

# Marketing mix of haier group



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After reading this article. Reader will understand that what kind role every aspect in marketing mix will exert and how marketing mix will influence customers' behavior and what kind combination of marketing mix will be more effective. All answers of these questions are useful and helpful for the companies who want to successfully enter into other countries' market. 1 Healer's global marketing strategy " Marketing strategy is the marketing logic by which the business unit expects to achieve its marketing objectives.

Marketing strategy consist of making decisions on the business's expenditures, marketing mix, and marketing allocations in relation to expected environmental and competitive conditions" (" field, P 1992). The goal of Healer's GSM Is to become world brand name. 1. 1 Harrier's background Hairier is a super-large Chinese enterprise founded in 1984 that started out as the Gaining Refrigerator Factory. Haler is the largest refrigerator manufacturer in China. Haler has actively engaged In technical Innovation, capital operations and multinational expansion.

From 1998, Haler began to become a multinational company with the aim of building an international brand name. Hairier now has 62 distributors and more than 30, 000 outlets around the world. The company's target is to enter the top 500 list of Fortune magazine. 1. 2 Healer's target market Haler always concentrates refrigerator Industry as Its main market segmentation even though Hairier has involved many new industries such as mobile phone. Market segmentation is " The identification of individuals or organizations with similar characteristics that have significant implications for the determination of marketing strategy" (Jobber, D 2001 page 185).

There are huge demands in refrigerator market due to more new buyers and more consumers upgrading their old ones. The refrigerator consuming market of 90 million units every year and the US market is the most competitive market in the world. So, it is the best way to advertise Haier's refrigerators if Haier has excellent performance in American market. It will pull Haier's refrigerators sales volume in other countries if Haier can make success in the US. It is the most efficient channel for Haier to reach its goal of establishing world brand name.

The US refrigerator market is maturity market and there existed many huge refrigerator manufactures such as GE and Whirlpool. Haier positioned itself as a comer and learner and hoped to become list 5 producers in 5 years. Haier differentiated its products from others relying on high quality and low price and good after sale service. 2. Haier's marketing mix in the United States Haier has been in the American market for only 4 years and has made outstanding progress. The reason for Haier's success in American market is due to its effective marketing mix. 2. Product Product is the core element in the marketing mix because product is the basement for a company to survive and develop. According to the analysis of product life cycle, refrigerator is now in the position of maturity stage. So, product quality and brand loyalty are key elements. Sales and profits Sales Profits Growth Maturity Decline Time Figure 1: The product life cycle (source: adapted from Jobber, D 2001 page 248) Haier concentrates on product quality. Haier's refrigerators include many features: fast-freeze technology, audible temperature alarm and lock and key.

In addition, Hairier develops full size refrigerators and some special functional refrigerators such as beer refrigerator and wine refrigerator. Hairier can provide various kinds refrigerators to mostly satisfy consumers' demands. High quality and low remanding kitchen to the cellar. Hairier emphasizes individualizing and customization designing to satisfy local people's special demands in order to differentiate from others. It is very important for a company to highlight the differences among brands in the US market. Hairier specially designed small refrigerators with a PC-desk to satisfy college students' individualizing demands.

Hairier incorporates quality, style, and construction to bring innovation into American people's home. Hairier emphasizes on promoting Hairier as a global brand – not Chinese or American, UT global. Hairier' slogan in the US is “ What the World comes Home To” (source: [Http://www. Streamlining. Com](http://www.Streamlining.Com)). Hairier introduced the cartoon of “ Hairier Brothers” logo in the US to improve its brand awareness. 2. 2 panting Price is the necessary part in marketing mix because it is profit earner. “ The price of a product is what the company will obtain in return of its investment in the process of manufacturing and marketing” Cobber, D 2002).

Pricing methods are indicated in the figure 2. Figure 2: Pricing methods (source: adapted from Jobber, D 2001 page 319) Hairier, as a new launcher on the US market, adopted competitor-orientated pricing method. The price charged for refrigerator is set artificially lower than its main competitors in order to gain market share. Harrier's destination of adopting low price policy is to attract more local people's attention and increase its market share. Hairier have a broad product line with a wide price range, usually the price is <https://assignbuster.com/marketing-mix-of-haier-group/>

8-10% lower than its main competitors. . 3 Communication and Promotion “

Communication is the process of conveying a message to the others and requires six elements: a source, a message, a channel of communication, a receiver, and the processes of encoding and decoding” (Kerri, R 2003). “

Promotion is defined as the whole array of methods and procedures by which the organization communicates with its target market” (Field, P 1992). In the maturity stage, communication mix (shown in the figure 3) is much more important to attract new consumers and maintain repeat consumers.

Figure 3: Key Communication Mix Tools (Source: adapted from [http://ODL.](http://ODL.Ulster.AC.UK/website/model/marketing/handout)

[Ulster. AC. UK/website/model/marketing/handout](http://ODL.Ulster.AC.UK/website/model/marketing/handout)) advertising such as airports and magazines such as Good Housekeeping and People. Hairier also heavily invested on advertising in trade publications. Hairier sets up its own website providing information via the Internet. All kinds refrigerators are listed on the website including prices, features and quality. But static website limited the communication with the customers. Hairier America used on- line marketing to assist promotion.

