

Research on Innovation and CSR of Small and Medium Textile Machinery Enterprises

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ABSTRACT

This study focuses on small and medium-sized textile machinery enterprises in China, exploring how they can optimize sales performance through innovation and corporate social responsibility (CSR) practices, combined with organic online traffic and word-of-mouth recommendation strategies. Amidst the backdrop of fierce global competition in the textile industry, shifting consumer preferences, and heightened environmental requirements, the COVID-19 pandemic and Sino-American trade conflict have further exacerbated challenges faced by the industry. As a crucial link in the textile supply chain, textile machinery enterprises have also been impacted. Despite these difficulties, small and medium-sized textile machinery enterprises play a significant role in industry development and competitiveness. By integrating modern marketing strategies with CSR practices, this study aims to reveal how enterprises can effectively communicate their CSR commitments to expand market influence, boost sales growth, and strengthen brand reputation. The findings indicate that innovation and CSR play a pivotal role in enhancing corporate competitiveness, differentiating from competitors, and fostering brand loyalty. Based on interviews with a family-owned enterprise, this study observes that while the enterprise has achieved notable success in CSR practices, there is room for improvement in its marketing and communication strategies. Therefore, this paper proposes improvements such as optimizing the official website to highlight CSR, increasing investment in social media marketing, and combining CSR with offline word-of-mouth recommendations, with the aim of helping enterprises more effectively convey their CSR philosophies, attract potential customers, and drive sustained business growth.

KEYWORDS

Small and Medium-sized Textile Machinery; CSR; Marketing Strategy; Online Traffic; Business Growth

1. INTRODUCTION

1.1. Background of the Textile-Related Machinery Industry in China

China's textile industry is one of the world's largest and most significant factors. The quantity of exported textile-related products accounts for more than one-third of global textile production. (Wei, 2022) However, the industry faces a number of challenges, including rising international tensions, shifting consumer preferences, and the need to implement environmentally friendly practices. These difficulties have been exacerbated by the COVID-19 pandemic and the ongoing Sino-American trade conflict. As the downstream industry of textile production, the textile-related machinery industry has been fully impacted.

In recent years, the scope of the Chinese textile machinery industry has continued to decline due to these challenges. According to research conducted by Li (2020), the textile machinery industry

comprised 675 companies in 2019 and had an operating income of 81,952 billion yuan, a decrease of 7.0% from the previous year. In the first half of 2020, the textile machinery industry comprised only 636 companies and generated operating income of 32,137 billion yuan, a decrease of 17.02% year-over-year. These statistics reflect the severe impact of the pandemic and the trade war on the industry, as well as the intensifying competition domestic companies face.

Nevertheless, despite these difficulties, small to medium-sized textile machinery manufacturers continue to be vital to the industry's development and competitiveness. To better increase the competitiveness of a specific machinery company, using an appropriate way to communicate with the clients that demonstrates its CSR becomes unprecedentedly important.

1.2. Purpose and Objectives of the Paper

This paper focuses on how small to medium-sized Chinese textile-related machinery companies, mainly focus on my family company, can utilize innovation and corporate social responsibility (CSR) practices to optimize sales through organic online traffic and word-of-mouth referrals. By integrating modern marketing strategies and CSR practices, companies can reach a wider audience, boost sales, and improve brand reputation. This paper aims to demonstrate how companies can improve the way they talk about CSR by using proper marketing strategies to effectively communicate their efforts. The target audience for this paper is my family company seeking to improve sales and brand reputation. The paper will be delivered through a recorded video. The intended outcome is to provide the family company with insights on how to improve business growth, reach a wider audience, and contribute to the development of the industry.

2. INNOVATION AND CSR PRACTICES FOR THE FAMILY COMPANY

2.1. Definition and Importance of Innovation and CSR

Innovation refers to the creation and implementation of new or improved products, services, processes, or business models. In the context of CSR in the textile-related machinery industry, innovation is crucial as it can help clients reduce their negative impact on the environment and contribute to sustainable development. The textile industry is known for its high water consumption and the production of large amounts of waste. Thus, companies need to adopt innovative solutions to address these issues. For instance, by providing innovative dyeing techniques that require less water, energy, and chemicals, such as the use of air dyeing or low-liquor ratio dyeing technology, the machinery companies could demonstrate their commitment to CSR and enhance their reputation as responsible corporate citizens. This technology reduces water consumption by a significant amount and diminishes further concern for chemicals and wastewater, which will bring actual economic benefits.

