 2020 has brought huge losses to China's economy, and also brought a certain degree of challenges to the survival and development of enterprises. During the epidemic period, the main development goal of enterprises was to "survive", and marketing, as a key part of the operation and management process, would directly affect the survival and development of enterprises. Therefore, the current urgent task for enterprises should be to think about how to adjust their marketing strategies. (Zheng Cao & Xue Lan, 2020).

As an unprecedented event, the COVID-19 pandemic brought unforeseen volatility and complexity to industries. Business resilience is defined as “the ability to respond productively to significant changes and to cope with unanticipated dangers” (Ritter & Pedersen, 2020, p. 222). Chaos and complexity theory maintains that the business environment is inherently complex, uncertain, and dynamic (Ribeiro & Cherobim, 2017). Crises and disasters can complicate the environment even more so by introducing shocks and subsequent ripple effects that forcefully shake the equilibrium of an industry and threaten survival of individual businesses (Prideaux et al., 2003). Resilient businesses have not only the short-term coping capacity to recover from violent disturbances, but also the long-term adaptive and innovative abilities that may generate profound changes of their business models post crises and disasters. Innovation is an important means for businesses to survive and remain resilient in the face of external perturbations (Wang et al., 2019). Some scholars refer to innovations as the process of using creative thinking and actions to achieve success through exploring new ideas (Adams et al., 2006), such as a new form of product, process, marketing, technology, service, and business operations that did not exist previously. However, others argued that innovation does not have to be completely new and groundbreaking. Incremental improvements from existing systems are necessary parts and stages of innovations because innovation does not arrive at the industry in its perfect form (Ribeiro & Cherobim, 2017).

In the actual development process, enterprises should pay attention to the innovation of marketing strategy management, recognize the shortcomings of the current business management process, improve and innovate in time for the shortcomings, so as to expand the number of sales

of enterprise products, establish a high-quality brand image of enterprises, and gain more consumer recognition. (Siyuan Wang, 2018).

Chinese enterprises are currently in a critical period of transformation from traditional marketing model to digital marketing. Compared with traditional marketing, digital marketing overcomes the limitations of time and geography and has the characteristics of higher market flexibility and more innovation. In the context of the post-epidemic era, the combination of precision marketing and integrated marketing can both conduct in-depth consumer behavior and preference analysis, enable e-commerce to make reasonable decisions, realize precise marketing, reduce marketing costs and improve the efficiency of marketing, and allow enterprises to better understand consumer needs, deeply explore potential customers, increase user connection, more rationally allocate the resources available to enterprises, improve product mix, and thus gain more long-term economic benefits. (Yingying Huang & Yongquan HU, 2022).

The Marketing Theory of 4Ps arose in the United States in the 1960s with the introduction of the marketing mix theory. 1953, Neil Borden (1953) in the inaugural speech of the American Marketing Association created the term "marketing mix" , which means that market demand is more or less influenced by the so-called "marketing variables" or "marketing elements". In 1953, Neil Borden coined the term "marketing mix" in his inaugural address to the American Marketing Association, which means that market demand is more or less influenced by the so-called "marketing variables" or "marketing elements. In 1960, Professor Jerome McCarthy(1960) of Michigan State University summarized these elements into four categories, Product, Price, Place and Promotion. Philip Kotler(1967) further confirmed the 4Ps approach in the first edition of his best-selling book Marketing Management: Analysis, Planning and Control. The 4Ps as the core of the marketing mix approach, namely: Product focus on the development of the function, the requirements of the product has a unique selling point, the product's functional appeal in the first place. Price according to different market positioning, the development of different price strategies, product pricing is based on the enterprise's brand strategy, focusing on the brand's gold. Place Enterprises do not directly face consumers, but focus on the cultivation of dealers and the establishment of sales networks, the enterprise and consumer contact is carried out through the distributor. Promotion Many people will Promotion narrowly understood as

"promotion", in fact, it is very one-sided, Promotion should include brand publicity (advertising), public relations, promotion and a series of marketing behavior.

PEST analysis is a business environment analysis tool first proposed by British scholar Francis J. Aguilar (1967). He first introduced the concept of PEST analysis in his 1967 book *Scanning the Business Environment*, which divides the business environment into four aspects: political, economic, social and technological, and analyzes the impact of these factors on the business and potential opportunities and threats.

Kenneth R. Andrews(1971) first proposed a framework for strategic analysis in his classic book, *The Concept of Corporate Strategy*, published in 1971, in which he defined strategy as the match between what a company might do and what it can do . The so-called "might do" is the opportunity and threat provided by the environment; "can do" is the company's own strengths and weaknesses. This is the famous SWOT analysis, which is a summary of a company's strengths, weaknesses, opportunities and threats.

2.2. Branding and reputation management

Brand reputation is the real evaluation of consumers. Brand reputation makes consumers willing to discuss the brand, approach the brand, and become users of the brand. Also, when a company account has enough brand reputation accumulated, it can help the company to overcome the crisis at the critical time (Yi Miao,2022). Many business people recognize that the most valuable asset a firm has is its corporate reputation. Even though competitors can copy products, processes, prices and promotional campaigns they cannot reproduce strongly held beliefs and attitudes embedded in customers' and stakeholders' minds. Creating and nurturing a strong corporate brand poses considerable challenges. Brands vary in the amount of power and value they have in the marketplace. Some are unknown to most buyers, whilst others have a high degree of brand awareness and a few, enjoy a high degree of brand preference and loyalty. A powerful brand has high brand equity which can be perceived as a reflection of a brand's market share. Building brand equity demands considerable marketing efforts and investment. But high brand equity provides a company with many competitive advantages. A powerful brand enjoys a high level of consumer brand awareness, performance, quality, reputation and loyalty. (Melewar, T. C., Foroudi, P., & Jin, Z. 2020)

According to Jun Wang (2016), who studied the impact of brand reliability on consumers' brand loyalty, if consumers perceive a brand as reliable, their brand loyalty will increase; secondly, consumers' brand loyalty also receives the influence of brand trust, which is the bridge between reliability and loyalty; again, consumers' emotional attachment to a brand enhances the mediating effect of brand trust, i.e., consumers with high brand emotional attachment have a stronger mediating effect between brand reliability and brand loyalty. These findings bring implications for companies. First, companies should spend more time and effort to enhance the reliability of their brands. Although the concept of brand reliability has not yet been introduced in domestic research in the marketing field, from a practical point of view, brand reliability is an important aspect of brand research that cannot be ignored, and it belongs to consumers' perception of the brand's own attributes, which has a crucial impact on consumer loyalty. Therefore, based on the perspective of brand reliability, companies should make efforts to strengthen the reliability of the brand itself, such as increasing the brand awareness, so that consumers will think that the brand is reliable from the inside. In addition, strengthening brand reliability is only from the perspective of the company itself, how to make consumers clearly recognize and perceive the reliability of the brand is also a crucial aspect. The enterprise side can make the brand reliability deeply rooted in people's hearts through advertising, word-of-mouth marketing and circle culture. Secondly, the influence of brand reliability on brand loyalty is transmitted through brand information. Therefore, the enterprise side should not only enhance brand reliability, but also improve brand loyalty by enhancing their trust in the brand from the consumers' perspective, which in turn enhances consumers' repeat purchase behavior. Finally, consumer brand trust has a significant mediating effect between brand reliability and brand loyalty, but is influenced by consumers' emotional attachment to the brand. Therefore, companies should take active measures to enhance consumers' emotional attachment, for example, through emotional marketing, brand experience and brand culture.

2.3 Market segmentation and targeting

Wendell Smith (1956) first proposed the concept of market segmentation in 1956, after which Philip Kotler further developed and perfected Wendell Smith's theory and eventually formed the mature STP theory - market segmentation. The STP theory is Segmentation, Targeting, Positioning. It is a major breakthrough in modern marketing thinking. The main

elements of STP are divided into 3 steps: (1) Market segmentation, dividing the market into a number of different customer groups and outlining the segments according to the different needs of buyers for the product or marketing mix. (2) Determine the target market, select one or more market segments to enter. (3) Positioning, forming an impression in the target market customer base, this impression is the positioning.

By customizing products closely to fit distinct demographic, psychographic, geographic or some other characteristic, or by focusing on specific customer needs or wants, and considering how they are likely to respond behaviorally to a particular offering, a product's appeal and desirability can be significantly enhanced. Such customization represents a focus on segmented markets consisting of a set of customers who share a similar set of needs and wants and behave similarly to marketing appeals and offerings. This set of customers is called a market segment. The act of market segmentation, therefore, represents an effort to identify and categorize groups of customers into clusters that demonstrate some similarity traits. Clustering can also take place at a macro level by clustering communities, regions, or even countries according to some common characteristics (e.g., language, customs, religion, etc.). Segmentation is defined as the process of identifying specific groups of potential customers with homogeneous attributes who are likely to exhibit similar responses to a company's offering or marketing mix. There is no single way of identifying market segments. The marketer must constantly evaluate the product-market relationship; that is, for which group of customers is the offering to be crafted. Such grouping may be on the basis of geography, demographics, psychographics, behaviors, and benefits. While a conceptual and intuitive understanding of customers in various segments is important, effective segmentation is generally supported by data-driven initiatives. Thus, data gathering, and analysis can play a vital role in market segmentation exercises. Once a firm has developed its market segment opportunities, it must decide which segment or segments to prioritize and nurture, and which ones to ignore or assign low priority. Three basic criteria must be fulfilled to hone in on selected target(s). These include as follows: 1. Current size of the segment and anticipated growth potential. 2. Potential competition in the segment. 3. Compatibility with the company's overall objectives and the feasibility of successfully reaching the target audience. (Andaleeb, SS, 2016)

2.3.1. Construction Materials Market

China has a vast territory, and there are significant differences between different regions in terms of architectural style, level of economic development, and cement tile market conditions, etc. Different customers also have significant differences in the way they purchase products. It can be subdivided according to geographic factors and customer procurement methods. Geographical factor variables are widely used in commercial market segmentation variables. For the business market, the difference in the purchasing style of customer companies also has an impact on the sales of products. Building materials products are mainly sold to builders, real estate developers, construction companies, etc. The procurement methods adopted by these companies according to the size of the company and the construction project are usually centralized procurement, decentralized procurement, and individual procurement. Based on these three procurement methods, the market can be subdivided into three market segments: centralized procurement market or large customer market, decentralized procurement market or distributor market and individual procurement market.(Huimin Shi, 2020).

2.4. Product development and upgrade

Along with the development of economy and society, the competitive market environment has become more and more demanding for enterprise management. Modern enterprises can only achieve sustainable development by timely changing their management concepts and continuously improving and perfecting their management systems according to their own business development situation and market changes. In terms of product development upgrading and marketing, how to combine product development upgrading and marketing to expand marketing channels has become the most important content of marketing management. Through research and analysis, there are many factors that lead to the failure of product development, mainly in the following areas: 1 .product price, 2.product quality, 3.marketing, 4.preliminary research. As an enterprise management personnel, must be based on the enterprise management reality, the management system to be innovative improvement, reduce the blindness of product development and failure rate. At the same time also need to firmly grasp the market information, do a good job of preliminary market research, only to ensure the development of products and market demand, to achieve a perfect combination of production and sales.(Xiuxiu Sima,2020)

In 2011, the introduction of Industry 4.0 strategy attracted a lot of attention from the world. This strategy emphasizes the integration among production networks, social networks, and

infrastructure networks and enables the sharing of key manufacturing resources such as machines, materials, and workers among stakeholders in the value chain. Many studies have shown that Industry 4.0 could provide practical measures and meaningful guidance for the transformation of China's manufacturing. In this study, we review key concepts of Industry 4.0. After analyzing the main problems existing in China's manufacturing industry, we propose a general strategy based on Industry 4.0. This strategy can provide a reference and inspiration for the development of China's manufacturing industry. To explore the theoretical and practical significance of this strategy, we also develop a digital manufacturing ecosystem framework that can help manufacturers leverage existing advantages, upgrade its manufacturing capability, and achieve competitive advantage in the global market. (Sun, Y., Li, L., Shi, H., & Chong, D.,2020)

2.4.1. Environment-friendly materials

Building energy efficiency refers to that in order to meet the people's needs of normal life, work and learning as premise, adopting new materials, new technology and reasonable design of the thermal performance of building maintenance structure improve the operation efficiency of the heating, refrigeration, lighting, ventilation, drainage and pipeline system, and meantime decrease the energy consumption of buildings in the process of the construction planning and design, the production of building materials, building construction and use. In this way, we can use energy reasonable, scientific and effective, and eventually achieve the goal of improve building comfort and energy conservation. With the continuous improvement of living standards and the increasing reinforce of environmental protection's awareness, people's request to the quality of living environment tends to be more and more intensively; and decorates material increase day by day and its species is diverse. (Lian, X.,2014)

The rapid urban extension helps the architecture field to gain extraordinary developments. Accompanying with the waste of natural resources, the damage of ecological system, and the deterioration of living environment, it is forced on the society, industry, and practitioners to reflect existing problems and hidden dangers. The application and promotion of new energy-saving and environment-friendly materials in architectural engineering is an essential way to improve the current status and enlarge the establishment of energy-saving buildings. Adopting the new materials and technologies which are able to embody the modern scientific development level is to improve the architectural properties in heat preservation, ventilation and energy

conservation, ease the energy crisis, and resolve the paradox of modern social and economic development and energy shortage. The enclosure structural material to constitute architectures greatly determines the energy consumption of architectures. Due to the requirements of architectural energy conservation, the architectural materials inevitably have fundamental changes. In the enclosure structure, wall is changed into heat-preserved one, roof is changed into heat-preserved and thermal one. Door, window and curtain wall are required to be heat-preserved and thermal, and added a solar shading system. Saving energy and protecting environment is one of the key problems in architectural field research. Energy-saving and environment-friendly design for architecture is the main trend of future architectural development. In the process of energy-saving and environment-friendly design, designers should actively adopt new architectural materials and technologies, so as to realize the goal of architectural energy conservation and promote the sustainable development of architectural field on the basis of ensuring architectural engineering quality and meeting resident's living and using needs. (W Cui,2019)

At present, China is actively promoting the development of green industry and paying attention to environmental protection. Among them, green building is a popular technology, which can effectively reduce energy consumption, reduce the amount of materials, reduce costs, improve the ecological environment, and effectively improve the indoor and outdoor design of the building, so that the house has good living conditions. Environmentally friendly building materials are thus more widely used. Green building materials are energy-saving and environmentally friendly, and meet the requirements of ecological protection. Building materials that are friendly to the environment should be green, non-toxic, biodegradable, easy to maintain and manage, and have good overall performance. Environmentally friendly building materials also have the characteristics of saving resources. In the future, the comprehensive performance of materials in the construction industry will be more excellent and safe, and can effectively replace traditional building materials, which can save resources and protect the environment. (Haibo Ye,2022)

2.5 Digital marketing and e-commerce

Alex Rampell (2011) formally introduced the concept of O2O in a guest post on TechCrunch. The O2O model refers to the combination of offline business opportunities with the Internet,

allowing the Internet to become the front desk for offline transactions. In this way, offline services can be used to solicit customers online, consumers can use online to screen services, and there are transactions that can be settled online, quickly reaching scale. O2O is different from traditional e-commerce models such as B2B, B2C, C2C, etc., the O2O model has its own advantages, which is not more concerned about the logistics of the e-commerce, and goods and services are no longer packaged and delivered like traditional e-commerce, but to achieve a kind of seamless e-commerce. Packaging and distribution, but to achieve a seamless connection between online and offline payment behavior of the new model.

3. Methodology

This project mainly utilizes documental research method, case analysis method, questionnaire method.

3.1 Research objective

This project aims to define a plan to help Oritenal Yuhong company to recover sales and market share lost during the pandemic. The project starts from the current development status of the domestic building materials industry, and by analyzing the problems of Oriental Yuhong marketing model after the epidemic, based on the theoretical knowledge of marketing, using a combination of qualitative and quantitative methods to analyze the problems and propose solutions, in order to be able to provide a reference and reference for solving the current dilemma of the company and similar building materials enterprises.

3.2 Overview of research methods

I. Documental research method. In the process of writing the thesis, the theoretical knowledge and some latest data are provided for the writing of this thesis by reading relevant books and searching relevant literature and relevant information needed for the thesis in China Knowledge Network, Google Scholar and other academic journal websites. At the same time, through the generalization and summary of the previous research results, to provide the correct research guidance for their own thesis.

II. Case analysis method. Oriental Yuhong company as a case, the company's relevant information for a comprehensive description, in-depth study of its current marketing status quo, and linked to theoretical knowledge, combined with theoretical knowledge of the actual situation, and then draw conclusions that can produce practical significance for the entire waterproofing industry.

III. Questionnaire method. The survey was conducted through the online distribution of questionnaires, with the purpose of analyzing the consumer behavior of O2O marketing of building materials products, and then providing a data base for analyzing the problems of the current marketing situation of Oriental Yuhong Company.

3.3 Population and sample

This study distributed questionnaires through a combination of on site visits and online electronic surveys. The survey respondents were randomly selected consumers. The content of the survey includes not only the basic information of the respondents, but also the degree of understanding of the Oriental Yuhong brand and the willingness to adopt the O2O mode for the purchase of building materials products. The questionnaire was initially pilot-tested with 10 copies to check the understanding of 10 respondents and some modifications were made to the questionnaire before sending it out on a large scale. A total of 250 questionnaires were distributed and 250 were returned, a recovery rate of 100%. There were 240 valid questionnaires, with a recovery rate of 96%. The survey was conducted from July 15th to August 6th.

