A Study on the "Rejuvenation" Strategy of Established Enterprises: Take Holliday as an Example

Hongyue Zhang *

School of Social Audit, Nanjing Audit University, Nanjing, 211815, China

* Corresponding Author Email: zhyhy@fsu.edu.pa

Abstract. In the current fast-changing market environment, characterized by fierce competition and rapidly evolving consumer preferences, established enterprises are under increasing pressure to transform and upgrade. To maintain their market competitiveness, many long-standing companies have adopted "rejuvenation" strategies aimed at attracting younger consumer groups. Holliday, a bakery brand with decades of history, is one such company that has successfully revitalized its brand through a series of rejuvenation strategies in recent years. As a result, Holliday has significantly increased its market share within the bakery industry. This paper takes Holliday as a case study, focusing on the financial aspects of its rejuvenation strategy, including financial planning, capital management, investment decision-making, and other specific measures. It also analyzes the effects of these strategies on the company's overall transformation and market positioning. Through empirical analysis of Holliday's rejuvenation approach, this paper seeks to provide valuable insights and practical references for other established enterprises considering similar strategies. The findings aim to highlight the importance of adapting to changing market dynamics while ensuring sustainable growth and competitiveness in a rapidly evolving business landscape.

Keywords: Rejuvenation Strategy, Financial Planning, Market Competitiveness.

1. Introduction

As a well-established food company with a history of nearly 30 years, Holliday enjoys a high reputation in the Chinese market. As the market and consumer preferences continue to change, Holliday is also facing many challenges from the market, consumers and the Internet. Against this backdrop, Holliday has begun to realize the importance of youthful transformation. Young consumers not only represent the future market potential, but also the key force to drive the sustainable development of the enterprise. In order to attract this group, Holliday needs to make all-round changes in many aspects such as products, channels and marketing. Financial support and management is the key to achieving this transformation. How to reasonably allocate resources, optimize cost structure and improve the efficiency of capital use has become an important issue that must be resolved by the enterprise in the process of rejuvenation.

In the current market environment, established enterprises are facing unprecedented challenges. On the one hand, consumer demand is increasingly diversified and personalized, the quality of the product and brand image puts forward higher requirements; on the other hand, the rise of emerging enterprises and the development of science and technology, forcing the old companies have to seek change to adapt to the new market environment. Therefore, how to realize the "rejuvenation" transformation of the old enterprises has become an urgent problem to be solved, Goodwill in the transition process to regain the affirmation and recognition of consumers is worthwhile to face similar challenges of the old enterprises to learn from, understand the company profile and rejuvenation strategy implementation of the Goodwill will help related enterprises to learn.

Holliday Company Founded in 1992; Holliday is a well-known Chinese company specializing in baked goods. Headquartered in Beijing, the company has operations in a number of cities across China and has an extensive retail network and online sales channels. Known for its high-quality bakery products such as cakes, breads and desserts, Holliday has been committed to providing consumers with safe, healthy and delicious food for many years. The company's brand concept is

"Delivering Sweetness and Happiness", and the company continues to innovate and optimize its products to meet the needs of different consumers.

Holliday's rejuvenation transformation began in 2015, a period when the company's top management realized that the traditional way of doing business was no longer able to meet the market demand, especially the high demand of young consumers for brand freshness and innovation [1]. In order to meet this challenge, Holliday has taken a series of initiatives, from product innovation to channel expansion, to the adjustment of marketing strategy, all-round promotion of youthful transformation.

2. Implementation of Holliday's Rejuvenation Strategy

As the trend of youthfulness in the consumer market becomes more and more obvious, Holliday realizes that it must take a series of measures to attract young consumers in order to maintain the competitiveness of the brand. Holliday's rejuvenation strategy mainly focuses on three aspects: brand, product and marketing.

In terms of branding, Holliday has redesigned its brand logo and packaging to make the brand more in line with the aesthetics of young people. The new brand logo adopts a more simple and modern design style, while the packaging incorporates more fashionable elements, such as adding cartoon patterns and popular colors to the bags [2]. When launching new products in each quarter, the company also introduced a number of limited-edition products. Combined with popular topics on the Internet, the company launched cakes co-branded with famous IPs, which attracted the attention of a large number of young consumers.