Furthermore, innovation and CSR are both critical for small to medium-sized textile-related machinery companies for several reasons. Firstly, by adopting sustainable practices and developing innovative solutions, these companies can differentiate themselves from their competitors and create a competitive advantage in the market. This can lead to increased sales, higher profits, and greater market share. Studies by Baric (2019) and Boehe (2010) emphasize the importance of a strong commitment to CSR and innovation for companies. The research shows that differentiating products based on CSR and innovation can be more effective than differentiating based on quality. Consumers in developed nations, where social and environmental issues are of great importance, are more likely to respond positively to CSR initiatives. For example, IKEA, a Swedish multinational furniture retailer, has adopted innovative solutions and sustainable practices, such as using renewable energy, sourcing sustainable materials, and creating circular business models. These practices have helped the company reduce costs, attract more customers, and enhance its brand reputation as an environmentally responsible company. Speaking to China, with the development of the economy and respect for the environmental Kuznet Curve, the government will pay more attention to environmental

protection when the economy has achieved certain level, both the government and consumers have great interests in environmental protection, which makes the differentiation on CSR more effective.

Additionally, a strong commitment to CSR and innovation can improve the company's brand reputation and increase customer loyalty. According to Barakat Ali's (2022) study, corporate brand reputation has a significant impact on customer loyalty and word-of-mouth recommendations. This means a positive brand reputation can lead to increased customer satisfaction, trust, and loyalty. For example, Patagonia, an American clothing company, has built a strong reputation for sustainability and environmental responsibility. The company has implemented innovative solutions, such as using recycled materials in its products and investing in regenerative agriculture. This commitment to sustainability has helped the company attract and retain loyal customers who share its values.

Moreover, CSR and innovation can also benefit employees of small to medium-sized textile-related machinery companies. By creating a positive work environment and investing in employee training and development, these companies can improve employee morale and motivation. This can lead to increased productivity, better quality work, and greater job satisfaction.

In conclusion, innovation and CSR are critical for small to medium-sized textile-related machinery companies to remain competitive, enhance their brand reputation, and contribute to sustainable development. The benefits of innovation and CSR, such as improved brand reputation, increased customer loyalty, and improved employee morale, make them essential components of the company's strategy. Companies need to adopt innovative solutions and sustainable practices to address the environmental and social challenges they face, create a competitive advantage, and demonstrate their commitment to CSR.

2.2. Identify the Family Company'S Current Status in Terms of CSR

Following an interview with the CEO of my family company (see Appendix 1), it is evident that our company has achieved notable success in fulfilling its CSR obligations. I am of the view that the company's performance in this area can be further enhanced by focusing on improving our marketing and communication strategies.

The company's current status in terms of CSR is commendable, as it has implemented various initiatives that demonstrate a strong commitment to sustainability, social welfare, and ethical business practices. For instance, the company has innovated environmentally friendly machines that have successfully reduced waste water emissions and electricity waste. The company is actively engaged in innovative programs that can further accomplish its CSR goals. The CEO highlighted that these CSR initiatives have enabled the company to build a positive reputation among stakeholders, including customers and employees.

However, despite the company's impressive track record in CSR, there is room for improvement in our marketing and communication strategies. To enhance our CSR reputation further, the company needs to effectively communicate its CSR initiatives and achievements to all levels of stakeholders. This can be done through various channels, such as websites, word-of-mouth, and social media. By doing so, we can create greater awareness and understanding of our CSR initiatives and their impact on society and the environment.

3. INTEGRATING MODERN MARKETING STRATEGIES AND INNOVATIONS AS WELL AS CSR PRACTICES

3.1. Identifying Current Marketing Strategies Problems

After conducting an interview with the CEO of the family company regarding its current marketing status, it became evident that the company has a strong reliance on word-of-mouth referrals and a negative attitude towards modern marketing strategies such as websites and social media.

Regarding the company's website, the CEO stated that the website is mainly used to provide customers with clear and concise information about the products. However, this goal is apparently missed. The website is updated only when new products are introduced to the market, and the focus is on maintaining a simple and intuitive design. The CEO did acknowledge that visitors may not spend much time on the website, and some may have difficulty understanding the technical information presented. Additionally, the CEO admitted that the website's search engine visibility is not optimized, and they totally rely on third-party companies to do it. When it comes to incorporating new technologies, such as chatbots or virtual assistants, the CEO stated that there is a plan to implement such tools to save labor costs and increase the conversion rate. However, due to various reasons, the plan has not been executed. The CEO also expressed that the company's current conversion rate from website visitors to customers is not ideal, and the actual conversion rate is confidential.

In terms of social media, the company is only active on TikTok and WeChat. The CEO stated that, due to cost constraints, they only focus on 1-2 products for accurate optimization each time. The company's social media engagement rate is not ideal, and the views are mainly from current clients. Although there are plans to expand the company's presence on social media platforms, the frequency of posts is determined by the launch of new products, and there is no fixed schedule.