They cooperated with many on-line marketing companies such as John bottomless Company, which is one of the quickest growing online marketing companies in America. Hairier emphasizes on establishing good public relationship with local society. In 2001, Hairier helped local poverty-stricken families to spend a merry Christmas holiday by launching an activity of donating foodstuffs. This evoked great repercussion in the local society and received extensive attention from the local media 2. 4 Distribution

Distribution, as a place element in the marketing mix, is final part in marketing mix. Figure 4: Distribution channels for industrial goods (Source:

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adapted from Jobber, D 2001 package) Hairier America adopted the D model distribution system. Hairier chose Kettle Marketing Company as its agent in the US market because Kettle Company is the Arrest marketing company special selling products imported from Asian countries, and Kettle Company is very familiar with the situation of American market. Kettle Company is overall in charge of selling Harrier's refrigerators in the US market and look after choosing distributors. Harrier's refrigerator distribution is nationwide and can be found in most major chains.

Hairier' refrigerators are now sold in the large chain retailers in America – Wall- Mart, Best Buy, Home Depot and Target. In addition, Hairier sells refrigerators through the Internet by cooperating with online marketing companies such as mentioned above–John bottomless Company. Hairier has made great achievement in the US market in the past 4 years. Hairier sales revenue increased 200% in 2001 and 140% in 2002. Now, Hairier has occupied 50% of the compact refrigerator and 25% of the apartment size refrigerators in the US market. Last year, healer's refrigerator sale revenue accounted for 12% market share and ranked in the fifth position. Source: [Http://www. Hierarchies. Com/ about\\_hairier. PH](http://www.hierarchies.com/about_hairier.PH)). The Americans have made a comparison: “ American Panasonic” used 10 years to bring its sales volume to over IIS\$1 50 million, while the Hairier achieved this sale volume in only four years. All these contributed to Harrier's effective 25% 36% Figure 5: The breakdown of refrigerator sale revenue in the US market Hairier emphasized product quality and brand image. Hairier could provide high quality refrigerators and guaranteed supplying products in time contributed to its factory established in the US.

Hairier pursued individualizing and customization designing to satisfy special groups people's needs, this was beneficial from its designing center moved into the US. Harrier's success in the US contributed to pricing policy. The US market is maturity arrest and has been dominated by many multinational giants. Competition- orientated pricing method helped Hairier to attract more customers and eat rivals' market share. Excellent ratio of quality to price made Americans prefer to buy Harrier's products. It is Harrier's correct pricing policy that propels Hairier increasing its market share dramatically.

Hairier has invested billions of dollars into the American market. This is best advertisement for Hairier. Effective communication mix such as advertising and online marketing promoted Harrier's awareness rapidly. Hairier has gained good reputation room good public relationship. To comment Harrier's contribution to local community, an American government offered 2001 "Community Contribution Prize" upon Hairier and a city government named a road "Hairier Avenue" of the city. Hairier choosing jolter marketing Company as its agent in charge of sales in the US was vital for Hairier to succeed in America.

Guided by the agent, Harrier's refrigerators successfully entered into local distribution system without any barriers. Moreover, online marketing of Harrier's refrigerators could ensure Hairier to provide 24 hours service and to reduce cost because of no physical overheads. All these helped Hairier 4 Recommendation on Harrier's marketing mix Even though Hairier has made great achievement in the US market, there is still some room in marketing tactics for Hairier to improve. Hairier should develop new type of refrigerator such as Internet refrigerator and multi- functional refrigerator.

Only done by this, can Hairier conquer the frontier of refrigerator industry and induce customers to purchase Harrier's product attributed to Harrier's refrigerator being the most advanced. A company cannot keep or increase market share unless it continuously provide customers new products to satisfy customers' further demands. Now that Hairier has become an important role in American refrigerator market, Hairier should adjust its original pricing policy. Hairier should gradually transform to adopting marketing-orientated pricing method.

In the long run, this is helpful for Hairier to root into the US market and to avoid price war because Hairier does not have enough strength to fight with its stronger rivals. Hairier should moderately develop personal selling. Under increasingly fierce competitive market, communication between people exerts more and more important role in improving sales revenue. Any information on the Internet or advertisement is usually static, and it cannot answer and resolve all questions customers encountering. Sales person can introduce the various features of product and persuade customers to buy products.

Moreover, personal selling can shorten the gap between customers and producer, and can directly help Hairier improve sales revenue. Hairier should establish its own distribution outlets or develop executive distributors. It is beneficial for both Hairier and customers because it can provide sole products and perfect after sale service, and motivate distributors to sell refrigerators to the most agree. Moreover, it is the symbol of Harrier's strength, and it will offer the information to customers that Hirer will root into the US market.



This will propel the process of establishing Hairier world brand name strategy. (1981 words) Conclusion Through the analysis of Harrier's success in the US market, we have found that, for a foreign company who wants to obtain competitive advantage and increase market share in another country, first thing is that the company should understand its product' position in the product life cycle, and make sure that the product has high laity and can be designed individually to mostly satisfy local people' needs, and has ability to guarantee its product having enough differences from others to become a brand name.

Then, the company should choose appropriate pricing policy and volume. Moreover, the company should find a local partner to cooperate with because the partner understands the market's situation. Finally, the company should have a big global marketing strategy and world brand goal. All these are very important for a foreign company to survive and develop in other countries.