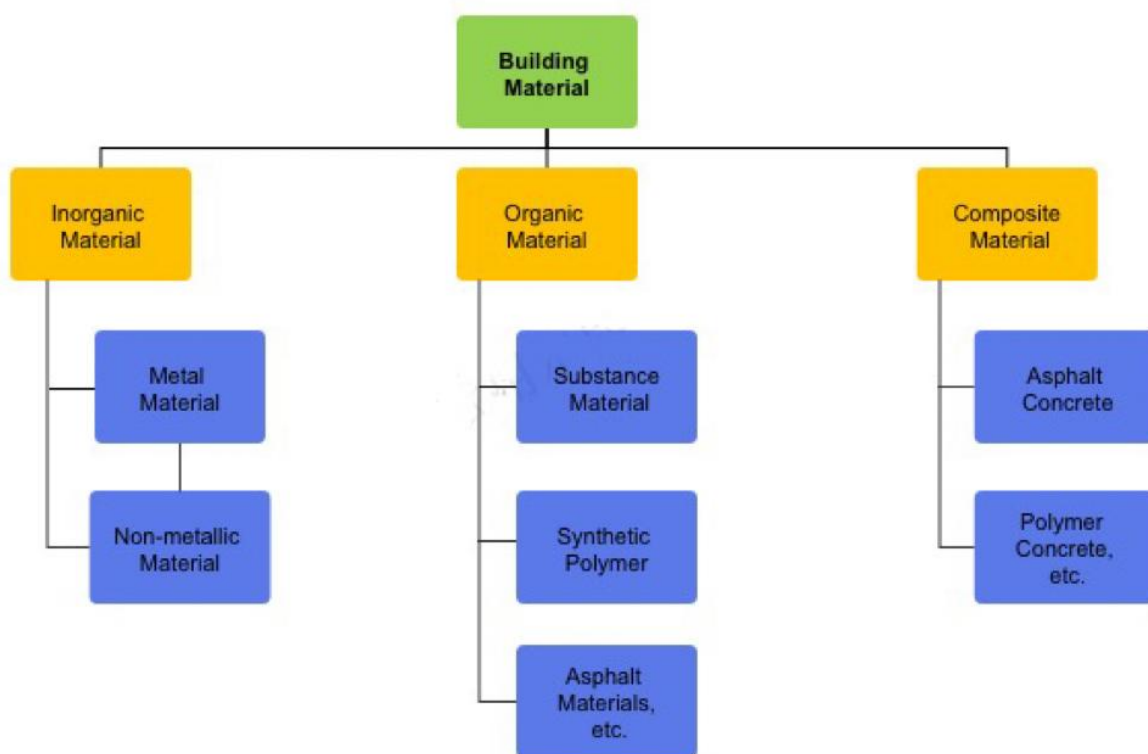
4. External Analysis

Oriental Yuhong Company was founded in 1995. Over the past twenty years, it has provided high-quality system solutions for tens of thousands of major infrastructure constructions, industrial buildings and civil and commercial buildings, and has become a high-quality system service provider of building construction materials. The company went public in 2008 and its revenue exceeded 31.934 billion yuan in 2021, representing a 44-fold increase in performance from 2008 to 2021. Some of the company's products have successively passed the EU CE certification, Germany EC1 certification and other domestic and international product certification, and won the 17th "National Quality Award", 2017 "National Quality Benchmark", "National Technology Innovation Demonstration Enterprise" and other honorary recognition, listed on the "Fortune" China's top 500 listed companies. The company pursues high quality and steady development, with the main waterproofing business as the core. Extending the upstream and downstream and related industrial chains, forming a system of building materials system services with the synergy of multiple business segments such as building waterproofing, civil building materials, building coatings, mortar powder, energy-saving insulation, building repair, non-woven fabrics, special films, etc. The company holds over 100 molecular companies. It has 47 production and R&D logistics bases with more than 200 advanced production lines in cities such as Shanghai, Hunan Yueyang, Liaoning Jinzhou, Guangdong Huizhou, Jiangsu Xuzhou, Shandong Dezhou, Yunnan Kunming, Hebei Tangshan, Shaanxi Xianyang, Anhui Wuhu, Zhejiang Hangzhou and Shandong Qingdao. Among them, the introduction of more than 50 coil production lines from the United States R & D, Italy Boato. The introduction of Germany KraussMaffei polymer waterproofing materials production equipment, the use of German Ericsson, Siemens technology, Bayer concept design and other technologies, the whole process of automated production, set a benchmark for high productivity, high precision, high stability, to achieve a 300-kilometer radius of radiation, 24-hour mission to reach.

Building materials industry is an important material industry in China. Building materials products include three major categories of construction materials and products, non-metallic minerals and products, and inorganic non-metallic new materials, which are widely used in construction, military industry, environmental protection, high-tech industry and people's life. At present, China is already the world's largest producer and consumer of construction materials.

The main building materials products such as cement, flat glass, building sanitary ceramics, stone and wall materials production for many years ranked first in the world. At the same time, the quality of building materials continues to improve the quality of products, energy and raw material consumption decreases year by year, a variety of new building materials continue to emerge, building materials products continue to upgrade. Building materials is a collective term for materials used in civil engineering and construction projects. It can be divided into structural materials, decorative materials and certain specialized materials.

Table 4.1 The situation of types of building materials in China



Source: The author, 2023

4.1. Political and Legal Factors

From 2020, by the repeated epidemic and real estate industry downward impact, the development of building materials industry is hampered. However, looking at the industry trends, horizontal mergers and acquisitions occur from time to time, cross-border cooperation is common. With the liberalization of China's policies in 2023, it will be mainstream for construction and building materials companies to build up their strength and enhance their development. The healthy development of the industry cannot be achieved without the guidance

of policies and norms. December 28, 2021, in order to regulate and promote intelligent manufacturing in the building materials industry and promote the intelligent and green innovative development of the building materials industry, the Ministry of Industry and Information Technology issued the "Building Materials Industry Intelligent Manufacturing Standard System Construction Guide (2021)", clearly proposing that by 2023, the initial establishment of an intelligent manufacturing standard system for the building materials industry and the development of no less than 20 relevant standards; By 2025, the establishment of a more complete standard system of intelligent manufacturing of building materials industry, the development of no less than 40 related standards. In February 2022, the National Development and Reform Commission and four other departments jointly issued the "Implementation Guide for Energy-saving and Carbon-reducing Transformation and Upgrading in Key Areas of High Energy-Consuming Industries (2022)", which proposed energy-saving and carbon-reducing transformation and upgrading programs for 17 key areas of building materials, petrochemicals and chemicals, iron and steel, non-ferrous metals and other industries, which are effective in improving energy efficiency in key areas, reducing carbon emission intensity, and accelerating green May 10, 2022, the National Development and Reform Commission, the Ministry of Commerce issued "to encourage foreign investment in industrial directory (2022 version) (for comment)", wood structure and wood building materials, new technology, new product development, production; energy saving, environmental protection, waste, lightweight and high strength, high performance, multi-functional building materials development, production; plastic instead of steel, plastic instead of wood The new building materials and related projects are listed in the 2022 edition of the directory. On June 14, 2022, the Green Building Material Products Certification Technical Committee released the "Guidelines for Calculating Carbon Reduction of Green Building Material Products" (for trial implementation), which has been implemented since July 1, 2022. Guidelines regulate the calculation of carbon reduction of green building materials products, applicable to the assessment of building applications green building materials products in the production and application phase of carbon reduction benefits. 24 October 2022, the Ministry of Housing and Construction approved the "General Specification for Waterproofing in Construction and Municipal Engineering" released, effective April 1, 2023, the specification for mandatory engineering construction specifications, all provisions must be strictly enforced. The

new regulations in the waterproof design work life, waterproof materials, engineering grade definition, the number of waterproof layers and other aspects of a more standardized and scientific definition, in improving industry norms, while directly increasing the use of waterproof materials, through the sky wind securities calculations, only the construction of roofing, indoor and underground parts of the waterproof market space is expected to improve about 65%.

Due to the low level of regulation in the early stage, project acceptance there are certain blind spots, China's waterproofing industry non-standard more serious. In 2017, "China Construction Waterproofing" magazine in conjunction with a building waterproofing and insulation industry association to carry out a residential leakage survey, 411 housing samples in 375 households with leakage problems, while the 2019 Consumer Quality News to carry out leachate waterproofing roll-roofing quality assessment, found that some waterproofing roll-roofing confusing logo and some quality indicators below the national standard. Waterproofing is a hidden project, and non-standard products caused by infiltration or deformation in a certain period of time will be reflected in the appearance of the acceptance of water leakage will not occur, coupled with the low level of supervision, so the industry non-standard phenomenon is more.

Policy tightening, industry supply reform under the tail companies out, the head of the enterprise brand endorsement, concentration is expected to improve. 2019 China's first time for waterproofing design work years, roofing / exterior walls /indoor waterproofing years not less than 25/25/30 years, and clear waterproofing design, construction, and maintenance technology requirements to achieve waterproofing industry supply reform. 2020-2022 between the central and local have developed a waterproofing materials quality control, production processes, use restrictions and other levels of control program. Policy tightening, the industry will improve the phenomenon of low-priced bids, the tail end of the enterprise or gradually out, market share is expected to further concentrate on the head of the enterprise.

4.2. Economical Factors

The European economy is facing a recession. The Russian-Ukrainian conflict has brought about a European energy crisis in Europe, and the extremely loose monetary policy in Europe under the epidemic response has led to high inflation in the European region, which is facing a high inflation situation never seen before in history. According to a study published by the Swiss

National Bank(2023),2022 Eurozone Consumer Price Index HICP reached 10.70% year-on-year in October and PPI reached 43.40% year-on-year in August in 19 countries of the Eurozone, both hitting a record high. Although the manufacturing PMI has fallen back to 49.8 in July, the eurozone still had to start the interest rate hike operation from July, July 、 September and November for three consecutive months, the eurozone overnight lending rate directly from 0.25% to 2.25%. 2022 September 19 countries in the eurozone consumer confidence index fell to -28.8, October Sentix investment confidence core expectations The Sentix Core Investment Confidence Index fell to -41 in October, both record highs. In the face of high inflation, the tightening monetary policy in Europe will affect the growth of the European economy, leading to the risk of recession in Europe. The U.S. economy is experiencing a slowdown in growth and the risk of recession is increasing, affecting the global economy. The U.S. economy continued its strong recovery in 2022, with unemployment falling sharply, but the extremely accommodative monetary and fiscal policies during the epidemic also led to high inflation in the U.S. The unemployment rate fell below 4% in 2022 and reached 3.7% in October, the lowest level in more than 50 years. However, the CPI level in 2022 is also at a 40-year high, reaching 9.1% in June, and the U.S. is under severe inflationary pressure. Therefore, the Fed began raising interest rates in March 2022 and has raised rates six times by November, raising the Fed's target rate from 0.5% to 4%, a cumulative increase of 350 basis points. At the same time, the Fed began tapering on June 1, reducing the Treasury and MBS by \$30 billion and \$17.5 billion from June to August, and then reducing the ceiling by \$60 billion and \$35 billion per month thereafter. The rate hikes and tapering were used to correct the excessively accommodative monetary and fiscal policies during the epidemic, to curb high inflation, and to achieve a return to the 2% inflation target. The current level of inflation in the U.S. is still very high, and there is still a big gap between 2% and 2%, and the U.S. interest rate hikes and tapering policies will continue. As U.S. interest rates rise and balance sheets shrink, the dampening effect on the U.S. economy will gradually increase. The U.S. manufacturing PMI index has fallen from 64.7 in March 2021 to 50.2 in October 2022; the service PMI has fallen from 68.4 in November 2021 to 54.4 in October 2022, forming a continuous downward trend. Under the policy environment of tightening liquidity, the US GDP growth rate in 3Q2022 was 1.77%, down 0.03 percentage points from 2Q2022. At the same time, both the consumer and investment confidence indices have fallen, with the University of

Michigan Consumer Confidence Index falling from above 90 before the epidemic to 54.7 in September 2022, and the Sentix Investment Confidence Index falling from a high of 40.1 in May 2021 to -9.4 in November 2022, a negative reading for seven consecutive months. With the current tone of U.S. monetary and fiscal policy, there is a risk of recessionary uncertainty as the U.S. economy continues to decline in growth. U.S. policies and the economy have spillover effects on the global economy. With the U.S. dollar raising interest rates and the Federal Reserve tapering, other economies around the world are also facing spillover effects, especially those with high indebtedness and large trade deficits. In response to high inflation, as the Federal Reserve raises interest rates and tapers, it will further push up dollar interest rates and exchange rates, which will have a negative spillover effect not only on the U.S. but also on the global economy.

Figure 4.1 Present situation and expectations index



Source: The conference board ;NBER, 2022

China's PPI price index is high due to high energy and raw material prices influenced by global monetary easing, the Russia-Ukraine military conflict and global epidemic, overlaid with the industrial goods cycle and external demand pull. The all-industrial PPI index reached a record high of 12.90% month-over-month in November 2021 and a cumulative record high of 8.9% year-over-year in February 2022. Driven by the high boom of industrial products and related supply and demand tensions, the year-on-year growth rate of fixed asset investment in manufacturing industry has maintained double-digit growth, with the cumulative year-on-year growth rate of 10.10% from January to October 2022, maintaining an upward year-on-year growth rate for two consecutive months and a two-year compound growth rate of 12.43%. As a

major manufacturing country, China plays an important role in the global manufacturing industry chain. The share of manufacturing fixed asset investment in the national fixed asset investment has reached over 30% in 2007, exceeding the share of infrastructure construction and real estate investment, and the share of manufacturing fixed asset investment is about 32% from January to October 2022. China's manufacturing industry has made important contributions to the development of China's economy, and as an endogenous driving force of China's economic growth, China's manufacturing fixed asset investment plays an important role in the stable development of China's economy.

The real estate industry has a long industrial chain, involving various industries such as finance and building materials, and is an important part of China's domestic demand. With the current downturn in the real estate industry and shrinking investment, China's economy has also been greatly affected. Combined with the epidemic, consumption has also been greatly affected, with GDP growth falling to 3% in the first three quarters of 2022. According to the data of Dongxing Research Institute, looking at the GDP breakdown for the third quarter of 2022, the contribution of gross capital formation to GDP fell to 20.20% in the quarter, down 46.20 percentage points from the second quarter, which is of course related to the recovery of final consumption expenditure in the third quarter, but the year-on-year contribution of gross capital formation to GDP was only 0.79%, which is at a low level. While the growth rate of fixed asset investment in manufacturing and infrastructure continued to rise, the decline in the real estate sector affected gross capital formation, creating a drag on economic growth.

4.3. Social and Cultural Factors

The upgrading of domestic consumers' consumption concept. In the last decade, China's economic transformation and social consumption upgrade has changed dramatically. Consumers have changed from worrying about whether they can get what they want to buy to being more concerned about whether they can buy it well; their shopping list has changed from "food, oil and salt" to education, health, entertainment and sports, Medical care, entertainment, sports, etc., the concept of consumption has undergone a great transformation. At present, the contribution of consumption to China's GDP has been increasing, becoming the main driving force of economic growth, especially after the expansion of domestic demand, and has become one of the important points of focus for future economic development. In the public consumption concept upgrade at

the same time, only to ensure the quality and level of supply regardless of upgrading, in order to meet the increasing material and cultural needs of consumers. Previously, home furnishings, consumer demand for factual use, but now also consider whether environmental health on the basis of practical, whether the style is novel and whether more advanced features. Previously, most of the domestic residential property to clear water house decoration room, nowadays, many real estate are actively promoting hardcover housing, China's building decoration market volume, there is still a lot of room for improvement.

4.4. Technological Factors

With the acceleration of economic development, the development of China's new building materials industry has become faster and faster, and the market scale has been expanding. According to the 2023-2029 China New Building Materials Industry Development Mode Analysis and Market Operation Potential Report released by Market Research Online, in 2019, the total output value of China's new building materials industry reached 2.2 trillion yuan, an increase of 10.6% over the previous year, continuing the trend of rapid growth. In the starting stage, the new building materials industry developed and grew from the support of national development strategies and policies, and a series of technical standards for new building materials were formulated to regulate the development of the industry, thus promoting the development of the industry. In addition, due to the development of technology and the continuous investment of enterprises, the new building materials industry has made great development in the starting stage. In the transformation and upgrading stage, due to the strong support of the state for the research and development of new building materials, the new building materials industry has achieved faster development and continuously increased investment to improve the performance of building materials and enhance the service level of the new building materials industry. In the rapid development stage, with the continuous introduction of new materials and new technologies, the development of new building materials industry has been accelerated and the market scale is expanding. According to relevant data, in 2020, the total output value of China's new building materials industry will reach 2.35 trillion yuan, an increase of 7.1% over the previous year. It is expected that in the next few years, with the continuous progress of technology, the new building materials industry will achieve greater development and the market scale will continue to expand, and the new building materials industry will become an important booster for the future development of urban construction. In addition, the state will continue to increase support for the new building materials industry, encourage

enterprises to invest in research and development, the introduction of more new building materials products to meet market demand and promote the development of new building materials industry.

For the application of new materials, there are new requirements at the structural design level, and the application of new materials focuses on the protection of the environment and the presentation of energy-saving features. The drainage, lighting and ventilation of the building must meet the actual design requirements. With the application of new materials, it can help to improve the function of the building. In the application of some innovative materials to building construction, the material selection level of the fence is an important part. The application of innovative materials is more prominent in the presentation of the function of heat insulation, which can effectively prevent heat loss, and can effectively solve the problem of energy consumption for heating in the house. With the continuous progress of science and technology, the application of green materials is the more important direction in the future construction process. The application of green materials can effectively guarantee the actual construction requirements and environmental protection, and the ecological effect of the building can be well presented. The application of innovative materials and technologies, the aesthetic and environmental protection of the building is more prominent, and new materials and technologies can be applied in the construction of buildings, which can promote the good development of construction enterprises.