Furthermore, the CEO emphasized that word-of-mouth referrals play a significant role in the company's marketing strategy. The effectiveness of customer recommendations is tracked, and customers are rewarded accordingly. However, the CEO did not provide specific details on how the effectiveness of word-of-mouth recommendations is measured. The company strongly believes that the quality of its products determines its reputation, which in turn determines sales.

Overall, the company appears to have a negative attitude towards modern marketing strategies, relying heavily on word-of-mouth referrals. This approach may limit the company's potential customer base and hinder growth opportunities. Therefore, it is crucial for the company to consider incorporating modern marketing strategies such as website optimization and social media engagement to expand its reach and connect with a broader audience.

3.2. Best Practices for Integrating Modern Marketing Strategies and CSR Practices

According to Ghodeswar's research (2008), consistency in a company's message and communication is essential for establishing a powerful and recognizable brand image. Companies must ensure that their products or services continue to live up to the brand's promise. This makes modern integrated marketing strategies essential for companies to remain competitive in today's fast-paced business environment. By integrating these strategies with innovation and CSR practices, companies can create a strong brand image and increase sales.

One marketing strategy that the company could use is social media marketing. Social media has become a powerful tool for businesses to reach out to customers and promote their products and services. By creating social media accounts on platforms such as TikTok, WeChat, and Zhihu, the company can showcase their innovation and CSR practices and engage with customers in a more interactive way. For example,

Another effective marketing strategy is content marketing. By producing high-quality content, such as blog posts, videos, and infographics, the company can establish itself as a thought leader in the industry and provide valuable information to customers. This can help increase brand recognition and customer loyalty. For example, the company could produce content that highlights its innovative products and processes, as well as its commitment to CSR practices such as how much waste water emissions could be reduced if the clients chose our product.

In addition to social media and content marketing, the company could also benefit from search engine optimization (SEO) strategies. By optimizing its website for search engines, the company can increase its visibility and attract more customers to its website. This can be achieved through techniques such as keyword research, on-page optimization, and link building. By creating content that incorporates relevant keywords and building links from authoritative websites, the company can improve its search engine rankings and drive more traffic to its website.

3.3. Implementation of Modern Marketing Strategies

Incorporating the CEO's negative attitude towards modern marketing strategies, it is crucial to approach these implementation guidelines with sensitivity and clear explanations of their importance. It is understandable to have reservations about changing established marketing strategies, especially when word-of-mouth referrals have been the backbone of the company's success. However, it is important to recognize that incorporating modern marketing strategies can complement existing ones and open up new growth opportunities. At the same time, according to Roy's CARE-ing strategy, I have reason to believe the family company has a weak image and needs to engage more with potential customers. Here are some more detailed guidelines for each section:

3.3.1. Take control of the company's official website and showcase CSR.

It is crucial for the company to take control of its official website and stop outsourcing the project. To achieve this, the company should prioritize search engine optimization (SEO), which involves optimizing a website's content and structure to improve its visibility and ranking on search engine results pages. SEO is essential for generating organic traffic, attracting potential customers, and increasing online visibility. By showcasing CSR on the official website, it will be easy for clients to understand the contribution the company made to CSR and differentiate the company from its competitors. After analyzing the current website, several steps can be taken to improve the company's SEO:

a. Conduct keyword research: This involves identifying and analyzing the most relevant keywords and phrases that customers use to search for products or services related to the company. However, the current homepage has limited content and mainly uses internal machine names that are difficult to understand for those who are not familiar with the company's products. This poses a problem, as it makes it difficult for the website to attract new customers because new customers will not see the website on organic search. Therefore, the company should conduct new keyword research and use industry-standard machine model names to improve the website's accessibility. By incorporating these keywords into the website's content, title tags, meta descriptions, and URLs, the website is more likely to rank higher on SERPs in general. To demonstrate the comparative advantage that the company has, other than certain machine types that can target potential consumers, I highly recommend that the company consider "green" words such as "Environmental Protection; Save Water; Safe Energy" to showcase the CSR.

b. Optimize on-page elements: This includes optimizing page titles, meta descriptions, headings, and images. Although the company values minimalism, the current homepage has insufficient information, and many specific details are hard to understand due to poor formatting. To improve this, the company can use descriptive titles, meta descriptions, and high-quality images that include relevant keywords or information such as high-end machine types and CSR topics to improve click-

through rates. The company can also use header tags to improve the organization and readability of their content and optimize images with alt text to improve their accessibility and relevance.

c. Improve site navigation and add an AI chatbot: The website's structure should be intuitive and easy to navigate to improve the user experience and increase engagement. The company can use breadcrumb navigation, a search box, and a clear hierarchy of categories to make it easier for visitors to find what they're looking for. Additionally, adding an AI chatbot can increase interaction with potential customers, leaving a positive impression and increasing conversion rates.