In terms of products, Holliday is constantly launching new products to cater to the tastes and health needs of young people. The company has developed a series of low-sugar, low-fat and additive-free healthy bakery products to meet the needs of young people who pursue a healthy lifestyle. Holliday has also launched some creative new products, such as "Rainbow Cake" and "Matcha Latte Cake", which are not only unique in appearance, but also novel in taste, and are loved by young people.

In terms of marketing, Holliday actively utilizes social media and new media platforms for brand promotion. The company has opened official accounts on Weibo, WeChat and Jitterbug, and regularly releases interesting content to increase interaction with consumers. In order to enhance consumers' shopping experience, Holliday opened experience stores in some key cities. The decoration style of the experience stores also creates a relaxing and pleasant atmosphere, which is well received by young consumers [3].

3. The Analysis of Holliday's Rejuvenation Strategy from a Financial Perspective

The implementation of Holliday's "rejuvenation" strategy cannot be implemented without financial support. Overall, a good financial situation provides the necessary preparation for the development of "rejuvenation", and "rejuvenation" helps the company to optimize its capital structure, both of which are committed to the long-term development of Holliday.

3.1. Analysis of the Financial Position of Holliday

Through the successful implementation of a series of rejuvenation strategies, Holliday has not only enhanced brand awareness and favorability among young consumers, but also achieved excellent results in financial performance. According to the relevant analysis, from a macro perspective, in the first half of 2024, Holliday's revenue increased steadily, cash flow remained stable, and the company's overall operation was in good shape [4]. In the future, as the company continues to increase its investment in brand building, product innovation and digital transformation, Holliday is expected to continue to maintain steady growth and become a leading company in the domestic bakery industry.

3.2. Capital Structure Optimization

The "rejuvenated" Holliday is more competitive in the dessert market, with good financial performance and favored by the capitalists. In terms of financing, Holliday is actively expanding diversified financing channels to effectively reduce the cost and risk of financing. The company not only finances itself through traditional bank loans and bond issuance, but also utilizes a variety of financing methods, such as the stock market, private equity and venture capital, etc. This diversified financing strategy helps the company to choose the most appropriate financing methods and improve the efficiency of financing under the fast-changing market environment [5]. In terms of debt financing, Holliday focuses on optimizing the debt structure to reduce debt costs and risks. The Company continuously adjusts debt maturities, interest rates and repayment methods to make the debt structure more reasonable, and the Company also actively engages in debt replacement by replacing high-interest-rate debt with low-interest-rate debt, thus reducing the overall debt costs [6]. In terms of equity financing, the proportion of equity financing has been increased through directed rights issue and share placement, for example, in February 2021 Holliday Holdings completed the shareholding change, and the shares of Huang Shuting were transferred to Zheng Qianling. In October 2024, Sunrise Asia Investment Limited held 24.52% of the shares, and the suspected beneficial owner, Tang Qiqing, held 5.47% of the shares. This helps to reduce debt pressure and also helps to optimize the corporate governance structure and improve the overall governance efficiency of the company.

In terms of investment, at this stage, Holliday focuses on optimizing asset allocation to achieve efficient utilization of assets, the company reasonably allocates fixed assets, current assets and intangible assets according to the business development strategy and the market environment to ensure the effective utilization of resources; on the one hand, the company focuses on improving the efficiency of investment to enhance investment returns, the company guarantees the smooth implementation of the investment projects through strict investment project screening, risk assessment and project management. On the one hand, the Company focuses on improving investment efficiency and increasing investment returns [7]. On the other hand, the company actively expands new business to realize diversified development of the enterprise.

Holliday's capital structure optimization strategy mainly focuses on two major aspects, namely financing and investment, to maximize asset returns through diversified financing channels and optimized asset allocation. These strategic initiatives help Holliday to maintain its "youthfulness", increase its competitive advantage in the market and realize sustainable development.

4. Evaluation of the Financial Effects of Holliday's Rejuvenation Strategy

The effectiveness of Holliday's "rejuvenation" strategy is mainly reflected in the three aspects of financial indicators, financial risk and corporate performance, and an effective evaluation of these three indicators is conducive to an objective analysis of the "rejuvenation" strategy.

4.1. Analysis of Financial Indicators

Holliday, a well-known bakery brand, has successfully attracted a large number of young consumers through a series of rejuvenation strategies in recent years. The effectiveness of these strategies has been remarkable from the micro perspective of revenue, cash flow and assets and liabilities [8].