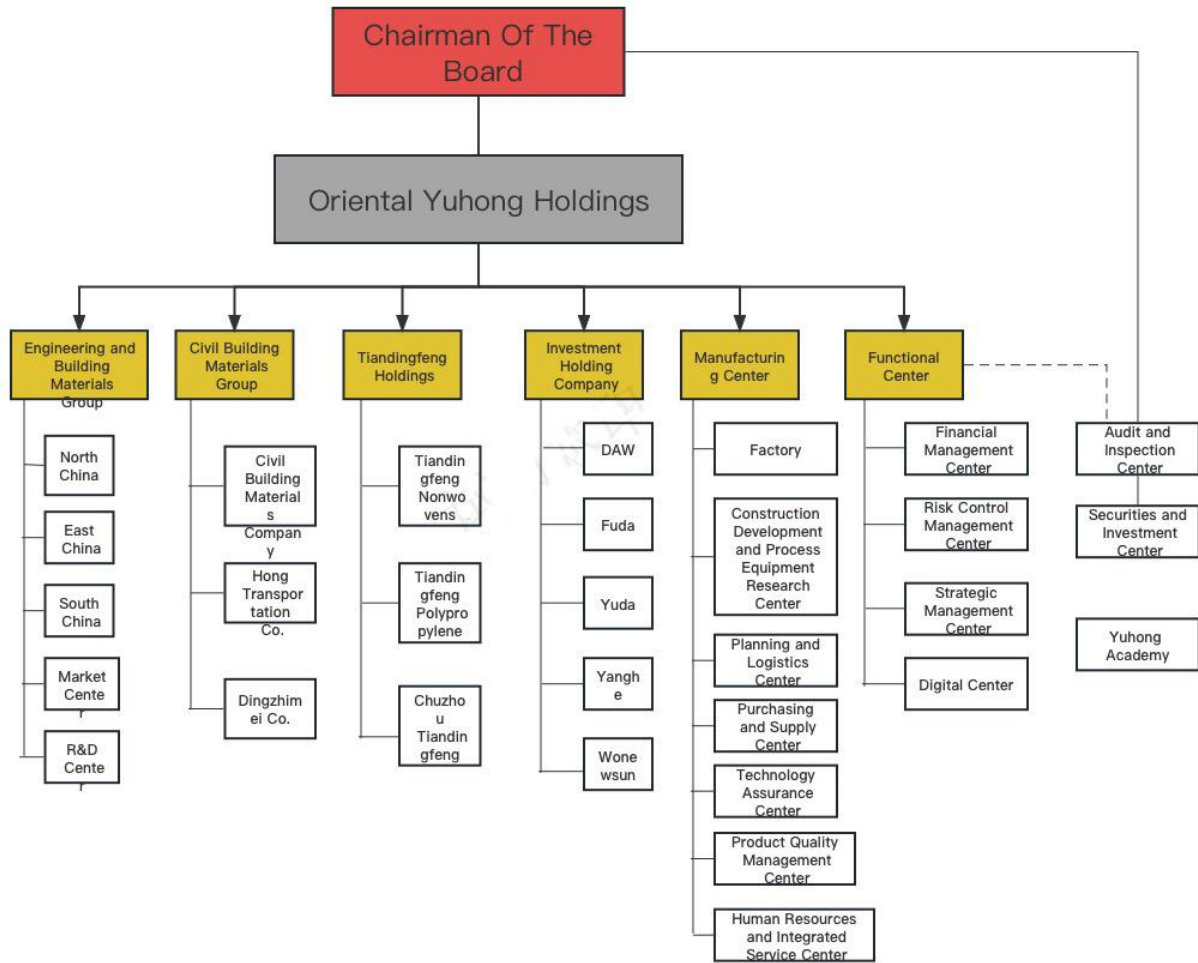
5. Internal Analysis

5.1. Mckinsey 7S Model

Using the McKinsey 7S model, we analyzed the internal situation of Oriental Yuhong company from seven dimensions: structure, system, style, staff, skills, strategy, and shared values.

Structure: In 2018, the company adjusted its business structure and reorganized into four business segments, namely, engineering building materials group, civil building materials group, nonwovens and investment holding, based on the functions of each segment. The original "1+6" product model (a comprehensive product service system based on building waterproofing and extended by civil building materials, energy-saving insulation, special mortar, architectural coatings, nonwovens and building repair) was reorganized into six business units, including the Engineering Building Materials Group and the Civil Building Materials Group. The company will be the original engineering channel business unit and the molecular companies, the division of each product line merged to form the engineering building materials group, the waterproof material engineering field sales business effectively integrated, direct sales model and engineering channels into one. At the same time the establishment of the North Center, East China Center and South China Center three major marketing centers. The adjustment helps to break down channel barriers, improve operational efficiency through flat management, strategic emphasis on stable growth and quality. The three marketing centers are set up according to the local characteristics of the division of labor, the regional engineering distribution channels and direct sales channels to further deep integration.

Table 5.1 Organizational Structure of Oriental Yuhong Company



Source: The author, 2023

System: The Company strictly follows the requirements of the Company Law, the Securities Law, the Code of Governance for Listed Companies, the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange and other relevant laws and regulations of the CSRC and the Shenzhen Stock Exchange to continuously improve the corporate governance structure of the Company, improve internal management and standardize operations, and the governance structure of the Company complies with the normative documents on the governance of listed companies issued by the CSRC, and the operation and management of the Company are carried out in strict accordance with the requirements of each system.

Style: Corporate culture is the internalization of character; brand is the externalization of character, corporate culture is the internal factor that determines how long and how far a brand can go. Oriental Yuhong has formed a unique corporate culture with its long-standing corporate values of "truth, goodness and beauty", its top-to-bottom style of action, and its corporate

mission of "creating a sustainable and safe environment for people and society". It is this core corporate culture that has driven Oriental Yuhong as a national brand to the country and to more than 100 countries and regions around the world, showing the confidence of the Chinese brand.

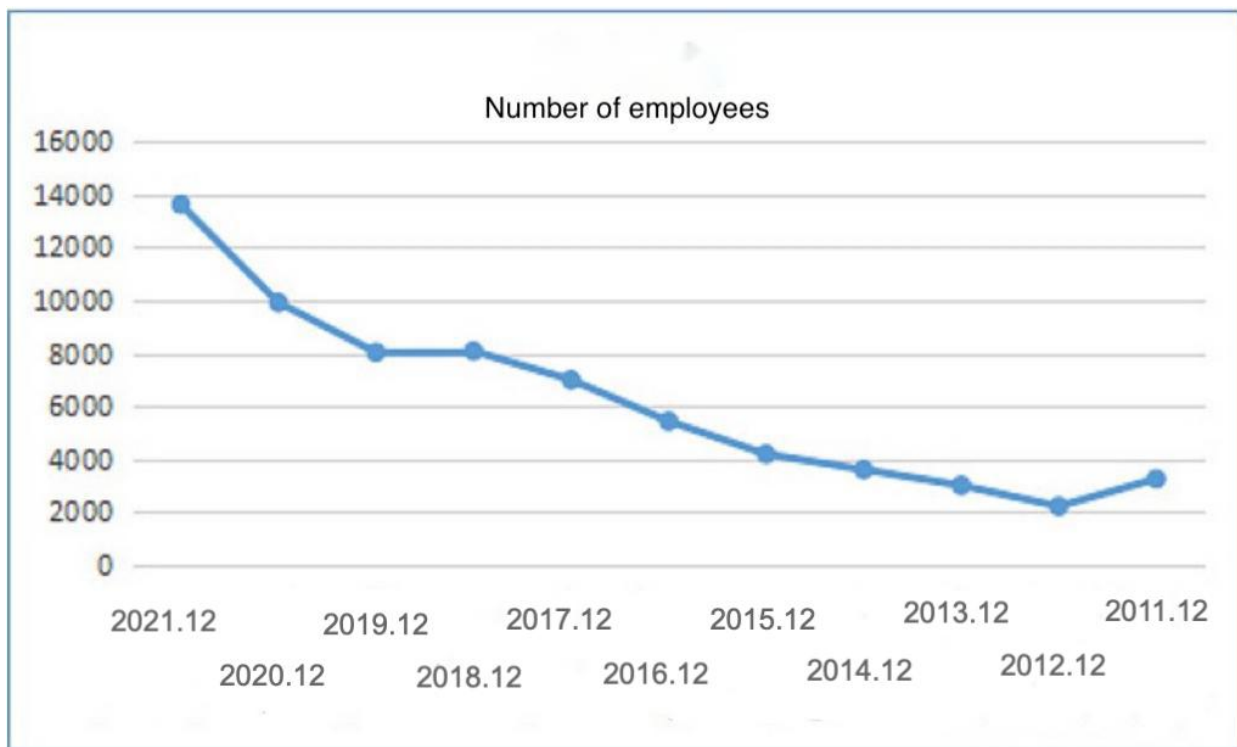
The culture of Oriental Yuhong is based on the essence of Chu culture and Confucianism, with the spirit of inheritance, covering the common pursuit of human beauty and reflecting the universal aspirations and relentless pursuit of all Yuhong people. Company values: Genuineness, excellence, elegance. Company spirit: Where there is a will, there is a way; strive for excellence, keep moving forward. Company belief: Development keeps us company and one favorable turn deserves another. Guiding ideology: Return for nation, service to people. Company tenet: Create value for nation, society, customers, employees and shareholders. Company mission: To create sustainable and safe environment for human society. Spiritual culture: Toughness, success and innovation. Interpersonal culture: Sincerity, equality, harmony, straightforwardness. Corporate responsibility: all human waterproofing problems Oriental Yuhong has the responsibility to solve. Company vision: To be the most valuable global enterprise in the construction materials industry. With the company spirit of "perseverance, success and innovation", Oriental Yuhong has been deeply engaged in the field of building materials, providing high-quality building materials services for national key projects such as Bird's Nest, Water Cube, National Speed Skating Stadium, Three Gorges Hydropower Station, South-North Water Diversion Project, Beijing New Airport, Beijing-Shanghai High Speed Railway, as well as overseas projects such as Yawan High Speed Railway, Indonesia Baishui Hydropower Station and Nigeria Railway. High-quality construction building materials services, to become a construction building materials system supplier integrating business segments such as building waterproofing, civil building materials, non-woven fabrics, building coatings, building maintenance, energy-saving insulation, special mortar and building powder. Since its listing in 2008, Oriental Yuhong has achieved a compound growth rate of 34%.

Staff: The company's management team: the founder's vision, precise business strategy layout, team stability and execution are very strong. 2013 to present, the company every 3 years to employees for a share incentive, a total of 14% of the company's shares awarded to 3,260 employees, if you do not consider the subsequent reduction, the end of 2021 employees hold equity value of up to 18 billion yuan, per capita The market value of shares held exceeds 5

million yuan, and the market value of shares held by 11 senior executives are all above 10 million yuan, and the market value of shares held is much higher than the annual salary of individuals. The management team is very stable. Among the current 11 management staff, 8 of them have been with the company for more than 10 years. In terms of founders, nine of the top ten natural shareholders at the time of the IPO are still natural shareholders of the company and have been serving at Yuhong.

Employee management: 1. Employee stability. From the number of employees of Oriental Yuhong, the number of employees increased from 3,251 in 2011 to 13,630 by the end of 2021, an increase of more than three times, and the overall growth of employees and business development is matched. In terms of employee departures, no specific data was found, but from the results of previous equity incentive grants, the overall departure rate is relatively low, and from the analysis of the executive team in front of us, the operating level is also very stable.

Figure 5.1 Number of employees of Oriental Yuhong company

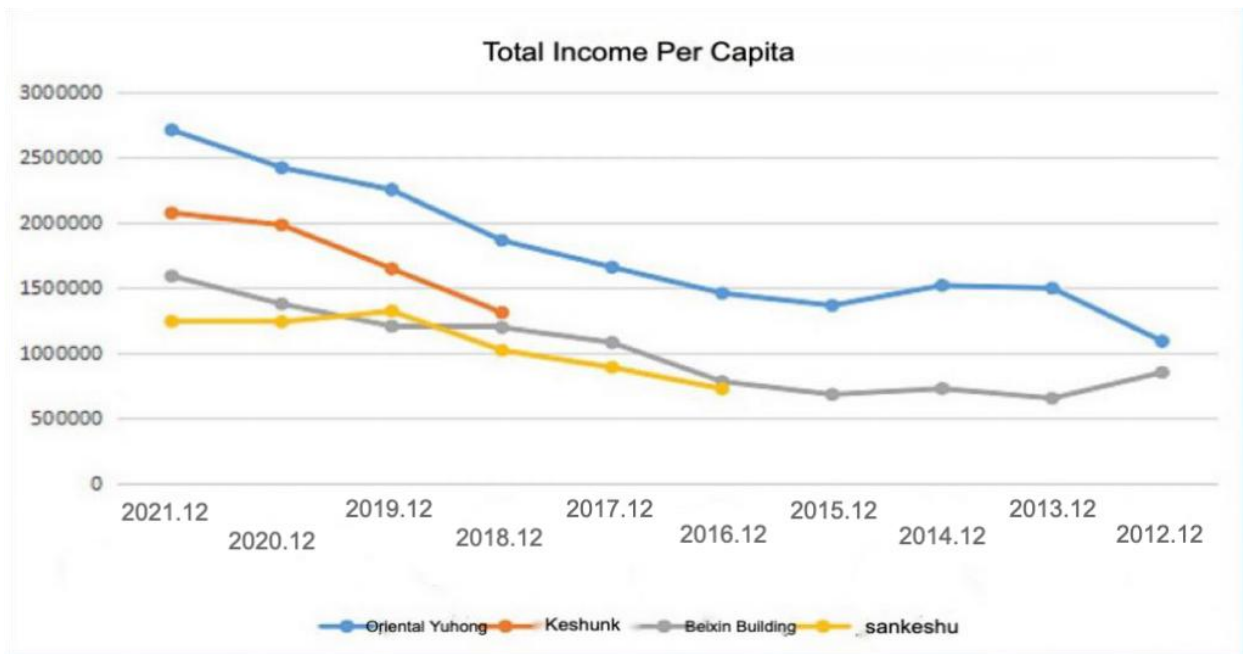


Source: Xueqiu.com, 2022

2. Employee benefit creation. Whether measured by per capita revenue or per capita profit, Oriental Yuhong has the highest per capita effectiveness among several comparable building materials companies. at the end of 2021, Oriental Yuhong generated 2.71 million in revenue per capita, compared to 2.07 million, 1.59 million, and 1.24 million for Keshun, Beixin Building

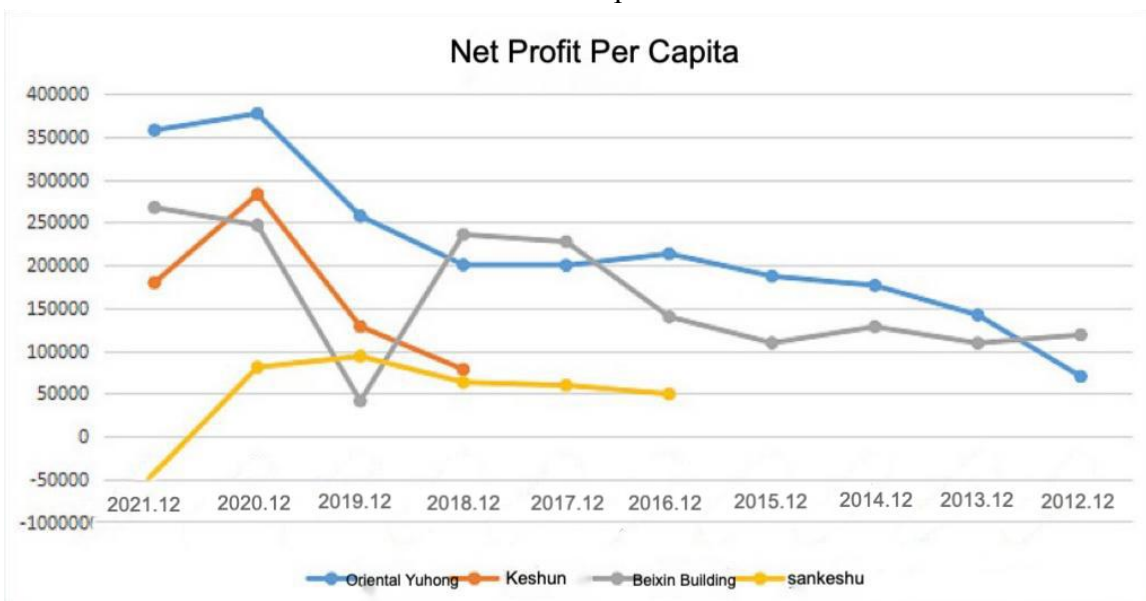
Materials, and Sankeshu, respectively; The per capita profit generation was 360,000, while the other three companies were 180,000、 270,000, and -43,000, respectively. Compared to Keshun, the most comparable company, Oriental Yuhong s' per capita revenue generation is 1.35 times that of Keshun, and per capita profit generation is twice that of Keshun.