3.3.2. Invest more in social media marketing.

Investing more in social media marketing can benefit businesses in multiple ways, including increasing brand awareness, driving website traffic, and boosting sales. It is also the easiest and cheapest way to achieve mass advertising and demonstrate the company's willingness to take on corporate social responsibility. However, to effectively reach and engage potential customers, it is important for the family company to focus on social media platforms that cater to a professional audience. Examples of such platforms include Zhihu and WeChat, which are widely used by experts and professionals in the mechanical industry. To improve the company's professional social media marketing strategy, here are some steps that can be taken:

a. Create engaging content: The company should focus on creating visually appealing, informative, and relevant content for their audience. It is important to note that the current videos posted on the company's TikTok account lack specific themes and explanations, usually featuring only a casually filmed machine and contact information. Such videos fail to attract the target audience's attention as they are not aesthetically pleasing and lack detailed information, resulting in low engagement rates. In addition, it is crucial to maintain a consistent tone of voice and brand identity across all social media platforms.

b. Showcase brand values and CSR: It is important to post hardcore information, such as machine descriptions and photos, on social media platforms. However, it is also a good channel to advertise a company's brand values and CSR. Other than only publishing machine content, the company should also keep publishing softcore information such as value propositions, team building, innovation stories, and contributions to the community on a regular basis. Such videos will demonstrate a positive social corporate image and attract clients who share the same values.

c. Measure engagement and ROI: The company needs to track and measure its social media engagement to evaluate the effectiveness of its strategy. The company can use metrics such as likes, shares, comments, and click-through rates to determine the success of the campaigns. Moreover, the company should monitor its return on investment (ROI) by keeping track of the sales and revenue generated from social media, allowing it to adjust its strategy accordingly.

3.3.3. Incorporate CSR with offline word-of-mouth referrals.

While modern marketing strategies are important, the company should not forget the advantage of offline word-of-mouth referrals, which currently drive the most sales. Here are several suggestions that can help the company further take advantage of word-of-mouth referrals.

a. Focus on innovation and CSR: To foster positive word-of-mouth referrals, B2B companies can focus on innovation and corporate social responsibility (CSR). By introducing new and innovative products, companies can address customer pain points and provide unique value, making them stand out from their competitors. Additionally, engaging in CSR initiatives that align with the company's values and target audience can create a sense of trust and belonging among customers, increasing the likelihood of positive referrals.

b. Measure the effectiveness of word-of-mouth referrals: The company should use clear guidance, metrics such as customer satisfaction, referral rates, and repeat business to determine how well the

strategies are working. By showing that the company values and appreciates their customers, this act can create a sense of loyalty, leading to more referrals.

c. Provide exceptional customer service: By training employees to be knowledgeable, friendly, and responsive to customer needs, companies can create a unique customer experience that sets them apart from competitors. Going above and beyond for customers leaves a lasting impression, making them more likely to recommend the company to others.

4. CONCLUSION

4.1. Review of Key Takeaways

Throughout this paper, we have discussed the importance of innovation and corporate social responsibility (CSR) in the textile machinery industry. The key takeaways are that innovation and CSR can lead to numerous benefits for companies, including increased profitability, improved brand reputation, and a positive impact on society and the environment.

We have seen how innovation can help companies stay competitive in an increasingly globalized market. By developing new and improved products and processes, companies can better meet the changing needs and preferences of their customers. Moreover, innovation can help clients reduce their environmental footprint and improve their sustainability, which can have a positive impact on the communities in which they operate. We have also seen how CSR can help companies build trust with their stakeholders, including customers, employees, and investors. By prioritizing ethical and responsible business practices, companies can demonstrate their commitment to creating long-term value for society and the environment.

4.2. Call for Small and Medium-Sized Textile-Related Machinery Companies to Integrate Modern Marketing Strategies and CSR Practices into Their Business Strategies

In light of the benefits of innovation and CSR, we urge small and medium-sized textile-related machinery companies to integrate these practices into their business strategies. Specifically, we call on these companies to adopt modern marketing strategies and CSR practices that are aligned with their core values and mission. By adopting these practices, small and medium-sized textile-related machinery companies, especially those that do a great job on CSR, can gain a competitive advantage in the global marketplace because they communicate with all stakeholders effectively. We hope that this paper has inspired these company owners to take action and integrate innovation and CSR into their business strategies.

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