

Haier's Diversified Development Strategy

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Abstract. The article mainly starts with the basic theory of modern enterprise strategy and market diversification strategy, studies the basic theoretical achievements of market diversification strategy, and expounds the research purpose and method of this chapter. With the rapid development of the current world economy and the trend of internationalization, a relatively unified and perfect global development analysis model has been gradually established for the entire global economic environment and commodity market. The further development of diversified competition strategy will also quickly become a new hot spot in the new round of market competition. Haier Group has been actively trying to develop diversification strategies since the early 1990s. The diversified development of the company's products gradually transitioned to the diversified development of the company's products. The diversified development strategy has also brought about the development trend of Haier Group's global turnover growth and operating profit maintaining a significant growth trend year by year. Based on the diversified economic strategy and development process of Haier Group in China, this paper briefly, objectively and truly summarizes the current situation of the development process of Haier Group's diversified business strategy in China, analyzes the experience and lessons of Haier Group's diversified development, and constructs a SWOT analysis model.

1 Introduction

The purpose of the company is to make profits, provide investors with investment income, and provide entrepreneurs with money and achievements. Promote the circulation and growth of social property. Excellent profitability comes from good management level. Enterprise strategic management also reflects the operation and management level of a company. It is not only the stable growth of the company's short-term cash flow, but also the long-term plan for the company's future sustainable development profitability. The success of excellent Chinese and foreign companies is mostly accompanied by the realization of their long-term diversification strategy. This also shows that diversification strategy plays an important role in guiding the development and growth of large Chinese companies, and each successful diversification strategy will inevitably provide stronger viability for the company. The vast majority of successful companies have also implemented diversification strategies in the operation process, which also provides strategic guidance for the company's subsequent success.

2 Background

In the spring tide of world economic internationalization, Chinese small and medium household appliances enterprises keep pace with the process of world market economy, and strive to develop external business. With the in-depth transformation and upgrading of China's open-type economic strategy in the future, the domestic economy is

closely connected with the international market. Only by participating in the international division of labor as much as possible can enterprises show their advantages in the domestic economy^[1]. Small and medium-sized household appliance enterprises in China have adopted a series of methods, such as going to sea, in-depth understanding of foreign markets, mastering the world's cutting-edge science and technology, advanced and efficient modern management and operation experience, and obtaining broader investment channel space open to the outside world, in order to attract and integrate excellent resources from the world. Actively engaged in global business development. Since the late 1990s, Haier Group has gradually begun to actively implement the strategy of market diversification of small and medium-sized enterprises. Its development strategy and evolution track are to first achieve the diversification of the company's industry, and then to diversify the products of small and medium-sized enterprises^[2]. In order to further effectively enhance the competitiveness of its products in the international market, Haier Electrical Appliance successively acquired and merged with a huge price of NT \$55.8 billion In the above-mentioned large-scale transnational overseas acquisition and integration of various domestic electrical appliance enterprises in China. In addition to adopting diversification strategies, Haier hopes to use these methods to maintain the rapid development of the company^[3]. However, it has been proved that the diversification of Haier's business cannot always be achieved.

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Haier Group's diversified development has gone through the stages of specialization, relationship diversification and unrelated diversification. Haier Group started with specialized operation, steadily developed and grew through diversified expansion of related industries and non-related industries, and gradually formed a world-famous global well-known group. Haier Group's diversification development is mainly divided into the following stages: (1) Single product -- refrigerator. During the seven years from 1984 to 1991, refrigerators were the only products of Haier Group, which was a specialized operation at that time. (2) Refrigeration appliances -- refrigerators, freezers, air conditioners. At the end of 1991, Haier Group annexed Qingdao Refrigerator General Factory and air Conditioner Factory with Qingdao Refrigerator General Factory as the core, and electric refrigerator and air conditioner entered a new business scope. (3) White appliances -- refrigeration appliances, water heaters, microwave ovens, washing machines, etc. During the two years from 1995 to 1997, Haier Group expanded its business scope to all white appliance industries through efforts. (4) All home appliances -- black and white. In September 1997, Hangzhou Haier Electric Appliances was founded by Haier Group and Xiyu Electronics Group. It began to produce new products such as color TV sets and VCDS, and began to enter the field of black home appliances. (5) Enter the field of knowledge. Since 1998, Haier Group has been engaged in the development and application of digital technology in cooperation with well-known universities and companies, and then Haier Group began to enter the knowledge industry.