Figure 5.2 Comparison of per capita gross operating income of Oriental Yuhong and competitors' data



Source: Xueqiu.com, 2022

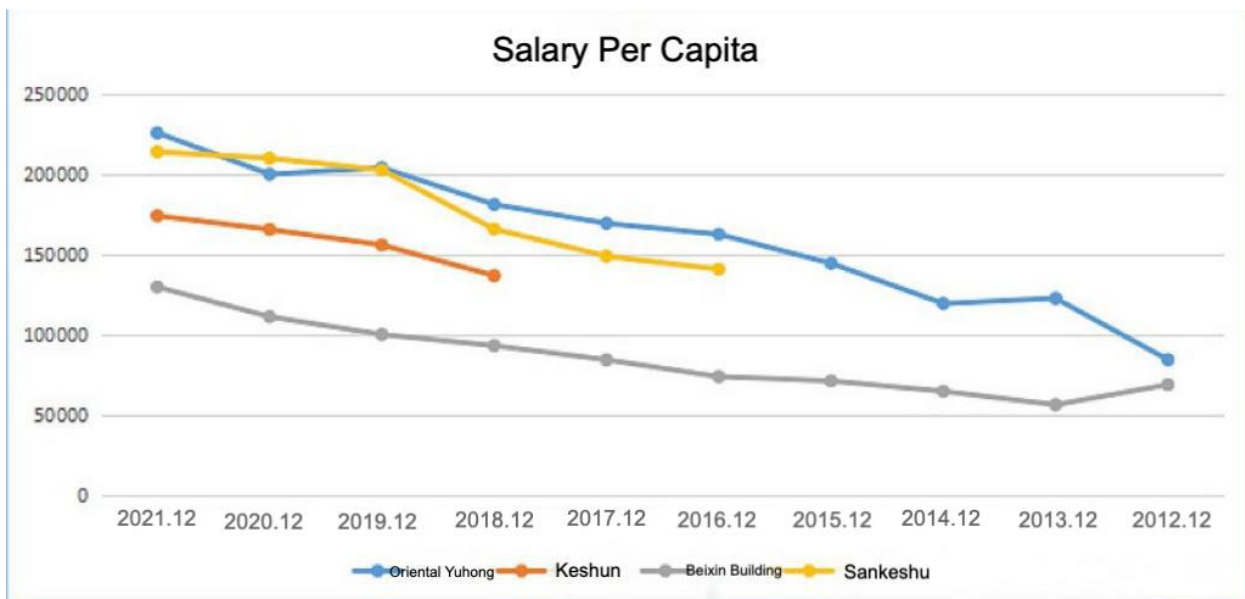
Figure 5.3 Comparison of net profit per capita between Oriental Yuhong and competitor companies



Source: Xueqiu.com, 2022

The core of Yuhong's high efficiency is its active and effective incentive policy. In terms of per capita compensation, Yuhong is also the highest among the four comparable companies. 2021 year-end, Yuhong ' average employee compensation is ¥230,000, compared to ¥170,000, ¥130,000, and ¥210,000 for Keshun, Beixin Building Materials, and Sankeshu respectively, and compared to Keshun, Yuhong' per capita compensation is nearly 40% higher.

Figure 5.4 Comparison of Per Capita Salary between Oriental Yuhong and Competitor Companies



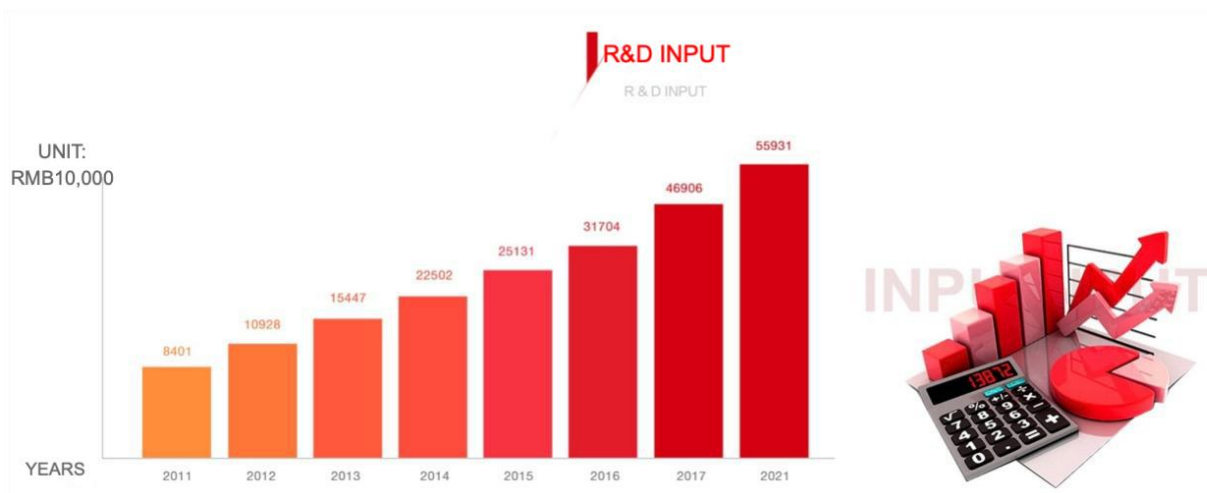
Source: Xueqiu.com, 2022

Skills: R & D strength: The company has its own product development center, production process equipment research and development center, application technology research and development center, engineering construction technology research and development center, CNAS, CMA certification standardization laboratory, special functional waterproofing materials state key laboratory, polymer waterproofing materials and product development platform, polymer materials research and development center. Ltd. is officially approved by the Ministry of Science and Technology of the People's Republic of China (Guo Ke Fa Ji [2015] No. 329 file), the third batch of state key laboratories in the enterprise construction. Laboratory for high-speed railroads, highways, underground space, marine engineering, water conservancy and hydropower engineering, nuclear power construction projects and other major national infrastructure and green building construction needs as a traction, to carry out the application of special functional waterproofing materials for special service environment and its key technology research, to explore the research of new phenomena, new laws of waterproofing, the development of new

waterproofing technology, new materials, new processes, the construction of materials in service Characteristic research and evaluation facilities to promote the development of waterproof materials science and technology to functional, composite, green and scientific research methods to meet the national major infrastructure construction and waterproofing industry development needs. Laboratory to green innovation concept as a leader, adhere to the original innovation, integrated innovation and the introduction of the development of innovation, digestion and absorption, for the international frontier of waterproofing materials science and the urgent need to solve the basic theoretical problems of waterproofing materials in the construction of the national economy, to carry out scientific and applied basic research on special functional waterproofing materials and prospective, common key technology research, is committed to solving the impact of major Infrastructure construction of safe and durable operation of waterproofing technology bottlenecks, leading scientific innovation in the waterproofing industry, driving the industry's technological progress, training and creating outstanding talent. The current R & D team includes seven external engineering academics, 36 doctors, 154 masters, one State Council subsidies experts and 25 technical leaders.

The Group has a total of 1,522 valid patents (including 425 inventions, 942 utility models and 155 designs), including 12 valid overseas patents.

Figure 5.5 R&D investment of Oriental Yuhong (Unit: RMB 10,000)



Source: Oriental Yuhong official website, 2022

Skills training: The company set up the "Yuhong Academy" in 2012 to open a systematic career skills training path. We insist on training for employees, partners and construction

workers. For more than 10 years, we have been adhering to the concept of "action speaks louder than words," and insisting on the teaching method of "learning by doing, learning by doing" to train modern technical craftsmen who are dedicated, lean, focused and innovative in terms of professional ethics, professional ability and professional quality. In the 2022 WorldSkills Competition Special Competition, young Ma Hongda won the 2022 WorldSkills Competition Special Competition France "plastering and partition system project", and 23-year-old Chongqing girl Wang Pei won the gold medal in the Special Competition beauty project, both of which China achieved gold medals. "Zero" breakthrough, "scraping putty" "beauty" can also become a world champion, "ordinary things can be extraordinary "The story of Ma Hongda and Wang Pei inspires every professional skilled person, the skill lies in specialization, and this new type of artisan building and training, is exactly the direction that Oriental Yuhong has been working for years - to enhance the overall service quality through the training of skilled personnel. The growth of artisans lies in the accumulative persistence of the "putty scraping" world champion Ma Hongda said in an interview: "I prepared for this competition for five years, sometimes self-imposed pressure, training time of more than nine hours a day. "This is the answer that time gives to the craftsman.

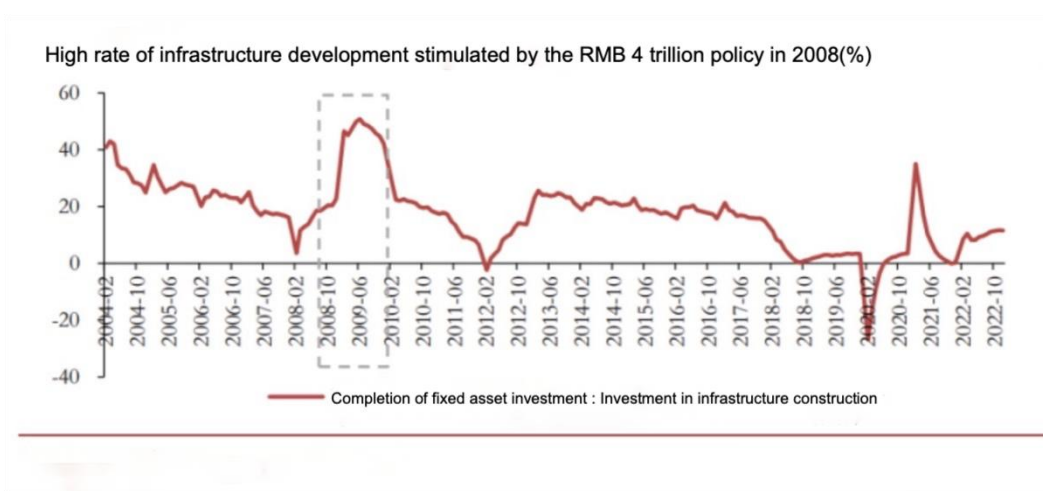
Strategy: Forward-looking changes and strategic layout laid the way for the rapid growth of the leading waterproofing company Oriental Yuhong. 1995, the company's predecessor Changsha Changhong waterproofing was established, followed by Hunan into Beijing to start the entrepreneurial road. The reason why Oriental Yuhong has become the leading waterproofing company in China, with a high growth rate of 20 times in 10 years, is due to the company's excellent foresight and successful strategic changes:

(1) 1995-2010: Building up and taking root in infrastructure

After the company undertook the waterproofing repair work of Chairman Mao Memorial Hall in 1997, its products and technology gradually by the market's attention and recognition, the industry's influence is beginning to show. The company's roots in the field of infrastructure engineering, since 2005, the company has built the capital airport, the Water Cube, the Bird's Nest, CCTV new site, the Olympic Village and other waterproofing projects. 2006, the company's top five customers in the infrastructure-related enterprises increased, with the launch of the "four trillion" stimulus policy in November 2008 With the launch of the "four trillion"

stimulus policy in November 2008, the country vigorously build railroads, infrastructure investment completed year-on-year high increase in this stage, the company continued to focus on railroads and rail transit projects, establish waterproofing brand. At the same time, the company established in 2006 in Shanghai R & D base was put into operation, opening up the Yangtze River south of the regional strategic deployment, focusing on national development. In 2008, the company was listed on the Shenzhen Stock Exchange, writing a new chapter of development.

Figure 5.6 Ratio of investment completion in fixed assets to investment in infrastructure development (%)



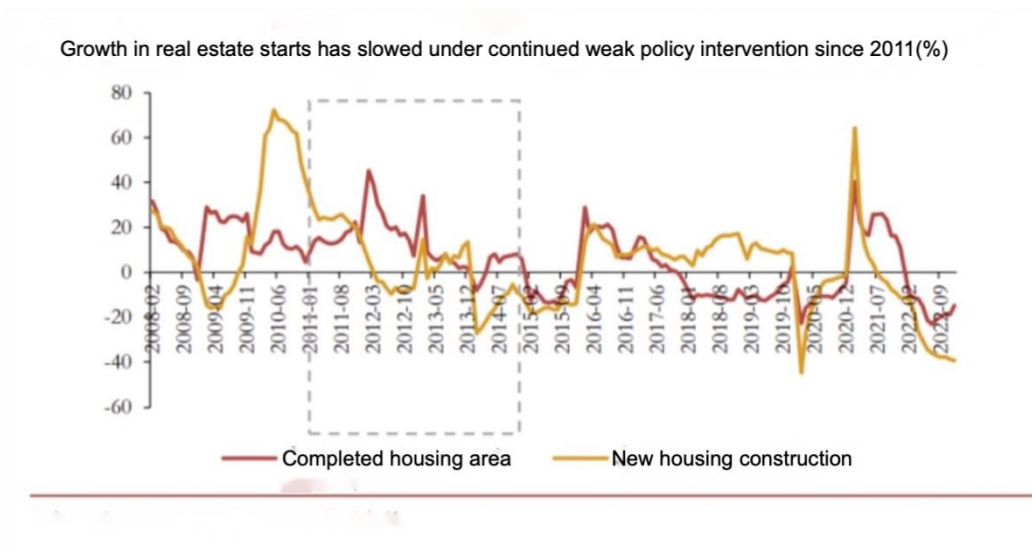
Source: International Bureau of Statistics, Caitong Securities Research Institute, 2022

(2) 2011-2014 : Focus shifts to real estate industry, high growth phase, valuation grows in tandem with real estate cycle

After the Yong-Wen Line high-speed railway accident in 2011, the growth rate of China's high-speed railway was further reduced, and coupled with the bank loan restrictions, the company's focus shifted from the original railroad and railroad customers to real estate customers. In fact, the company has started to cooperate with Vanke Real Estate prospectively since 2007 and entered the list of Vanke Real Estate Collection, and Vanke became the company's top customer in 2011. Since then, the company has continued to deepen cooperation with real estate developers and ride on the wind. Based on data from the International Bureau of Statistics and Caitong Securities Research Institute, on the one hand, due to the high premium of the real estate side over the infrastructure side, the company's profitability has been improved and high growth has been realized: net profit attributable to the mother increased from 105 million yuan in 2011

to 577 million yuan in 2014, with a 3-year CAGR of 76.7%, and gross margin increased from 28% to 36% and net margin attributable to the mother increased from 4.2% to 11.5% in the same time period; on the other hand, the valuation of the company resonates with the real estate cycle: since the policy of four trillion, real estate has entered into a phase of rapid development, and the policy has continued to intervene weakly since 2011, the growth rate of real estate construction has slowed down, and the PE (TTM) of the company has generally shown a downward trend during 2011-2014. With the launch of the 930 policy of "recognizing loans but not houses" and the 330 policy of "down payment for second suite not exceeding 40%", the company benefited from the relaxation of the supply side of real estate and the recovery of the demand side, and the PE (TTM) stabilized and rebounded at the end of 2014.

Figure 5.7 Comparison of housing completions and housing starts (%)



Source: International Bureau of Statistics, Caitong Securities Research Institute, 2022

(3) 2015-2018: Seize market share, expand home improvement channels, and expand business areas

The company has been changing its strategy with the times since 2015. In 2015, the company proposed the PS strategy to quickly capture market share through profit concessions. In 2016, the company launched the partner system, successively including engineering channel agents and sales backbone into the partner system, with long-term incentive-oriented, fundamentally stimulating the motivation of partners. The actual operation side, the company in the channel and product side: channel side: 2015-2016 real estate in the inventory digestion phase, the company in addition to the layout of large real estate business customers, continue to expand the home

improvement channel. October 2015 the company set up civil building materials limited liability company, civil waterproofing field to make a comprehensive effort to enter the home improvement company, building materials market and other retail channels. In 2015, the company proposed the "1+6" business group, including civil building materials, energy conservation and environmental protection, special mortar, architectural coatings, nonwovens, and building repair, In 2015, the company proposed "1+6" business group, including civil building materials, energy conservation and environmental protection, special mortar, architectural coatings, nonwovens, and building repair, which was the first time since the listing of the company that the organization structure was adjusted. After a series of strategic planning and business changes, the results of the operation have been remarkable. The company's operating revenue/net profit in 2016 was RMB 7.0 billion/1.03 billion, +32%/41% year-on-year, a significant increase from 2015; the overall gross/net profit margin in 2016 was 42.6%/14.7%, reaching a stage high.

(4) 2018-2021: Structural adjustment, channel integration

Rapid business expansion, lenient credit conditions, and an increase in the number of accounts receivable. The company's business scale expansion, expansion of real estate channels faster, the downstream to take a more relaxed credit policy, from 2018 the company significantly increased the notes receivable, real estate risk has increased. 2017-2018 the company's net profit attributable growth rate has been lower than the chain, while gross margin also fell from 43% in 2016 to 35% in 2018, superimposed on this time real estate and in a tightening The new round of changes began to kick off.

Since October 2018, the Company has made several strategic upgrades to its organizational structure to improve management efficiency. The company integrated the original direct sales and engineering channels to form the Engineering Building Materials Group, and adjusted the "1+6" business group into four business segments: Engineering Building Materials Group, Civil Building Materials Group, Tian Dingfeng Holdings, and Investment Holding Company (new market cultivation), while the Engineering Building Materials Group has three marketing centers in North, East and South China, and will set up provincial integrated management companies in 2020 to take charge of local sales and services of engineering products. Meanwhile, the Engineering Building Materials Group has three marketing centers in North, East and South

China, and will set up a provincial integrated management company in 2020 to be responsible for the sales and services of engineering products in the region; the Civil Building Materials Group mainly manages retail distributors. Since then, the company's organizations have a clear division of labor and authority, and the local franchise of the integrated company has significantly improved management efficiency. In terms of performance, the company will achieve revenue growth rate of 36%/29%/20%, net profit growth rate of 22%/37%/64% and net profit margin of 10.7%/11.4%/15.6% from 2018 to 2020, with significant effect of internal organizational structure innovation.

(5) 2021 to present : Civilian construction group becomes growth point, retail hedges against property downturn

In the end of 2020, the "three red lines" proposed to intensify the tightening of the supply side of the real estate industry, real estate downturn overlapped with repeated epidemics, real estate demand is sluggish, the company to focus on the retail side, the civilian construction group has become a growth point. 2022 civilian construction group achieved revenue of 3.255 billion yuan, accounting for 21.3% of total revenue, including waterproof coatings, tile adhesive product line revenue +50%/+110% year-on-year, other product lines such as seam sealants have also doubled, In the first quarter of 2022, civilian construction group achieved revenue of RMB 3.255 billion, accounting for 21.3% of total revenue, of which waterproof coating and tile adhesive product line revenue was +50%/+110% year-on-year, and other product lines such as seam sealant also doubled, successfully expanding potential market space.

Shared values: Oriental Yuhong has formed a unique corporate culture with its long-standing corporate values of "truth, goodness and beauty", its top-to-bottom style of action, and its corporate mission of "creating a sustainable and safe environment for people and society". Jack Welch once said, "A healthy corporate culture is the source of an enterprise's invincible power." With culture as its soul, Oriental Yuhong has always maintained its humility in serving humanity, with respect for the rules and the market, and with the guideline of "carrying morality on an iron shoulder", taking "guarding good living" as its responsibility, and passing on the message from top to bottom From top to bottom, we convey the sentiment of "the great businessman is to help the world". It is this consistent cultural drive, combined with product, service, and innovation drivers, that has propelled Oriental Yuhong to the world.