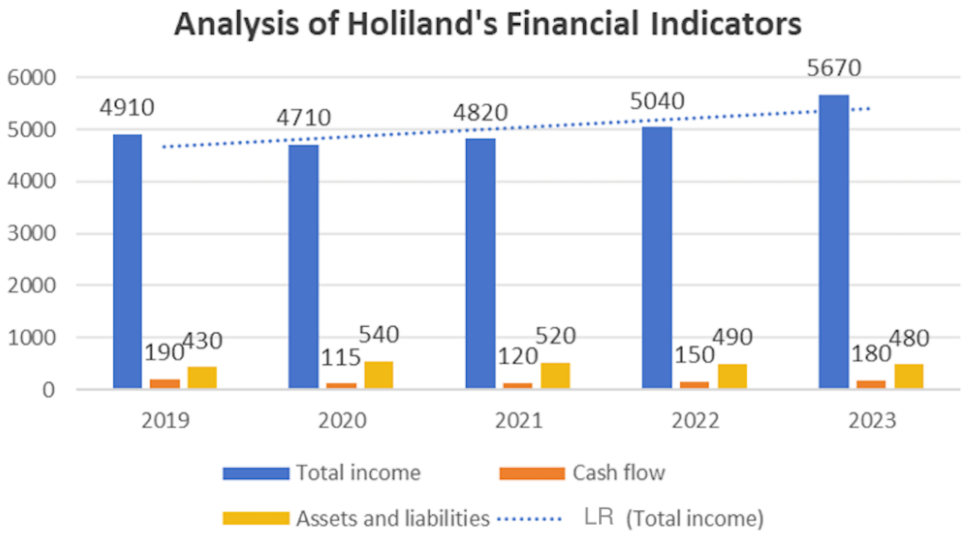

Figure 1. Holiland's financial index analysis (Unit: million)

According to the latest financial report, Holliday has achieved steady revenue growth over the past few years (see Figure 1). In 2022, the company's total revenue reached RMB 5 billion, a year-on-year increase of 10%. Among them, sales growth in online channels was particularly significant, accounting for 30%, reflecting the company's successful layout in the e-commerce field. The launch of new product lines also made an important contribution to revenue growth, especially the sales of health series and creative new products performed well. After the implementation of the rejuvenation strategy, Holliday's operating income has maintained double-digit growth for several consecutive quarters. As can be seen from the data, the rejuvenation strategy has not only increased sales, but also improved profitability, and the company's revenue has been steadily improved [9].

The implementation of the rejuvenation strategy has also improved the company's cash flow position.2022, Holliday's net cash flow from operating activities increased by 25% year-on-year to $15 billion. This not only enhances the company's liquidity, but also provides a solid foundation for future investment and growth.

Revenue growth and profit improvement as a result of the rejuvenation strategy have led to a healthier balance sheet. At the end of 2022, Holliday's gearing ratio was 5 percentage points lower than the previous year. The data indicates that the company's level of financial leverage is effectively controlled and financial risk is reduced [10].

4.2. Financial Risk Evaluation

The rejuvenation strategy has resulted in significant financial results, but also comes with certain financial risks, which are mainly in the areas of markets, operations and debt.

In terms of the market, the success of the rejuvenation strategy relies heavily on market acceptance, and Holliday's market share may be impacted if the market environment changes in the future or if competitors introduce more attractive products. The tastes of young consumers change quickly, and the Company needs to continuously introduce new products to remain competitive, which increases research and development and marketing costs to a certain extent [11]. In terms of operations, in order to support the rejuvenation strategy, Holliday has made substantial capital investments, including opening new stores, upgrading production facilities and strengthening supply chain management, these investments will increase the Company's operating costs in the short term and will affect the Company's capital turnover and profitability if they do not generate a rapid return [12]. On the debt side, although the company's gearing ratio has declined, the level of debt still exists. If the market environment deteriorates or sales fall short of expectations, the company's solvency may be affected [13].

4.3. Enterprise Performance Evaluation

From a corporate performance perspective, Holliday's rejuvenation strategy has yielded positive results in terms of brand impact, innovation and employee satisfaction.