3 Haier's Diversification Strategy Development History

3.1 Phase I

At the beginning of its establishment, Haier Group mainly produced and manufactured refrigerators. Because of its high quality, Haier Group quickly occupied most of the market share of refrigerators at home and abroad, and once became the first brand of household appliances at home and abroad^{[4][5]}. At the same time, Haier has successfully developed the European and American markets with its excellent management methods and product quality.

3.2 Phase II

In view of the general weakness in the growth of the domestic household appliance market in recent years, Haier Group has continued to innovate and upgrade its business operations. It has successively invested in mergers and acquisitions to establish the holding company Qingdao Refrigerator Factory Group, the branch Qingdao Central Air Conditioning General Factory, etc., and has invested in the acquisition and transformation of more than ten state-owned household appliance enterprises that have suffered serious operating losses for consecutive years^[6]. In this way, Haier Group has rapidly developed from a small pro-

duction company specializing in manufacturing, producing and marketing white refrigerators to such a comprehensive group that has also set foot in many household appliances industries in China. Its core product line includes white refrigerators, freezers, air conditioners, water heaters, microwave ovens and all other white appliances^[1]. Haier Group has gradually developed from a simple refrigerator manufacturer to various industry clusters. At the same time, Haier's mature experience in refrigerator production management and quality culture have also been copied to these emerging industries. Haier Group's household appliances cover almost all household goods in China, including not only black and white appliances, black and white small appliances, but also beige small appliances. Qingdao Haier Holding Co., Ltd. can also be called the largest brand of small appliances in the field of household appliances in China. After completing the relevant diversification strategy, Haier Group of China also began to focus on unrelated diversified businesses.

3.3 Phase III

In 1998, Haier Group and the Chinese Academy of Sciences jointly established Qingdao Haier Holding Company Plastic Products Research and development Center, focusing on the production of new technology of plastic products development and the development of new plastic products. The successful development of the investment project marks the real start of the enterprise diversification development of China Qingdao Haier Holding Company. In the overall operation management and development process of Haier Group involving diversified industries, the correlation between related industries and professional fields is very low or even irrelevant due to the large span of related industries^[9]. Since 1998, Haier Group and Chinese Academy of Sciences established Haier Chemical Engineering Plastics Research Center Co., Ltd. to invest in plastic technology and new product research. Haier Ganguo Digital Technology Development Co., LTD., which is engaged in the development and application of digital technology, has been established with the Academy of Science of Television Administration. Later with Beijing Aeronautical University, the United States C-MOLD company formed the "Bei hang Haier Software Co., LTD.", engaged in CAD/CAM/CAE software development. By 2019, Haier Group will fully operate dozens of vertical industrial clusters in household appliances, software, logistics, biology, financial services, new energy, real estate, Internet of Things, new media entertainment, etc.

4 Haier Diversification Strategy SWOT Analysis

4.1 Advantages

Haier will become the first white household appliance brand in the world through its brand image, and form the most valuable product brand in China. Haier will also have

strong core technology capabilities in the household appliance industry. Core technologies such as refrigerators, washing machines and other key business areas will have the voice of international industry standards^[10]. Through the practical experience of industry M&A, many successful experiences and lessons of diversified business development can be accumulated to promote the development of the company's future diversification strategy. At the same time, due to the sufficient capital and relatively stable financial structure of Haier Group, a large amount of surplus capital will be able to further optimize the enterprise's financial structure adjustment. In addition, Haier Group enterprises take the socialist market values as the development orientation, fully and effectively mobilize the creative entrepreneurial enthusiasm of all employees to create enterprise value and connect customers with employees. Clarify users' brand value demands, provide enterprise users with enterprise brand value continuously, achieve the goal of win-win interaction between the value of the company's employees and the value of Haier Group, and further enhance the company's brand value and the company's employees' personal brand value.