5.2. Financial Data Analysis

In the latest 2022 annual report, the company achieved operating revenue of ¥31.214 billion, down 2.26% year-on-year, mainly affected by weak downstream demand; achieved net profit attributable to shareholders of the listed company of ¥2.12 billion, down 49.57% year-on-year; the company's operating cost in 2022 was ¥23.171 billion, up 4.45% compared with the same period of the previous year, mainly due to the reporting period asphalt. The price of bulk raw materials such as asphalt continued to rise significantly, resulting in an increase in operating costs. It is worth noting that during the reporting period, the company's selling expenses were ¥2.658 billion, an increase of nearly 20% compared with the same period of the previous year; administrative expenses were ¥1.795 billion, an increase of 9.14% compared with the same period of the previous year, mainly due to the increase in employee compensation, publicity and consulting fees. From a long-term performance perspective, this is the first time in the past decade that Oriental Yuhong has experienced a year-over-year decline in operating income, with operating income growth below double digits for the second time. At the same time, this is also the first time in a decade that Oriental Yuhong has experienced a decline in net income and net profit after deductions. In the nine years prior to this, Oriental Yuhong ' net income grew at an average rate of more than 42%, and the year-over-year growth rate was never less than 20%. The average growth rate of net profit after deductions for the previous nine years was over 44%.

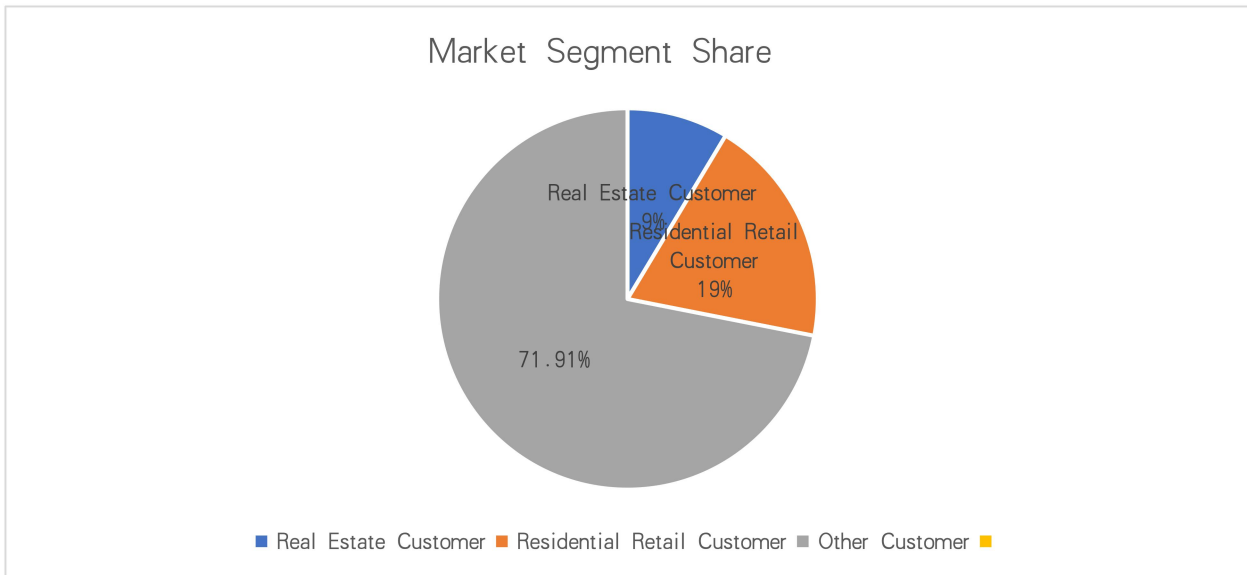
The main reasons for the decline in the Company's profit: 1. the increasing national and social requirements for low-carbon energy conservation and green environmental protection, the relevant energy conservation and environmental protection industrial constraint policies on the industry in which the Company operates have multiplied the pressure on environmental protection, and the State is constantly adjusting its policies on taxation and other policies, and the changes in policies and laws pose certain risks to the Company's operations. 2. the downstream real estate industry is undergoing structural changes. In the future, the Company may be affected by the increasing downward pressure on the domestic economy, macroeconomic control policies in the real estate market and the industry boom, resulting in the impact on its operations. 3. Petroleum chemical products account for a large proportion of the raw materials required for the Company's production and are also affected by changes in international crude oil prices and the

supply and demand for petroleum chemical products. If there are significant fluctuations in the market price of raw materials, it may have an impact on the Company's profitability.

5.3. Segmentation, Targeting and Positioning

As a system service provider of construction building materials, Oriental Yuhong has a wide range of application areas for its products and system services, which are broadly divided into three market segments: real estate customers, urban infrastructure customers (high-speed railroads, subways and urban railways, highways and urban roads and bridges, airports and water conservancy facilities, and comprehensive pipeline corridors, etc.), and civil retail customers. The company has been focusing on real estate customers as the key market. In the past three years, due to the epidemic and policy reasons, the real estate industry has been on a downward trend, with China's housing construction area of 1205,870,000 square meters in 2022, a decrease of 39.4%. This directly compressed the market space and survival of the waterproofing industry. So this year, the company in the case of ensuring stable cooperation with real estate customers, will focus on the market to civil retail customers. According to the annual report of the company in 2022, the proportion of real estate customers of Oriental Yuhong was 8.62%, which was lower than 10% for the first time in many years. And Civil Building Materials Group realized operating income of 6.078 billion yuan, up 58% year-on-year, accounting for 19.47%. The company is also continuing to increase the C-end business, reducing dependence on the B-end. Civil Building Materials Group focuses on the dual-main business development strategy of waterproof and moisture-proof system and paving and jointing system, accelerates the market share of the dual categories of tile adhesive and jointing agent, and incubates and cultivates wall auxiliary materials such as putty powder and reinforcing agent, as well as new categories such as adhesive and pipe industry.

Figure 5.8 Market Segment Share (Unit: RMB)



Source: The author, 2023

5.3.1 Marketing models for residential retail segments

For the civil retail market, the Company provides different services according to the different characteristics of its products, different market positioning and different needs of its customers, in order to try to meet the needs of most customers. At present, the marketing model of Oriental Yuhong Civil Building Materials Group mainly consists of the following:

1. Physical store model. Through the building materials market and other physical stores waterproof products to attract customers, and through the store sales staff to provide customers with waterproof products consulting, sales and earn a certain spread of profit. This model is mainly to recruit some stores near the new customers, they may pass by the store and just have to buy demand, so they will enter the store to understand. However, with the popularity of the Internet in recent years and the purchase of groups of young people, more and more people in the purchase, have chosen to buy online, go to the physical store to buy fewer and fewer people. Before the store every day can receive twenty or thirty guests into the store to consult the salesman responsible for marketing busy, now, every day into the store to ask the guests about only ten or so. It can be seen that this model has seriously received the impact of the Internet, and this model if you want to continue to expand the enterprise's sales capacity, you must continue to open additional branches, then the enterprise will have a greater pressure on the demand for capital, but also to increase the operating costs of the enterprise. At present, the

brick-and-mortar chain sales model is the main source of revenue for Oriental Yuhong, accounting for about 50% of the total revenue.

2. Word-of-mouth marketing model. Sales are made through word-of-mouth from customers and recommendations from decorators. A part of the customers in the purchase of waterproof products feel good quality, waterproof performance is very good, will be around the same needs of friends to recommend, or part of the need to buy waterproof products customers do not understand the product, will want to renovation master for advice, then renovation masters will recommend the store to the customer, and then utilize this way to product sales. This model is mainly for local self-built houses. This customer group is generally older and less educated, their own ability to obtain information is poor, more willing to believe that the decorator as well as the recommendation of neighbors and friends. In this mode, the enterprise has a certain degree of dependence on the specialized master, requiring the enterprise to maintain a good relationship with the decoration master, so as to obtain more recommendations.

3. Network marketing model. At present, the Oriental Yuhong network marketing is mainly through the third-party platform. One is mainly the third-party platform as an online outlet, through the third-party platform for product publicity and promotion, such as in the Tiktok, WeChat moments for new product promotion and publicity, as well as some of the technical science and technology. Secondly, through shopping platforms such as ebay, JD, etc., directly sell goods, order payment and delivery, to realize the whole network shopping. At present, the third-party model is not particularly mature, mainly to expand the enterprise's sales channels.

6. Competitive Analysis

6.1. Porter's Five Forces

From the five forces: bargaining power of suppliers, bargaining power of buyers, Threat of new entrants, Threat of substitutes, and Competitive rivalry, we analyze the competitive landscape of companies in this industry and the relationship between this industry and other industries.

Bargaining power of suppliers: high. Upstream raw materials include asphalt, polyether, polyester base, chain extender, emulsion, MDI and SBS modifier, etc., of which petrochemical products account for a large proportion and are subject to the influence of changes in crude oil prices and raw material supply and demand. Among them, asphalt accounts for more than 30%. The suppliers of asphalt mainly include PetroChina (34%), Sinopec (26%), CNOOC (7%) and local refineries, with a high degree of supply concentration. Due to the centralization of domestic refining technology, there are fewer suppliers who can provide high quality raw materials, so there are fewer choices of raw material suppliers.

Bargaining power of buyers: high. Downstream applications are in real estate and infrastructure, with demand in the residential sector accounting for about 75% (of which residential accounts for about 50%), and infrastructure such as water conservancy and bridges accounting for about 25%. In terms of usage area, roofing and basement account for 68%, kitchen and bathroom balconies account for 10%, in addition to roads and bridges. The companies represented include real estate giant companies such as Vanke and China Resources, as well as state-owned enterprises such as China Construction. As the downstream buyers are several leading real estate companies in China, as well as state-owned construction groups, they have absolute strength in the industry, and there are fewer companies of the same type, so they have high bargaining power.

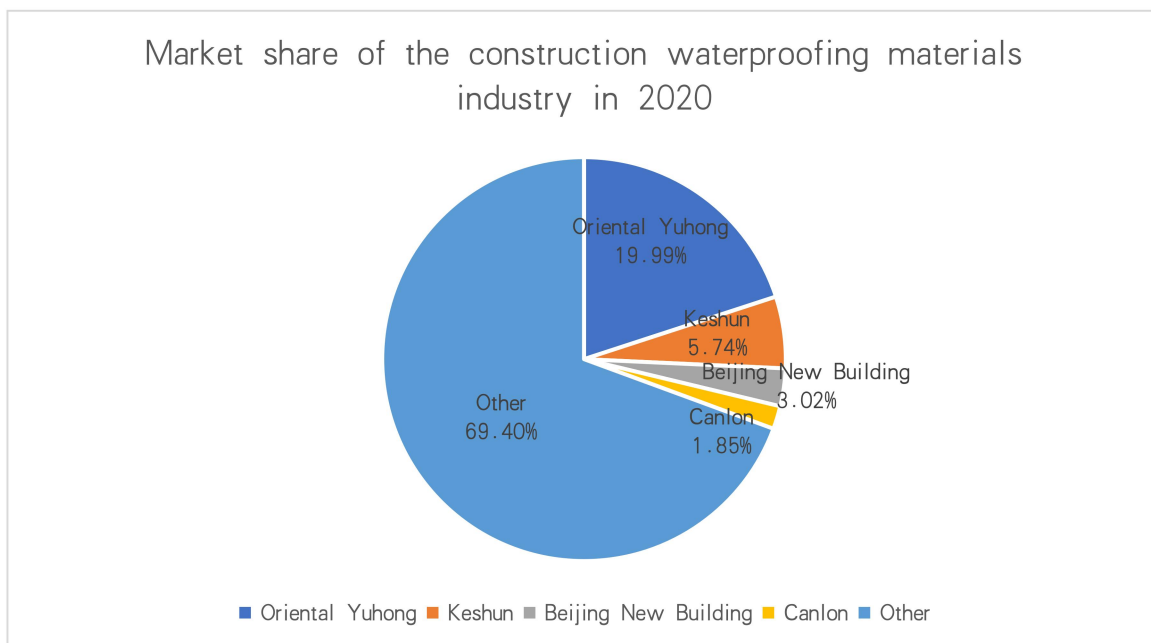
Threat of new entrants: high. From the production characteristics, waterproofing materials production technology, capital barriers are relatively low. 20th century 80s, China through the introduction of learning foreign production lines, has developed a rubber modified asphalt waterproof coating, polyurethane waterproof coating, EPDM rubber waterproofing membrane,

PVC waterproofing roll-roofing, rubber modified asphalt waterproofing membrane, etc.. After years of development, waterproof production technology is increasingly mature, technical barriers significantly reduced. At the same time, waterproofing belongs to the lighter assets of the building materials industry, from Yuhong and other three listed waterproofing companies, its fixed assets in the building materials industry at a lower level, the asset turnover rate is at a higher level. From the application characteristics, waterproofing and construction quality is closely related to the warranty period is more forgiving. Waterproofing project has "three parts material seven parts work" of the saying, waterproofing effect in addition to the impact of product quality, but also highly relevant to the quality of construction, so the occurrence of housing leaks, water seepage, there is often unclear responsibility, the problem of multiple blame. At the same time, the domestic water leakage problem for a long time, insufficient attention to the waterproofing warranty period is more lenient, according to the implementation of the "Construction Quality Management Regulations" in 2000, the roof water-proofing works, waterproofing requirements of the bathroom, room and exterior wall leak-proof requirements of only 5 years, far less than the period of use of the building. The lack of attention to waterproofing, leakage problems are easy to blame, coupled with the production technology barriers, capital barriers are not high, resulting in the industry is prone to influx of small and medium-sized enterprises and small workshops, through the generation of low-end and even shoddy products for low-price competition, which led to a highly fragmented waterproofing industry competition pattern.

Threat of substitutes: moderate. The above said, waterproofing industry materials production technology barriers are not high, the production line of conventional products, such as rubber-modified asphalt waterproof coating, polyurethane waterproof coating, rubber-modified asphalt waterproofing membrane are very mature, but the head of the waterproofing company Oriental Yuhong focus on technical research, a team of senior technical experts, R & D team, has been adhering to the "quality first, innovation to empower "The concept of development, competitors to produce alternatives to the speed of Yuhong innovation.

Competitive rivalry: low. Domestic building waterproof coating development started relatively late in Europe and the United States and other countries, but the development is very rapid, the number of enterprises is growing rapidly. At present, a total of more than 2,000 domestic waterproofing materials production enterprises, which are stronger enterprises occupy half of the building waterproofing materials industry, according to industry data show that in 2020, the Oriental Yuhong waterproofing market share of 19.99%, and Keshun shares market share of 5.74%, Beijing new building materials market share of 3.02%, Canlon shares market share of 1.85%, other companies together accounted for 69.4%.

Figure 6.1 Market share of the construction waterproofing materials industry in 2020 (Unit: RMB)



Source: The author, 2023

6.2. SWOT Analysis

In this chapter, we will conduct a SWOT analysis of Oriental Yuhong Company. This analysis will consider the positive factors (strengths) and negative factors (weaknesses) within the company as well as market opportunities and threats. The purpose of this analysis is to expand the company's strengths and prevent losses due to weaknesses. We will also determine the relative importance of each of these factors:

Strengths and weaknesses will be evaluated in importance: from 0 (no importance) to 5 (maximum importance)

Opportunities will be assessed in according with their attractiveness: from 0 (no attractiveness) to 5 (maximum attractiveness)

Threats will be ranked according with the estimated impact: from 0 (no impact) to 5 (maximum impact)

We will also try to predict the future evolution of strengths, weaknesses, opportunities and threats in three trends: increasing, decreasing or steady.

Table 6.1 Hierarchical SWOT Analysis

Internal Analysis

Strengths	Importance	Evolution Forecast
Brand Advantage	5	Stable
Product development advantage	5	Increase
Production capacity layout advantage	4	Stable
Cost advantage	4	Stable
Multi-level marketing network advantage	4	Stable
Product category advantage	4	Stable
Application technology and system service advantage	4	Stable
Weaknesses	Importance	Evolution Forecast
High cost of raw materials	4	Stable
Management risk	3	Stable

Source: The Author, 2023

External Analysis

Opportunities	Attract	Evolution Forecast
Expanding market share	5	Increase
Favorable news of policy	4	Increase
Domestic focus on DAB market and vigorous development of overseas markets	4	Stable
Threat	Impact	Evolution Forecast
There are many small and medium-sized enterprises in the industry, and the competition is not standardized	3	Decrease
The company's current major customers real estate companies, the industry downturn is serious	5	Increase
Insufficient market supervision, full of counterfeit and non-standard products	4	Decrease
Cash flow pressure, as a supplier in the real estate industry, the risk of accounts receivable is high	5	Increase

Source: The author, 2023

7. Consumer Behavior Survey Analysis

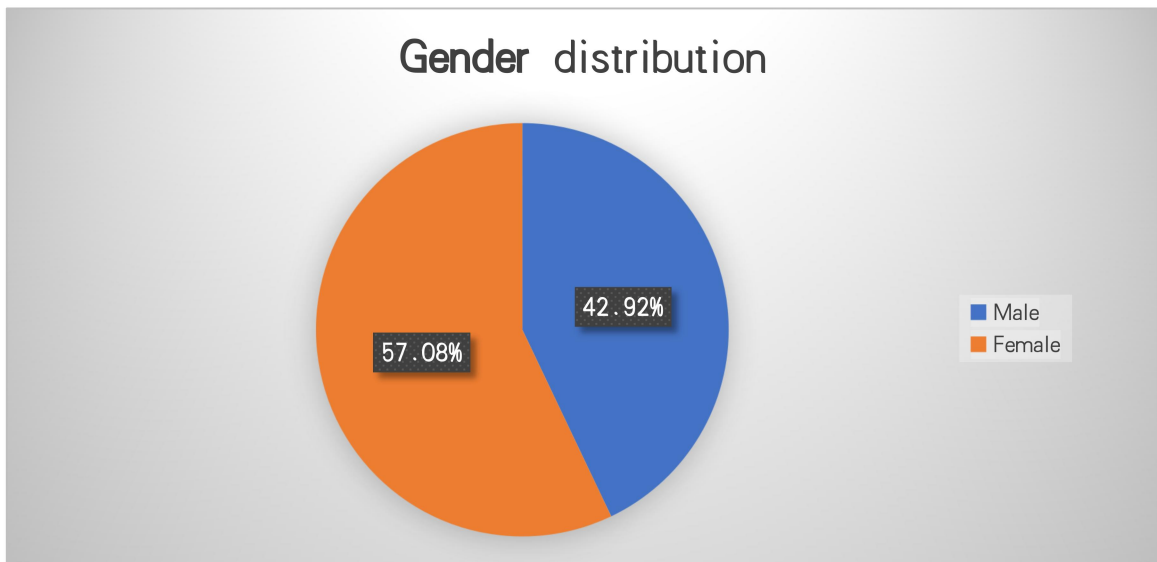
As far as the sales of building materials products are concerned, O2O marketing is a kind of improvement of the marketing model. O2O, the abbreviation of Online To Offline, i.e., online offline/online to offline business model, refers to the combination of offline business opportunities with the Internet, so that the Internet can become a platform for offline transactions. This thesis adopts the form of questionnaire survey to understand the consumer behavior in the O2O marketing of building materials products, collects a large amount of consumer data, and then carries out a comprehensive analysis of the consumer's attitude towards the adoption of this mode of marketing of building materials products, as well as the perceived degree of Oriental Yuhong brand. At the same time, combined with the results of the analysis, further segmentation of the target market of Oriental Yuhong, and improvement of Oriental Yuhong 's marketing plan, and finally analyze the reasons why consumers are reluctant to adopt the O2O mode of consumption, so as to continuously improve the marketing model, and ultimately attract potential customers into the company's loyal customers.