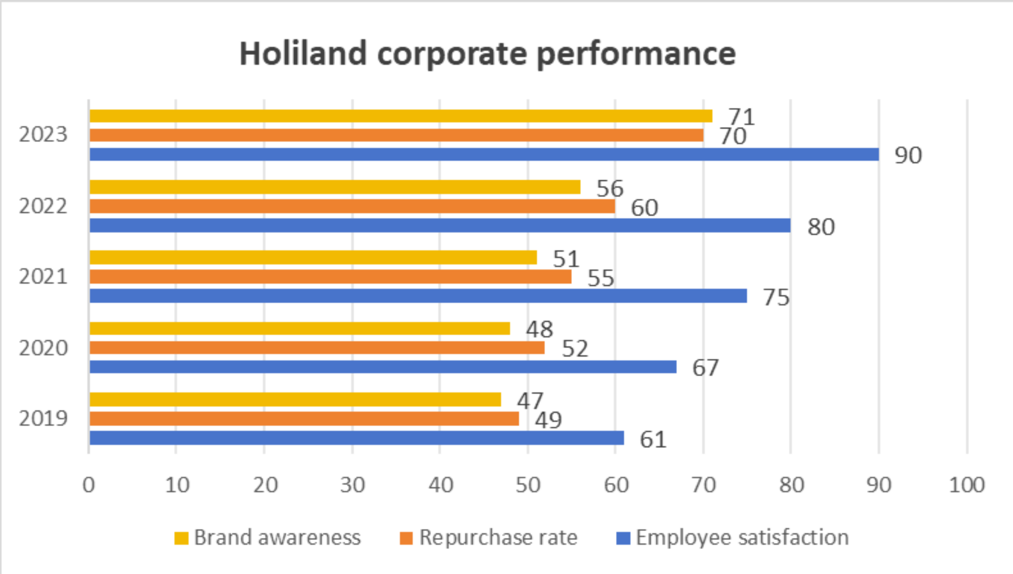

Figure 2. Holiland corporate performance in %

Holliday's brand influence is rapidly increasing. The rejuvenation strategy has not only attracted more young consumers, but also enhanced the overall image of the brand. According to market research, Holliday's brand awareness has increased by 20% and 15% in the past two years (see Figure 2). This has laid a good foundation for the company's future market expansion. By launching products and services that meet the preferences of young people, Holliday's customer loyalty has increased significantly. The data shows that in 2023, Holliday's repurchase rate reached 70%, an increase of 10 percentage points from the previous year. The data illustrates that the company has not only attracted new customers, but has also succeeded in retaining old ones [14].

The implementation of the rejuvenation strategy has also led to a cultural change within the company and a significant increase in employee satisfaction. The company has increased its focus on training and development of employees and provided more opportunities for career advancement.2023, Holliday's Employee Satisfaction Survey shows that employees are 90% satisfied with the company, which is an increase of 10 percentage points from the previous year. Increased satisfaction helps to improve employee motivation and further boosts the company's growth [15].

In conclusion, Holliday's rejuvenation strategy has achieved good results in terms of financial indicators, financial risks and corporate performance. However, the company still needs to pay close attention to market changes and continuously optimize its strategy to cope with potential risks and challenges.

5. Problems and Suggestions of Holliday's Rejuvenation Strategy

After the implementation of the rejuvenation strategy, Holliday has successfully attracted a large number of young consumers and realized the transformation and upgrading of the brand. At the same time, it should also see that there are still some problems and a lot of room for improvement in the rejuvenation strategy of Holliday.

Holliday's current problems are mainly focused on brand positioning, pricing strategy and supply chain management. In the process of rejuvenation transformation, Holliday's brand positioning is ambiguous, on the one hand, it has to take into account the aesthetics and needs of young consumers, and on the other hand, it has to take care of customers in other age groups, the brand's positioning in the market is not clear enough, and it is difficult to form a unique competitive advantage; Holliday's pricing strategy is relatively conservative, and there is a lack of differentiated pricing for different consumer groups, and young consumers are more sensitive to price , especially students and young people who have just entered the workplace [16]. With the advancement of the rejuvenation strategy, the Company's supply chain appeared to have management to be optimized. Holliday's business scale has been expanding, and the requirements for supply chain management have become higher and higher, and the Company still suffers from unstable supply of raw materials and poor management of inventories in supply chain management, which have seriously affected the quality of the products and the satisfaction of the consumers.