Haier's continuous research and development of new products gives it a strong driving force for sustainable development. Haier has applied for 6,189 patents in total and owns 589 software Copyrights. On the basis of independent intellectual property rights, Haier has also presided over or participated in the formulation and revision of nearly 100 national standards, which have enhanced its competitiveness.

4.2 Disadvantages

At present, Haier does not have any professional production management technology for products in non-related technical fields, nor can it fully master the R&D, production and manufacturing technology of electronic products in these non-related technical fields. Therefore, it will be difficult for Haier to quickly enter the high-end consumer electronic product market in other non-related product fields^[6]. At the same time, due to the lack of corresponding operation management of the enterprise, the ability to coordinate the diversification of operation management and strategic development strategy is slightly lacking, and the future development of the enterprise is difficult. The management synergy between the existing core fields and cross industry fields is weak, the elite management talents are missing, and the management efficiency of cross group business is insufficient. At present, the company is still stuck in the inherent diversified development strategic thinking model, which has been unable to meet the diversified development needs of the changing global market. In order to reduce Haier's product quality and service, Haier's brand image may be damaged.

4.3 Threats

Due to the continuous improvement of the energy consumption efficiency standard level of the entire household industry products^[3], there is a higher specification development demand for new technologies. Haier Group Co.,

Ltd. in China is required to introduce more advanced and high-level energy conservation technologies in order to respond to the current national government's support policies on energy conservation, environmental protection and emission reduction, and to effectively improve the energy consumption efficiency standard of products of Chinese household appliances enterprises. In order to realize the development of their own brand business, major brand companies have become more and more competitive for brand resources in non-brand related industries. However, for some other brands in non-brand related industries, such as Haier Group, the advantages in brand competition are not particularly prominent, and the elimination rate of other brands in non-brand related industries is relatively high. However, in recent years, as Haier Group's business involves more and more fields, it must spend a large number of personnel and material resources to maintain its leading position in various industries, which has virtually increased the pressure on the company's management.

4.4 Opportunity

In recent years, the Chinese government has introduced many energy-saving and emission reduction policies to support Haier's development into intelligent high-end household appliances from the perspective of finance and technology^[8]. In the Internet era, the concept of China's smart city has promoted the rise of the smart home industry, while the highly intelligent development of the traditional household appliances industry has provided a new opportunity for the diversified development of Qingdao Haier Co., Ltd. To this end, the Chinese government has formulated some policies to guide the enterprise's concept of Internet plus, let intelligence and Internet and other information technologies further penetrate into the field of traditional household appliances, and provide more development opportunities for China Haier Group's diversified channels.

Due to the gradual change of the product use time cycle and the continuous progress of the company's production and R&D technology requirements, Haier Group's business diversification strategy and development ideas, to a certain extent^[11], are no longer limited to the product diversity of a single industry model and the company's product form, but start to integrate the new business model of product diversification with other industrial products perfectly, At the same time, it creates a more potential market value growth point for the company itself. In addition, Haier's corporate culture attaches great importance to talent training. Haier constantly strengthens its cooperation with universities, attaches great importance to talent training, and constantly innovates and develops enterprises.

5 Conclusions

Any enterprise in the process of development will always face some or other problems. We need to prevent the beginning from beginning. Facing the new global competition conditions, Haier has established the global brand strategy, launched the enterprise spirit of "creating re-

sources and winning the world" and the work style of "integration of people and orders and quick success", challenged itself and the future, and made continuous innovation in order to create the Chinese people's own world-famous brand!

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