The questionnaire survey was conducted by random sampling method, and the content of the survey includes not only the basic information of the respondents, but also the understanding of the Oriental Yuhong brand, the willingness to adopt the O2O mode of purchasing building materials products and so on. A total of 250 questionnaires were issued and 250 were retrieved, with a recovery rate of 100%. The number of valid questionnaires was 240, and the effective recovery rate was 96%.

I. Demographic analysis

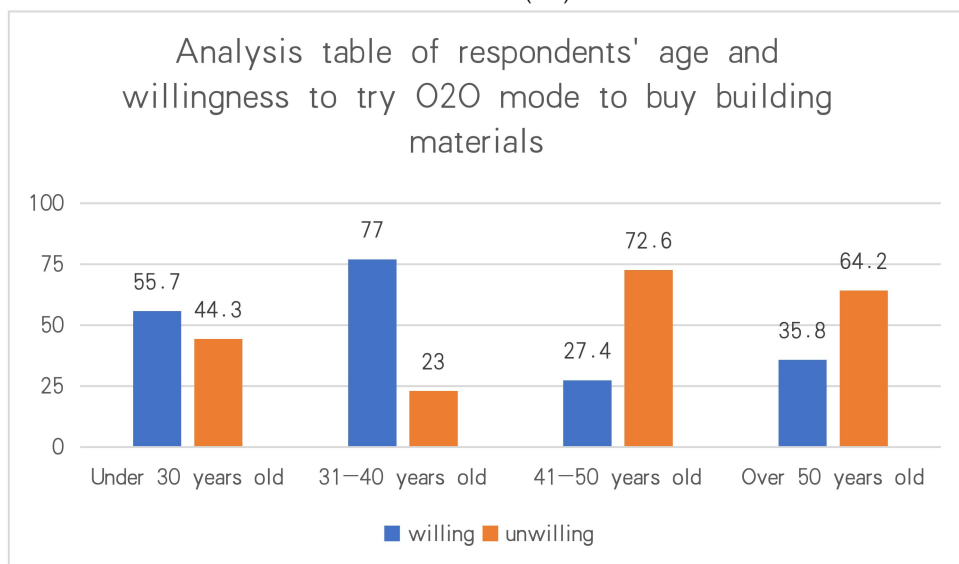
From the gender point of view of this questionnaire survey, the proportion of men and women is 42.92% and 57.08% respectively, which is roughly equal. From the age point of view, people under 40 years old are more willing to accept O2O marketing mode, no matter whether they have purchased building materials products under O2O mode before, they are willing to try this kind of purchase. And the older people are less willing to try it. Graph 4.2 and Graph 4.3

Figure 7.1 Gender distribution (%)



Source: The author, 2023

Figure 7.2 Analysis table of respondents' age and willingness to try O2O mode to buy building materials (%)



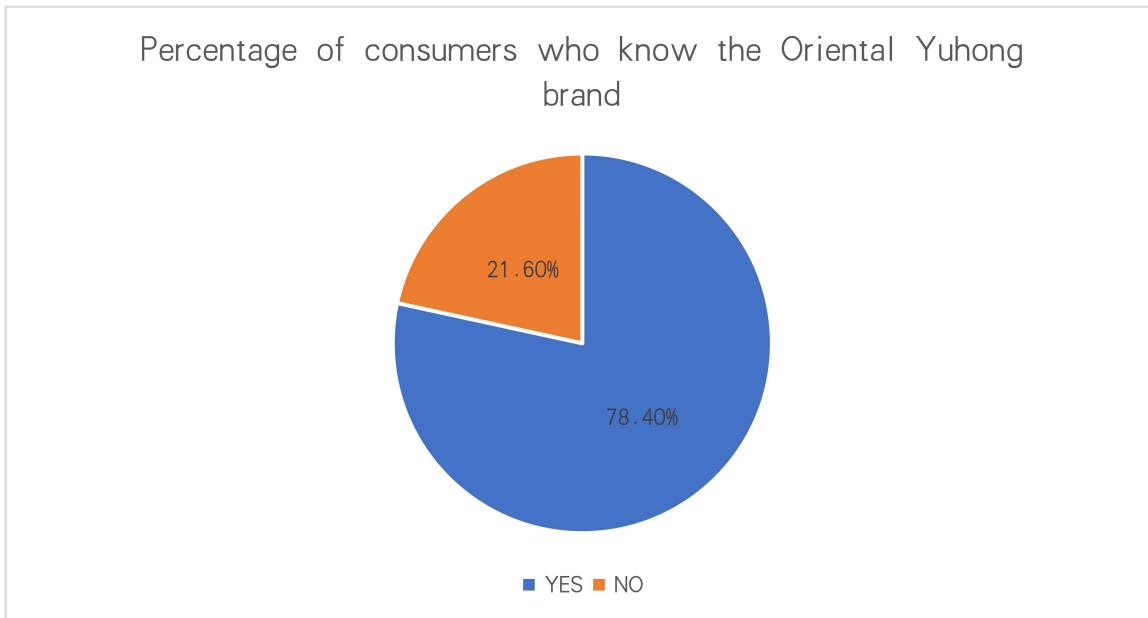
Source: The author, 2023

II. Recognition Analysis of Oriental Yuhong

In this questionnaire survey, 78.4% of consumers know the brand of Oriental Yuhong, 21.6% do not know, which shows that Oriental Yuhong in the national cognition is high, but there is still room for improvement. Among the consumers who know about Oriental Yuhong, the top three channels of understanding are from chatting with relatives and friends, seeing brand stores and publicizing from third-party online platforms. (Table 5-5) It can be seen that Oriental Yuhong 's main publicity channels are still relatively traditional, with a slower speed of dissemination.

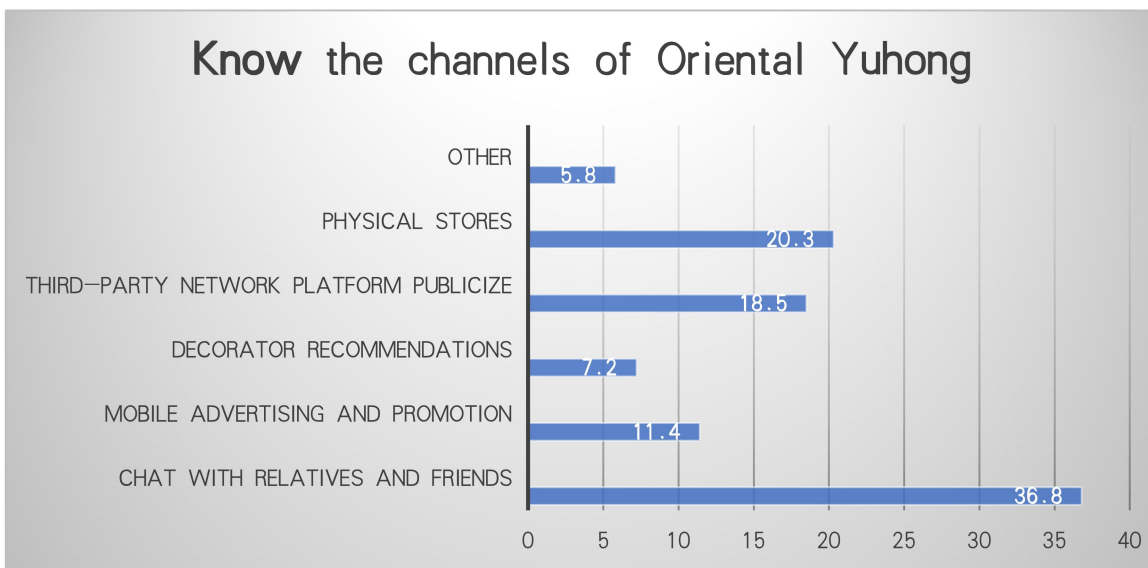
Although it is at the leading level in the industry, if it wants to expand its brand awareness, it should continue to increase its promotional efforts, make more use of the Internet, and interact more with the consumers, so as to let the consumers from all over the country to the world know about Oriental Yuhong.

Figure 7.3 Percentage of consumers who know the Oriental Yuhong brand (%)



Source: The author, 2023

Figure 7.4 Know the channels of Oriental Yuhong (%)



Source: The author, 2023

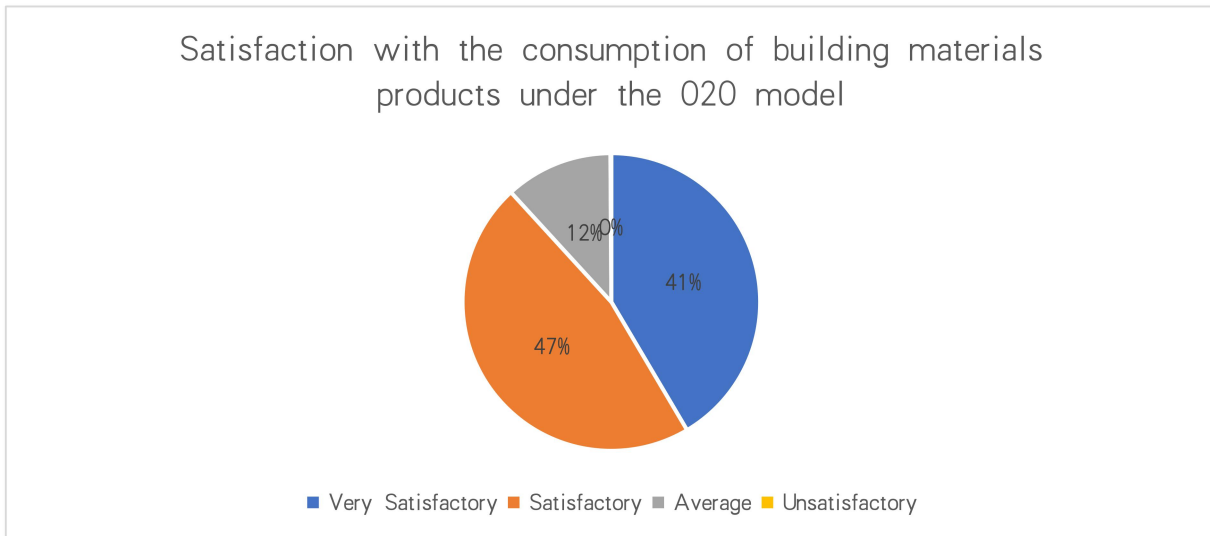
III. Buying motives of customers in the O2O marketing model of building materials products

By analyzing the customer's purchase motivation can help enterprises develop a more targeted marketing plan, thus improving the enterprise's product sales revenue, so that enterprises can obtain the maximum profit at the same time, the customer can also enjoy the best quality service and promote the realization of the transaction.

First of all, according to the survey results, most consumers have not experienced the consumption of building materials products under the O2O mode, accounting for 78.6%. And consumers who have experienced the consumption of building materials products under O2O mode are basically satisfied with this purchase. (See 2-5.) It can be concluded that there is still a large development space for O2O marketing mode in the field of building materials product retailing. Meanwhile, for the consumers who have not consumed building materials products under O2O mode, 63.7% of them expressed their willingness to choose the consumption of building materials products under O2O mode. The main factors that determine whether they choose are as follows: 73.4% of consumers believe that the credibility of the website, the credibility of the store is the main factor they consider; 71.3% of consumers believe that the online transaction is convenient and cheap is the reason they choose; 66.7% of consumers believe that buying building materials products under the O2O mode saves time; 47.8% of consumers believe that consumption of building materials products under the O2O mode is more convenient to collect product information; 47.8% of consumers believe that consumption of building materials products under the O2O mode is more convenient to collect product information. Building materials products are more convenient to collect product information; and 36.3% of consumers are willing to choose the O2O mode of building materials products consumption because they like and often online shopping. The other 21.4% are not willing to choose the O2O mode of consumption of building materials products mainly because they are worried that the pictures do not match with the real thing, and they think that after-sales service in physical stores is more secure and they are used to go to the physical stores to make purchases.

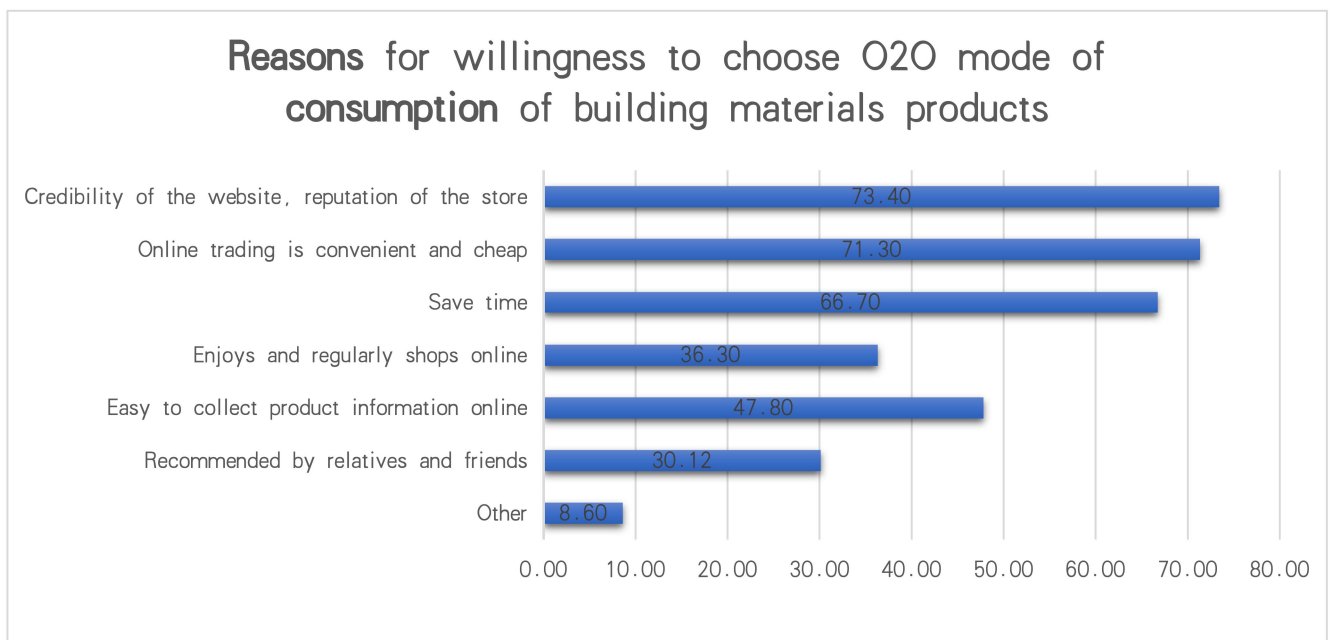
Figure 7.5 Satisfaction with the consumption of building materials products under the O2O model

(%)



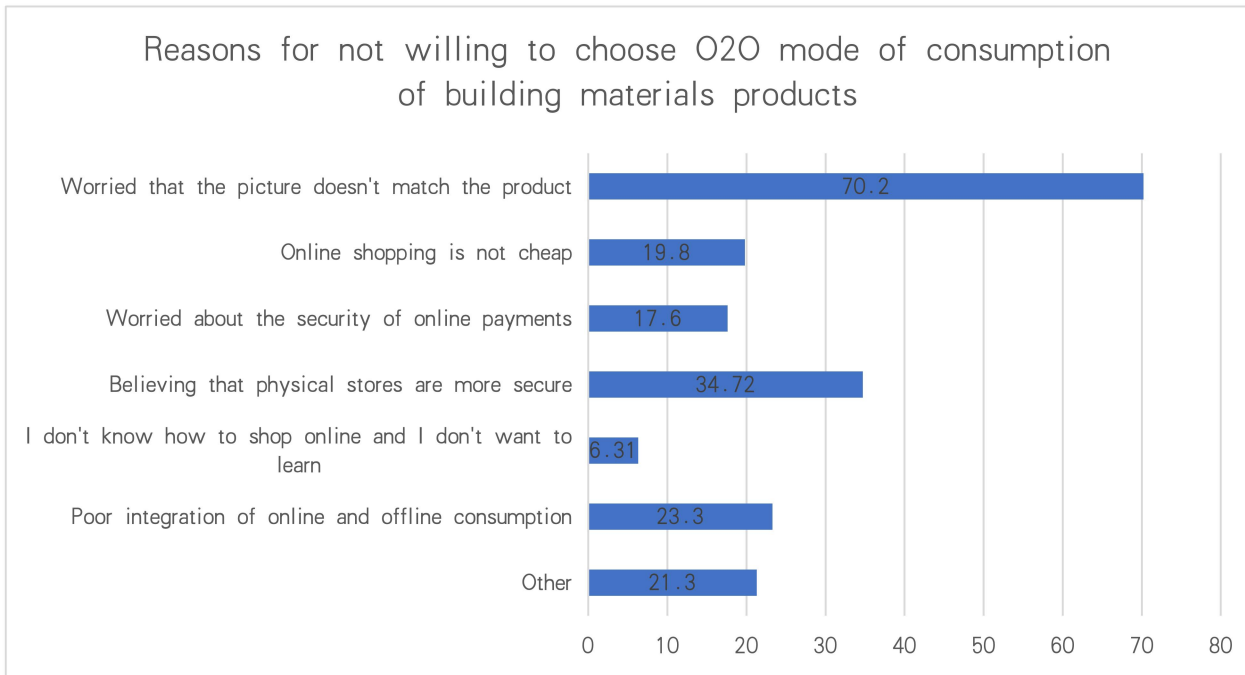
Source: The author, 2023

Figure 7.6 Reasons for willingness to choose O2O mode of consumption of building materials products (%)



