



The goal of this paper is to acknowledge Haier's expansion in the US and answer the questions regarding its process and key factors of success. Haier

What were the key reasons for Haier to expand its business internationally?

In 2005 Haier faced reduced demand as well as intense competition in the domestic market, which escalated with price wars and red ocean strategies. As a result the firm decided to embody its extender strategy, it wanted to create a strong brand not only in the original market but globally. Its choice was the United States which in fact was known (and still is) for a high competitiveness but also provided a niche and opportunities for companies. Those actions might also be seen as a part of survival strategy since the company needed to reassure of liquidity presence and acquire new positive cash flows.

The whole factors below pushed Haier to actualize its cross-market retaliation.

Describe the chosen strategy. What is special about it?

The extender strategy, whose primary focus is to extend business in non-domestic regions leveraging home-grown resources and assets, became the baseline for Haier's actions. In the year of 2008 company invested 60 millions of dollars in the Research and Development, whose enlightenments helped it change its focus from dishwashers and refrigerators to the much broader industry field and also specialize on TVs, phones, faxes. In such a way white home appliances turned black and allowed Haier to establish numerous companies, plants, and agencies worldwide.

Importing technologies from Germany and leveraging the experience of others, allowed the company to upgrade its manufacturing. However, it did not have a huge impact on the company's performance, since there were several obstacles to overcome on a way to success. One of the most huge ones was corporate culture abused by nepotism combined with workers' indifference to quality. Reinforcement of companies value became the main goal for the CEO at that time - Zhang Ruimin, as a result Haier priorities consumers satisfaction most under the motto "quality before profit". Now with stated culture and modernized production capabilities Haier became a leading appliance manufacture.

How did the key success factors contribute to the performance of Haier on the US market?

Entering the US market, Haier adopted red ocean strategies and attacked local companies. However they were the ones who dominated the market and had their own anti-competitive practices. Moreover consumer loyalty to already well known firms created an entry barrier.

To overcome those factors Haier bet on a niche big local players neglected and decided to open manufacturing in the United States. Company started producing small refrigerators for student dorms with the tag “Made in USA” near the Haier logo. Using its success factors and values they created affordable products with high quality, which became a bellowed appliance within the young community, which led to breaking the threshold of 30% market share in 2002. Thus betting on “quality before profit” allowed Haier to more than blossom in the long run.

Explain why the focus of the company was on localization?

Haier believes that ‘the essence of Globalization is Localization’. They address the local talents and professionals to capture the way local consumers see business should operate and projects should be created, by making it much more obligingly for the company to adjust inside and outside processes. For instance, “Made in USA” tag made refrigerators more appealing to the locals and provided room for collaboration with the US retailers such as Walmart, Home Depot, Best buy, and using those chain shops to distribute the products.

As a result, the company started to create completely different appliances than in domestic countries. Thus Localisation is beneficial for the firm since it gives more personalisation for the clients and increases their interests in goods the company provides, it also allows them to overcome existing loyalty barriers created by consumers.