To address the three aspects of brand, price and supply chain, it is necessary to form a clear brand positioning, implement a flexible price strategy and continuously optimize supply chain management. First of all, Holliday should clarify the brand positioning in the rejuvenation strategy, focus on the core consumer groups, create exclusive bakery product series for the aesthetics and needs of young consumers, while taking into account the consumption needs of customers in other age groups, and form a unique brand image through precise market positioning. Secondly, in terms of price, the company should introduce more cost-effective products, such as small packages and combinations, for price-sensitive young consumers. The company should establish a membership system, provide benefits such as points redemption and discounts to increase customer stickiness and re-purchase rate, and carry out limited-time promotions on a regular basis to attract the attention and purchase of young consumers [17]. Lastly, in terms of supply chain, the company should establish long-term cooperative relationships with a number of suppliers to ensure a stable supply of raw materials, and adopt an advanced inventory management system to monitor the inventory situation in real time, so as to reduce the inventory backlog and out-of-stock phenomenon.

6. Conclusion

Through a series of rejuvenation strategies, Holliday has catered to the needs of young consumers, achieved significant improvement in financial performance, and also enhanced the brand's market competitiveness. In the future, with the gradual deepening of the implementation of Holliday's rejuvenation strategy, it can foresee that the veteran enterprise's skillful fusion of tradition and fashion will not only attract the younger generation of consumers, but also inject a constant stream of vitality into its own development. Holliday's success is not only a tribute to past glories, but also a brave face to future challenges, which has set a shining example for all the veteran enterprises seeking transformation. In the tide of change, the only way to stay young in the era is to keep innovating.

References

[1] Guo, R. (2023). Brand rejuvenation and transformation path of corporate marketing management under the consumption concept of Generation Z: Taking Goodwill and Guizhou Maotai as examples. China Business Journal, (14), 85 – 88.

[2] Shen, F. Y. (2023). Analysis and reflection on brand rejuvenation: Taking Holliday as an example. Modern Marketing (Lower Decade), (05), 45 – 47.

[3] Zhang, J., Li, J., & Xu, Y. (2021). A new direction for the development of Chinese liquor enterprises: Rejuvenation of liquor consumption. China Brewing, 40 (11), 227 – 230.

[4] Guo, H. (2024). Research on optimizing enterprise financial management based on financial strategic thinking. Study of Finance and Accounting, (22), 7 – 9.

[5] Mu, H. (2017). Corporate brand rejuvenation strategy. Sound Screen World-Advertiser, (09), 103.

[6] Li, H. (2013). Research on the development strategy management of Holliday Company (Master’s thesis). Southwest Jiaotong University.

[7] Gao, Z., & Ge, C. (2024). Environmental uncertainty, diversification, and corporate financial resilience. Friends of Accounting, (09), 92 – 101.

[8] Lin, Z. (2024). How financial analysis provides a basis for business decision-making in small and medium-sized enterprises. China Collective Economy, (08), 93 – 96.

[9] Wu, Y., & Chestnut, I. (2023). Holliday's redemption. Sales and Marketing (Management Edition), (08), 75 – 77.

[10] Huang, Z., Li, Y., & Fu, T. (2022). Research on marketing strategy of Holliday products. International Public Relations, (13), 115 – 117.

[11] Gao, X. (2024). Discussion on financial risk management of group companies. Study of Finance and Accounting, (08), 29 – 31.

[12] Zhou, Y. (2022). Financial risk assessment and countermeasures of Luoniushan Company under diversified operation mode (Master’s thesis). Hebei Agricultural University.

[13] Fan, H. (2016). Assessment and risk control of Qinhuangdao chain operation project of Goodwill Company (Master’s thesis). Yanshan University.

[14] Cao, Y. M. (2023). Co-branding strategy of Holliday brand. Cooperative Economy and Technology, (19), 76 – 78.

[15] Yang, J., & Hong, Q. (2023). Research on brand marketing strategy of Holliday based on ISMAS model. Journalism Research Guide, 14 (01).

[16] Zhang, Z. (2024). Discussion on the innovation of enterprise financial management mode under digital economy. Cooperative Economy and Technology, (03), 125 – 127.

[17] Jing, P. (2022). Research on the optimization of internal control in Company A (Master’s thesis). Zhengzhou University.