Source: The author, 2023

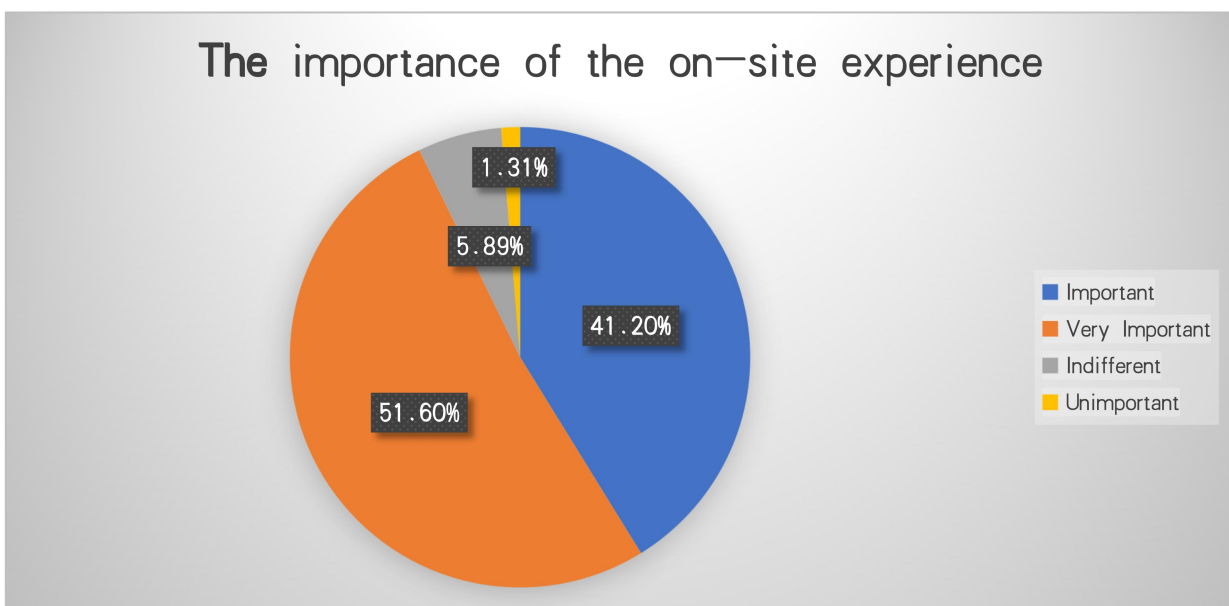
Figure 7.7 Reasons for not willing to choose O2O mode of consumption of building materials products (%)



Source: The author, 2023

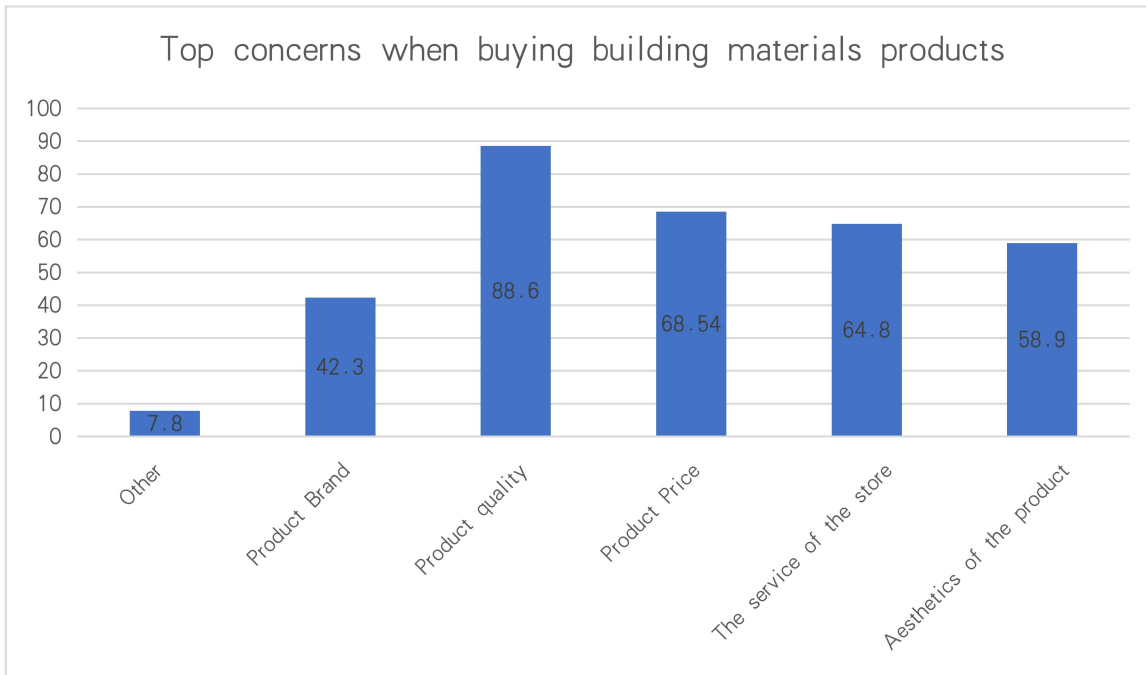
Secondly, it can be seen from the figure that 92.8% of consumers think that buying building materials products on-site experience is important, only 5.89% and 1.31% of consumers think that buying building materials products on-site experience is indifferent and unimportant. At the same time, it can be seen from the figure, consumers in the choice of building materials products, the most concerned about the quality of products, followed by service and price, followed by brand and aesthetic and so on.

Figure 7.8 The importance of the on-site experience (%)



Source: The author, 2023

Figure 7.9 Top concerns when buying building materials products (%)



Source: The author, 2023

Through the above analysis, it can be found that consumers are more concerned about the credibility of the business and the after-sales service provided by the business when choosing the purchase method, while the time spent on shopping and the security of the transaction are also in their consideration. Therefore, if enterprises can effectively combine online and offline marketing can increase the degree of consumer trust. Therefore, enterprises need to consider these factors together for O2O marketing, constantly improve the quality of their products and enhance their service level to make consumers feel satisfied.

8. Improvement Measure

8.1 Marketing Plan Goals

To solve the company's declining operating revenue situation, through the previous analysis, focus on two issues: products and market share. Through the precise marketing mix, accurate positioning of the current stage of Oriental Yuhong to vigorously develop market segments, to provide incremental market share. At the same time, innovation and upgrading of products to enhance the comprehensive strength of the enterprise, all-round efforts for the growth of operating revenue.

8.2 Marketing Mix

This chapter analyzes the current marketing situation of Oriental Yuhong and the results of the consumer behavior survey, and concludes that there are problems in Oriental Yuhong 's marketing model. In response to these problems and the results of the analysis of the company's current marketing environment, the 4P theory of marketing is used to improve the design of Oriental Yuhong 's marketing model from four aspects: product, price, place and promotion.

8.2.1. Product

According to the problems of Oriental Yuhong's marketing model summarized in the previous chapter, there are two problems in its products: 1. The serious homogenization of goods and lack of innovation; 2. The goods and services provided can not meet the needs of customers' continuous progress and change. Therefore, the Oriental Yuhong in the process of optimizing the marketing model, first of all, need to segment the consumers in the market, and then clearly adopt the O2O marketing model of the service object, and secondly, for different customer needs and customer groups, to provide differentiated goods and services. For the elderly self-build customers, we mainly provide high-quality but lower-priced products so that they can enjoy the benefits. For younger customers, we provide more considerate services and products with higher standards, such as higher environmental performance. Let the technical team for the need of customers to provide technical support, to help guide customers to choose the construction program. At the same time, you can let the customer through the first online appointment to the store to experience the time, choose a stronger store to experience, experience and feel satisfied, and then go home to pay for the order, and then deliver the goods to the customer's development of the location, in order to save the customer's time. Thirdly, after clarifying the goods and

services sold, the company can establish a product theme marketing strategy applicable to the O2O marketing model to cater to the needs of customers and customer interaction. The company can pay attention to social network platforms, such as microblogging, shaking sound, etc., to understand the recent topic of highest concern, as a basis for the design of different product themes at different times for marketing. For example, in February the hot topic is Valentine's Day, the company can design Valentine's Day-themed product series and activities, in the official account of the various platforms to display, and attach the APP online platform two-dimensional code for consumers to download and log in to understand the purchase of goods and services, for consumers to download and log in to understand the purchase. For consumers to download and log in to understand the purchase, and at the same time with the activities organized offline, so that consumers can also experience the reservation of offline stores.

Table 8.1 Segmentation of products and services for different customer groups

Customer Type	Consumption habits	Recommended Product Series	Service Standard	Budget (Unit:RMB/m ²)
Elderly self-build customers	Low price of products, No high demand for product quality and appearance	Low-end series products	Products to provide group purchase price, national standard quality, any after-sales problems can call the company's service line.	15-25
Middle-aged commercial property customers	High spending power. Concerned about quality and brand	High-end series products	The products are higher than the national standard quality. There are professional after-sales personnel to track the use of customers for life, can provide on-site technical guidance.	41-60
Young Customers	Average spending power, concerned about product appearance and innovation	Mid-range series new products	High environmental protection and new technology products. Professional after-sales personnel track customers' use for life, and can provide on-site technical guidance and new product trial service.	26-40

Source: The author,2023

8.2.2. Price

Price is the most flexible tool for an enterprise to compete, the Oriental Yuhong price system and the overall level of the market is flat, reasonable and moderate, price marketing strategy does not require too much adjustment.

Figure 8.1 Waterproofing industry price comparison of the top three brands



Source: Xueqiu.com,2022

Average sales price (yuan / square meter) based on operating income divided by the sales volume of waterproofing materials disclosed in the annual report of each, which will be converted from paint to coil (according to the prospectus of the Oriental Yuhong stated that every 30 tons of waterproof coatings are converted into approximately 10,000 square meters of waterproofing membrane, presumably by value). Given the accuracy of the data, the average sales price is for reference only. Yuhong and Keshun product price band distinction is obvious (gross profit level close to the case, attributable to differences in product mix), and Canlon product prices gradually converge. Yuhong 's product selling price gradually lower, combined with the trend of international crude oil prices, crude oil prices rebounded in 17, 18, the average sales price did not rise but fell. On the one hand, this reflects the industry characteristics of homogenized product competition; on the other hand, in order to dig deeper into the market vigorously cultivate dealers will also lead to a decline in the average sales price.

Pricing strategy should pay attention to one point, different series of products differentiated pricing. For the company's high-grade series of products and technological innovation products, such as "Zhen" series of products, the company can develop a skimming strategy, has to meet the requirements of high-consumption customers on high-quality, high-environmental high-tech and so on. For those ordinary products, such as "Blue Classic" series, the company can adopt the

penetration strategy. Expand the production scale, reduce costs and increase volume. In O2O marketing model has a very important advantage is the price, through the improvement of the cost structure of the enterprise, eliminating some of the costs of manpower and other costs, so that operating costs are reduced, and will save the cost of concessions to consumers, so that consumers enjoy quality service at the same time, get a more favorable price. At the same time, the rise of e-commerce makes the geographical boundaries of consumer shopping become more and more blurred, customers can compare the price of goods in the whole country or even the whole world, so as to decide the final purchase, so the favorable price can attract a wider range of consumers.

8.2.3. Place

For this year's key customers in the civil retail market consumers, the enterprise can work with major APP, such as Tubaboo building materials, China Building Materials e, network platforms, such as Tiktok, Sina Weibo, public number cooperation, to send brand introduction tweets. Through such advertising push, on the one hand, it can let more people understand Oriental Yuhong and enhance the brand communication power, on the other hand, it can also attract some customers in need and tap potential customers. The specific plan is as follows:

1. Carry out network precision push

Unlike the traditional marketing model, in the O2O marketing model, companies can do precision marketing. Enterprises can use Big data to assist marketing, so that customer relationship management is more effective, so the basic information of the customer is especially important for the enterprise. Enterprises can be more clear about what customers want by acquiring and analyzing their basic information, for example, enterprises can provide differentiated services for different consumers by analyzing the historical consumption data of customers and pushing the relevant information about the goods that they may be interested in according to the purchasing situation of consumers of different ages. As another example, by analyzing consumers' historical consumption data, enterprises can classify consumers into potential value customers, high-value customers, low-value customers and intermediate-value customers. For high-value customers, the enterprise can arrange special personnel to maintain, timely handling of customer requests, maintain communication with customers, so that

customers can fully feel the VIP services provided by the enterprise, in order to increase its loyalty to the enterprise brand. For the intermediate value and potential value customers, companies can actively cultivate and their relationship, so that they understand more about the company's corporate culture and product services, and slowly become loyal customers of the brand. For those low-value customers, companies do not have to spend too much energy to maintain, let nature take its course.

2. Realize the full coverage of all stores WIFI

Enterprises in the implementation of O2O marketing model, will gradually realize the full coverage of all stores WIFI, through this project, the Oriental Yuhong on the one hand, you can let this network in the store settlement service at the same time for the door-to-door shopping for customers to provide a free network, so that it has a better shopping experience, on the other hand, the enterprise can make use of the network for product information promotion, as long as the use of the network will be the first to carry out a wireless network to verify the attention to the enterprise's public number, and after that, you can receive a regular push of the enterprise's promotional advertisements.

8.2.4. Promotion

Promotional marketing strategy is an important activity that connects a company to the outside world and is a direct method adopted by the company to communicate with different target audiences. The specific promotional strategies that a company can adopt are as follows:

1. Combine promotional marketing strategies when marketing products

For example, near the Chinese New Year, companies can design Chinese style theme product marketing, combined with price promotions, will be suitable for some of the paint and seamstresses and other suitable for matching with the Chinese style of home for a combination of packaged sales, the customer to buy the corresponding theme packages, you can enjoy the corresponding price concessions or some auxiliary materials free gifts. This can be through this product marketing combined with promotional activities to better stimulate consumers to produce purchase behavior. Another example, the Mid-Autumn Festival can be held at the Mid-Autumn Festival activities, as long as the forwarding of microblogging about Oriental Yuhong, and attached to the reunion of friends and relatives to spend the holidays together pictures, you

will have the opportunity to the offline stores to receive the Mid-Autumn Festival gift packages prepared by Oriental Yuhong , in order to promote branding and enhance customer satisfaction.

2. Use experiential marketing to motivate consumers to buy when conducting promotions

The full integration of online and offline resources, so that consumers first through the online simple understanding of the product, and then lead consumers to the offline physical store experience consumption. When customers experience consumption in the physical store, marketers can use language, scene and other influences, according to the needs of consumers to promote the product, so as to set off the consumer's motivation to buy.

3. Develop personalized marketing programs to meet the needs of different customers

When the customer is some of the old customers, the Oriental Yuhong does not need to introduce too much information about the enterprise, but can be based on the collection of customer information to communicate with the customer, using the customer's interest in the customer's more acceptable and more interested in the way to convey product information to the customer. So that the customer's desire to communicate can be more stimulated, is the customer to resonate, so as to complete the purchase.

8.3 Marketing Implementation Plan

In order to ensure the smooth implementation of Oriental Yuhong 's newly developed marketing program, this chapter will propose a specific timetable for the implementation of the program and the implementation of the process will be encountered in the pain points and difficulties in the implementation of the program in the specific implementation of the process, according to the implementation of the effect and progress and then make the appropriate adjustments, at the same time, from the enterprise's internal system to ensure that the protection of product research and development and technological innovation to ensure the protection of internal and external organizational relations to ensure that the protection of the strengthening of the industry penetration of the activities to participate in the protection of the four areas Provide protection measures. It is hoped that the marketing program and safeguard measures in this thesis can solve the actual problems of the enterprise and complete the research of this thesis.

Oriental Yuhong needs to develop a corresponding implementation schedule based on the previous marketing improvement strategy to clarify the division of labor among departments and

carry out effective marketing strategy activities. According to the above improvement of marketing strategy, improve the quality of enterprise personnel, research staff research level, network operation and maintenance personnel technical level. Specific schedule reference:

Table 8.2 Marketing Activity Schedule

Marketing Activity Schedule																		
No.	Marketing Type	Marketing Description	Responsible Department	Estimated costs (Unit: 10,000 yuan)	S	O	N	D	J	F	M	A	M	J	J	A	S	O
1	Market Analysis	Interpretation of policy information, understanding of changes in customer needs, and determination of the direction of product development through specialized research institutes.	Technology Development Department, Management Department	10.00														
2	Market Positioning	Maintain customer files and improve customer categorization	Management Department	5.00														
3	Network Operations	Rapidly establish official accounts such as the company's public number, and establish full coverage of WiFi in stores	Network Operation and Maintenance Department	20.00														
4	Product Development	Actively develop and promote new products based on market demand and national policies.	Technology Development Department, Management Department	35000.00														
5	Pricing Discussion	Involvement of marketing, R&D and finance departments in pricing discussions for new and old products	Technology Development Department, Marketing Department, Finance Department	3.00														
6	Marketing Refinement	Differentiate customer groups according to different age stages and different spending power to provide differentiated services.	Marketing Department, Sales Department	10.00														
Total Cost				35048.00														

Source: The author,2023

9. Conclusions

9.1 Research Conclusions

Affected by the real estate industry and building materials industry downturn after the epidemic, as well as the rapid development of economic and technological development, the consumer's shopping concepts and lifestyles are also changing, the traditional marketing model is no longer able to meet the needs of consumers, and so derived a new marketing model. This thesis takes Oriental Yuhong Company as the research object, during the writing of the thesis by reading a large amount of literature, focusing on the current development situation in the industry, using PEST to analyze the domestic building materials and waterproofing enterprise business environment, using McKinsey 7S and SWOT model to analyze the internal business environment of Oriental Yuhong Company. Through the research found the company's key market segments were found to be insufficient, and the key markets were redefined. Solutions were proposed using the 4P theory tool. The main conclusions of this thesis are: 1. reposition the new product market, focus on research and development innovation, 2. vigorously develop the use of the Internet, improve the enterprise network information system, and establish the service system of O2O marketing mode. 3. pay attention to changes in consumer demand in the key markets, and follow the policy and the general environment of the change.

