

HAIZOL research how factories in China have been influenced by COVID-19

To explore how factories in China have been influenced pre, during, and post the pandemic, Haizol carried out first hand research to over 200 factories in China

SHANGHAI, CHINA, July 13, 2020 /EINPresswire.com/ -- During the height of COVID-19 in February 2020, A large percentage of <u>factories</u> reported being greatly affected, with the number of orders decreasing anywhere from 20% to 80%. One large firm specializing in 3D printing noted that although the impact was small before June, since June, their order volume reduced by 80%.

A small number reported orders rising 20-30% due to the pandemic, these factories predominantly produced products for the medical industry, as well as machinery and automotive parts. "Medical industry orders, especially orders from regular customers, have increased; orders from other industries have decreased. The reason is that the medical industry has a relatively large demand during the pandemic, and the amount of orders placed by existing customers increased substantially; other industries with non-rigid demands are more affected, and customers are less likely to place orders."

Others commented that their domestic orders post March have picked up considerably, however international orders decreased due to many companies temporarily closing or working from home. For the majority of respondents, the distribution of total orders are 70% China and 30% abroad, however now the split is closer to 90% China and 10% abroad.

For many factories, they had enough business from March to May due to accumulating orders during the Chinese New Year when they paused production for around 2 weeks. After this period the orders began to deteriorate. In March, April and May, the pandemic results in a large number of orders for medical equipment and the internet of things industry.

Medical products became a powerful source of orders and income for many factories throughout China. Out of those who reported receiving orders for mask machines and other PPE products, these were OEM (original equipment manufacturers) producing the parts for another companies products who then sold them to the end consumer, rather than sourcing sales channels themselves. One point that was noted was whilst it was good business at that time, once the mask machines are no longer needed, it cannot be used for anything else, and so output is limited.

Now the pandemic in China has been controlled, factories still maintain a level of safety within the factories. Masks are still worn at all times, social distancing is still advised, and daily disinfection of the factory floor and equipment is carried out. Around one quarter of factories reported only maintaining basic protection such as wearing masks, and a large majority (almost 60%) are adopting regular protection procedures including wearing masks, taking daily temperature readings, and regularly disinfecting the work premises.

Changes will certainly occur, and many factories are thinking about how to survive, how they can solve future issues and how they can lower risk. One method that will be adopted by some is the reduction of labour expenditure, through increased automation. This ultimately means they can last longer financially in a crisis. In terms of online operations, many factories are either currently introducing an online presence, or are at minimum considering it. A large percent see the benefit in going digital, including posting product reviews showing high quality parts and videos to attract new customers. This allows customers to get prices and place orders more easily, and makes their services accessible to a wider audience.

Recommendations from factories that managed to come out stronger after the pandemic include;

- •Giving employees more technical training to improve the competitiveness of the factory.
- •Improve the level of automation within the factory, reducing dependence on people can allow a reduction in labour expenditure.
- •Bind right position in the market, then matching it to an appropriate customer group, and then targeting this group to gain customers. Agility is key, several businesses suggested optimizing to fit the current conditions.
- •Btarting internally, factories should have a good sense of risk control and be prepared for a changing market.

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Jennifer Grant
Haizol
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