9.2 Research Limitations

It is necessary to acknowledge the limitations of this work, due to time and space constraints, we only focus on the civil building materials market customers to be developed, so the survey sample size of this study is relatively small. In addition, by only focusing on the residential building materials market segment as the research target, the scope of the study also lacks breadth. Future research will require larger cohort sizes so that the company's marketing improvement program involves every market segment.

9.3 Suggestions for future research

Social and economic upheaval and development and technological updates will inevitably lead to innovation and change in the marketing model. And this change plays an immeasurable role in the development of an enterprise and maximize the benefits of the enterprise. In this thesis, the

waterproofing industry in the study of Oriental Yuhong will also promote the development of the entire waterproofing industry. Flexible use of network marketing O2O marketing model, both in line with the transformation of social consumption patterns, but also bring consumers a better experience. Favorable to enterprise development is very brand reputation growth.

However, the implementation and development of O2O marketing model also involves many aspects of the factors, not only includes economics, management and other knowledge, but also involves the sociology, psychology and other knowledge, we need to apply them to the actual business management. In this thesis, due to the limitations of the author's professional knowledge and ability, coupled with the lack of practical experience, the research in this thesis has certain shortcomings, which need to be gradually improved in the future study and research.

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Appendices

Appendix A

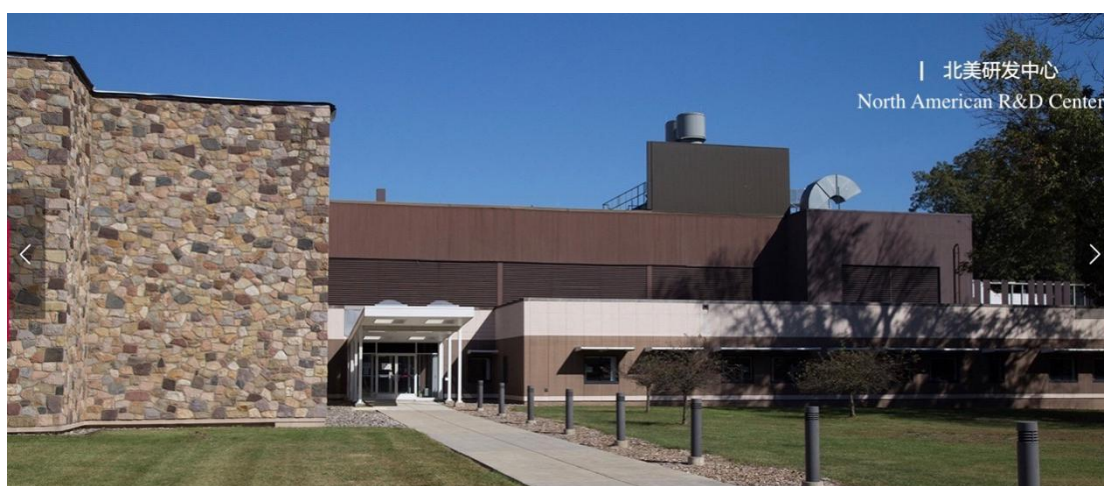
Figure 5.9 Beijing Oriental Yuhong Waterproof Technology (Income Statement)

	<	(FY)2022/12/31		(FY)2021/12/31		(FY)2020/12/31		(FY)2019/12/31	>
Total operating revenue	-2.26%	31.21B	46.96%	31.93B	19.70%	21.73B	29.25%	18.15B	
Operating revenue	-2.26%	31.21B	46.96%	31.93B	19.70%	21.73B	29.25%	18.15B	
Other operating revenue	-16.06%	858.92M	1,233.7...	1.02B	-36.11%	76.72M	1.46%	120.07M	
Total operating cost	6.02%	28.68B	52.32%	27.05B	13.24%	17.76B	26.61%	15.68B	
Operating cost	4.45%	23.17B	62.16%	22.18B	17.28%	13.68B	26.97%	11.67B	
Operating tax surcharges	18.95%	252.77M	14.31%	212.5M	33.33%	185.9M	14.62%	139.43M	
Operating expense	19.84%	2.66B	24.06%	2.22B	-16.53%	1.79B	26.08%	2.14B	
Administration expense	9.14%	1.79B	30.46%	1.64B	30.59%	1.26B	5.27%	965.31M	
Financial expense	5.77%	245.23M	-38.97%	231.84M	-8.11%	379.86M	114.43%	413.39M	
- Interest expense (Financial expense)	37.33%	197.93M	-44.70%	144.13M	-28.99%	260.62M	144.09%	367.01M	
- Interest Income (Financial expense)	41.39%	-71.27M	-207.16%	-121.6M	-17.78%	-39.59M	-23.08%	-33.61M	
Research and development	-0.54%	556.32M	20.63%	559.31M	29.98%	463.65M	33.01%	356.71M	
Credit Impairment Loss	-25.32%	-314.9M	-15.15%	-251.28...	-63.53%	-218.22...	--	-133.45...	
Asset Impairment Loss	-467.68...	-77.77M	69.98%	-13.7M	-446.3...	-45.63M	86.62%	-8.35M	
Other net revenue	-79.70%	43.52M	-7.44%	214.42M	55.66%	231.65M	-5.33%	148.82M	
Fair value change income	90.18%	-4.87M	-5,678....	-49.58M	-54.16%	888.75K	--	1.94M	
Invest income	-156.11%	-11.96M	-89.74%	21.32M	6,823.2...	207.7M	6.57%	3M	
- Including: Investment income associates	-49.77%	6.43M	948.94%	12.81M	--	-1.51M	--	--	
Asset deal income	1,293.1...	390.87K	124.51%	28.06K	86.82%	-114.47K	-113.75%	-868.45K	
Other revenue	-10.84%	452.62M	76.85%	507.63M	0.17%	287.03M	36.13%	286.54M	

Operating profit	-49.41%	2.58B	21.29%	5.1B	60.34%	4.2B	44.24%	2.62B
Add:Non operating Income	194.73%	59.73M	47.25%	20.27M	-8.78%	13.76M	3.53%	15.09M
Less:Non operating expense	92.69%	35.34M	-70.40%	18.34M	38.39%	61.96M	331.10%	44.77M
Total profit	-48.95%	2.6B	22.74%	5.1B	60.32%	4.16B	42.28%	2.59B
Less:Income tax cost	-45.25%	485.55M	15.40%	886.85M	48.74%	768.51M	66.23%	516.7M
Net profit	-49.73%	2.12B	24.40%	4.21B	63.20%	3.39B	37.35%	2.08B
Net profit from continuing operation	-49.73%	2.12B	24.40%	4.21B	63.20%	3.39B	37.35%	2.08B
Less:Minority Profit	-128.50%	-2.45M	518.03%	8.61M	-122.11%	-2.06M	243.36%	9.32M
Net profit of parent company owners	-49.57%	2.12B	24.07%	4.2B	64.03%	3.39B	36.98%	2.07B
Currency Unit		CNY		CNY		CNY		CNY
Accounting Standards		CAS (2007)		CAS (2007)		CAS (2007)		CAS (2007)

Source:SOHU.COM,2023

Figure 5.10- Oriental Yuhong Company North America R&D Center



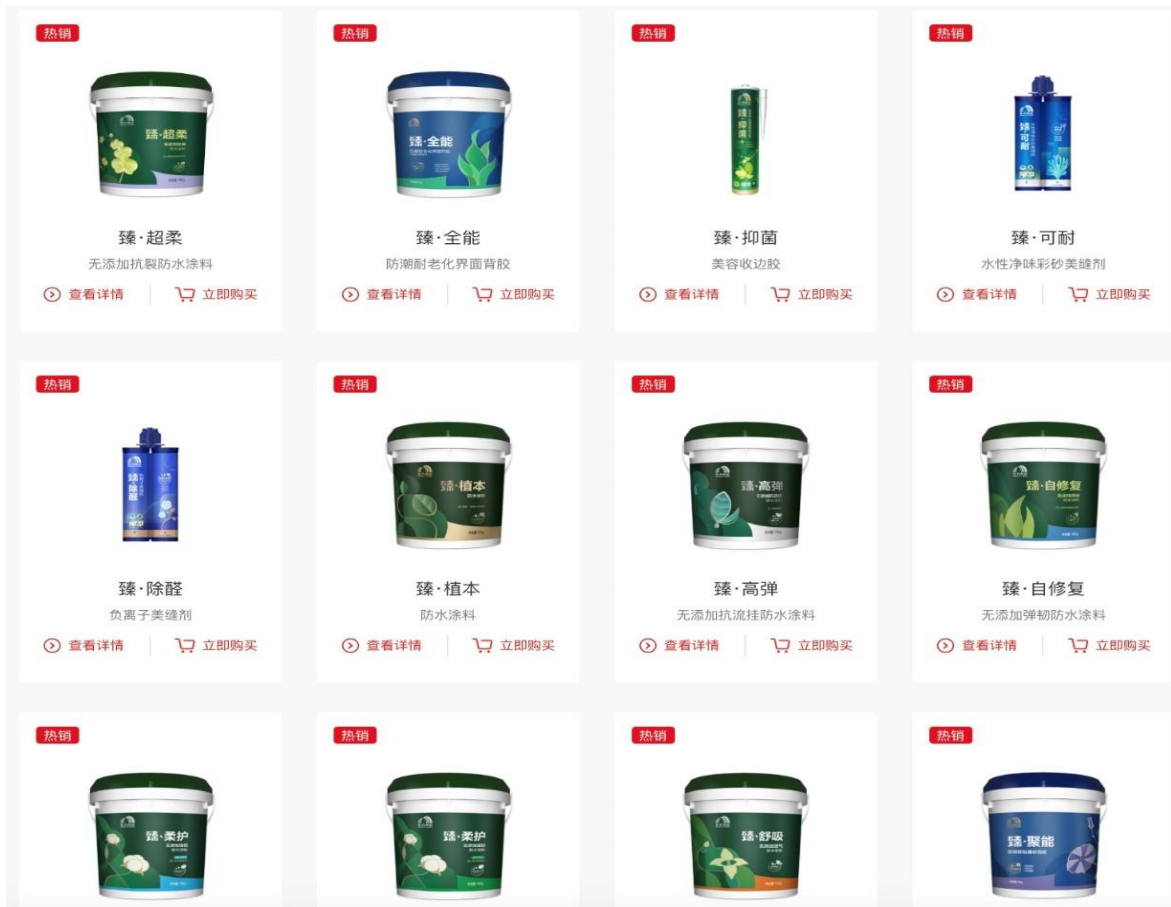
Source: Oriental Yuhong official website, 2022

Figure 5.11 Oriental Yuhong construction site



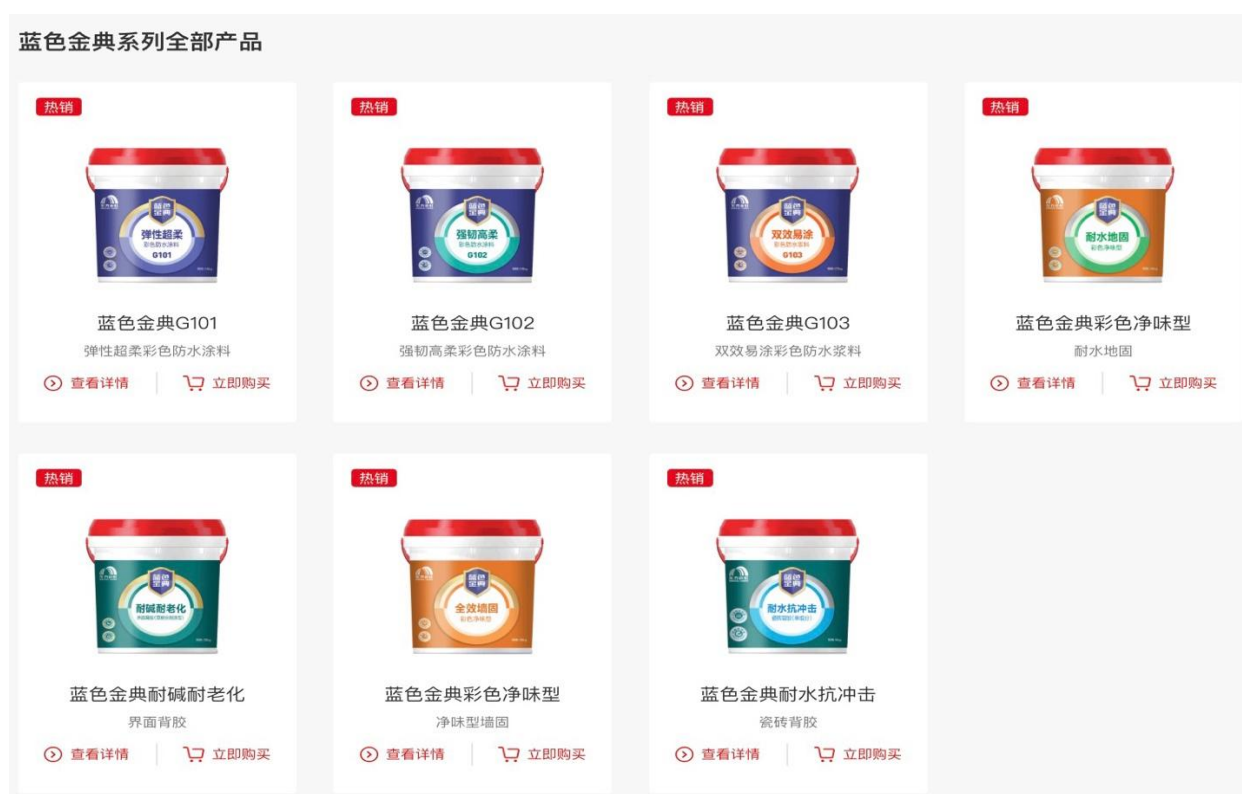
Source: Oriental Yuhong official website, 2022

Figure 5.12 Oriental Yuhong "Zhen" series products



Source: Oriental Yuhong official website, 2022

Figure 5.3 Oriental Yuhong "Blue Classic" Series Products



Source: Oriental Yuhong official website, 2022

Table 6.2 SWOT Analysis

<p>Strengths</p> <ul style="list-style-type: none"> Brand Advantage Product development advantage Production capacity layout advantage Cost advantage Multi-level marketing network advantage Product category advantage Application technology and system service advantage 	<p>Weaknesses</p> <ul style="list-style-type: none"> High cost of raw materials Management risk. The company management are more than 10 veteran employees, whether they can continue to maintain innovation, passion
<p>Opportunities</p> <ul style="list-style-type: none"> Expanding market share Favorable news of policy Domestic focus on DAB market and vigorous development of overseas markets 	<p>Threat</p> <ul style="list-style-type: none"> Many small and medium-sized enterprises in the industry, industry competition is not standardized. Key customers, the company's customers are mainly real estate customers, real estate industry downward. Insufficient market supervision, full of counterfeit and non-standard products Insufficient market supervision, full of counterfeit and non-standard products Cash flow pressure, as a supplier in the real estate industry, the risk of accounts receivable is high

Source: The author, 2023

Appendix B – Questionnaire

Oriental Yuhong Customer Intention Questionnaire

Starting time: _____ End time: _____ No. _____

Please fill out the following questionnaire, and leave your contact information, so that the company better understand your needs, and provide better service to you to pass the relevant information about the Oriental Yuhong information, after completing the survey, you will receive an exquisite gift. We will keep your answers strictly confidential. We hope you can take a little time out of your busy schedule to help us complete this survey, thank you for your support and cooperation.

- 1、 Gender Male Female
- 2、 Are you willing to try the O2O model to buy building materials products? Yes No
- 3、 Age Under 30 years old 30-40 41-50 Over 50 years old
- 4、 Do you know the brand Oriental Yuhong? Yes No
- 5、 How did you know about Oriental Yuhong?
 Chat with relatives and friends Mobile advertising and promotion
 Decorator Recommendations Third-party online platforms to publicize
 Physical store Other
- 6、 Have you experienced the O2O model of building materials products under consumption?
 Yes No
- 7、 If you have not experienced the consumption of building materials products under the O2O model, are you willing to try?
 Yes No
- 8、 What are the factors that you decided to choose to consume building materials products under the O2O model?
 Credibility of the website, reputation of the store Convenient and cheap online trading
 Save time Enjoy and often shop online Recommended by relatives and friends
 Easy to collect product information online Other
- 9、 What are the reasons you don't want to choose to consume building materials products in O2O mode?
 Worried that the picture doesn't match the product Online shopping is not cheap

- Worried about the security of online payments Believe that physical stores are more secure
- Don't know how to shop online and don't want to learn how to shop online
- Poor integration of online and offline consumption Other

10、 Do you think it is important to buy building materials products on-site experience?

- Very important Important Unimportant Indifferent

11、 What do you care most about when buying building products?

- Product quality Price of the product Product Brand
- Services of the store Aesthetics of the product Other

12、 If you have any comments and suggestions about Oriental Yuhong Company's products and services, please describe. We appreciate your feedback.