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Strategic Plan for Haier's Global Brand Building

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Abstract

This thesis aims at finding a correct and valid global branding strategy for Haier, a Chinese home-appliance and digital company, to build up a world-class brand. In my thesis, I will mainly focus on two parts of theories, globalisation strategy and brand management.

The globalisation strategy makes us to understand the importance of strategic plans and steps in implementing globalisation and teaches us how to make an effective and efficient global strategic planning. Brand management mainly shows us how to make brand strategy and brand decisions for a corporation, to better create a famous brand. In addition, I also will apply marketing, human resource and culture principles in my thesis which are quite positive elements in brand building.

In the practical part, I have combined all the theories with Haier that will make the thesis more logical. Defining the vision and mission, analysing the internal and external environment by SWOT, choosing a competitive strategy and target countries for Haier; How the localisation strategy should be, How to make a brand strategy decision and how do marketing , human resource and culture effect the branding building.

But on the other hand, what I would say is that finding a correct and valid global branding strategy for a company to build up a world-class brand is a huge systematic and comprehensive topic which needs practical implementation and evaluation. I cannot say whether my global branding plan is very suitable for Haier, but at least I try my best to study and understand the deep significations of relative theories, and apply them into practice for analysis. I learned a lot from this and I enjoy it.

Subject headings, (keywords)

Globalisation, Strategic Plan, Brand Management

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Remarks, notes on appendices

Tutor Markku Jarvinen	**Employer of the bachelor's thesis**

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1. INTRODUCTION

Authorisation

In general, it is not my obligation to formulate a globalisation plan for Haier. It is the duty of CEO of Haier or Chinese officials who are responsible for leading national business to go out. But as a Chinese student, especially the student who studies business, I feel I should do something significant for Haier, because China will be the world's 2nd largest economy group in 2010 and play a more and more important role in the world stage, it is the time for Chinese potential companies to go out. Certainly, I am quite interested in this subject as well.

AIMS (Purpose) of the Study

The report aims at finding a correct and valid global branding strategy for Haier to build up a world-class brand. In my thesis, I will mainly focus on two parts of theories, globalisation strategy and brand management. The globalisation strategy makes us understand the importance of strategic plans and steps in implementing globalisation and teaches us how to make effective and efficient global strategic planning. Brand management mainly shows us how to make brand strategy and brand decision for a corporation to better create a famous brand. In addition, I also will apply marketing, human resource and culture principles in my thesis which are quite positive elements in brand building. In the practical part, I will combine all the theories with Haier that will make the thesis more logical.

Limitations of the Study

The biggest problem is how the more relevant theories can be applied in the thesis, how to efficiently and precisely integrate the theories with practices, become the key things. The second problem is that because the study focuses on a Chinese company and economy, readers may have little knowledge or interest in eastern things, in addition, the totally different corporation culture will confuse the western readers, so how to make western people accept this study becomes more and more important. Another limitation is how to find much useful English information about Haier. It is a company that only has shallowly explored its overseas market in 30 countries and regions. Unlike SONY and Panasonic, who they have information collected from all over the world because of their strong brand appeal and influence. For some reasons, I leave

out something theories like international financial management, political element, etc, which are also determinant in success of global brand building. English language is still the big problem for me; it is a big challenge to have a deep expression and explanation using beautiful words and sentences. So I have to deal with these limitations carefully and try my best to complete it.

2. TARGET COMPANY PRESENTATION- HAIER

Company Background

Haier is the world's 4th largest white goods[1] manufacturer and one of China's Top 100 IT Companies. The Business Scope of Haier is technology research, product development and manufacturing, trade and financial services. The key products are refrigerators/freezers, commercial air-conditioners, microwave ovens, washing machines, dishwashers, televisions, mobile phones, and computers, etc. Haier has 240 subsidiary companies and 30 design centres, plants and trade companies and more than 50,000 employees throughout the world. Haier specializes in technology research, manufacturing industry, trading and financial services. It was founded by Zhang Ruiming in 1984, which was the 6th year of Chinese Reform and Opening-up policy released. Haier had experienced the development stages, noted as Brand Building, Diversification and internationalisation. At the 25st anniversary of the founding of Haier Group on April 26, 2009, Haier announced its 4th strategic development stage of global brand building from 2010, but without any documents or information about its strategy released. (The Introduction of Haier [Referred 12.09.2009])

[1] Black and white are Chinese classification, but from another perspective, black and white also have a significant difference: the black is to bring people to entertainment and leisure, such as cell phone, TV, computer, PS3, MP3; but the white is to reduce people's labour intensity, such as washing machines, dryers, dishwashers, microwave, oven and some other kitchen appliances; home appliance to improve the living environment and improve living standards, such as air conditioners, water heaters, refrigerators, wine cooler and so on.

Achievements of Haier

Until now, Haier has built design centers, manufacturing bases and trade companies in 30 countries and regions, like USA, Japan, Germany, India… The sales revenue of 2008 was approximately $ 17.9 billion; and the brand value was $ 11.8 billion in 2008, the Top 4 in China. (Introduction to the Haier Group [Referred 12.09.2009]) In "The World's 500 Most Influential Brands" list of 2008, Haier is ranked 104; meanwhile, the Finnish brand Nokia is ranked 33. (Data from World Brand Lab)

In terms of the market share, Haier has earned more than 26.2% in the Chinese home appliance market. It especially occupies more than 30% in high-level market domain; Both of the figures are top 1 in China, better than the famous foreign brands, Panasonic, LG, Samsung, Siemens, Philips. However, Haier owns a much lower market share and influence all over the world compared to these international appliance giants. (Introduction to the Haier Group [referred 12.09.2009])

Prospects of Haier

Haier is on the way to implement its fourth globalisation strategy. It is a phase full of challenges but Haier will have to go through it if wants to occupy a certain position in international competition. T he Chinese home appliance market is still the world's largest market and with more than 20% growth rate every year (Data from Chinese home-appliance Association), Haier can maintain the market share in the domestic market and even expand it in the following years; in the international market, Haier is trying to set up business in more countries, build design centres, manufacturing, sales and after-sales service network, and finally build up the localized Haier brand in each country. It is Haier's intention to turn the Group into the listed flagship of its white goods business and ultimately become a global top 3 white goods manufacturer.

3. GLOBALISATION STRATEGY

The transformations in the world marketplace have been extensive and, in many cases, rapid. Local industries operating in protected national economies are challenged by integrated global markets contested by global players. National borders are becoming increasingly irrelevant as liberalization and privatization take place. This has then led to such phenomena as the growing scale and mobility of the world's capital markets

and many companies' ability to leverage knowledge and talent across borders. (Kearney 2000, 3; Fraser & Oppenheim 1997, 168-179)

Globalization reflects a business orientation based on the belief that the world is becoming more homogeneous and that distinctions between national markets are not only fading but, for some products, will eventually disappear. As a result, companies need to globalize their international strategy by formulating it across markets to take advantage of underlying market, cost, environment, and competitive factors. (Czinkota, Ronkainen & Moffett 2004, 380)
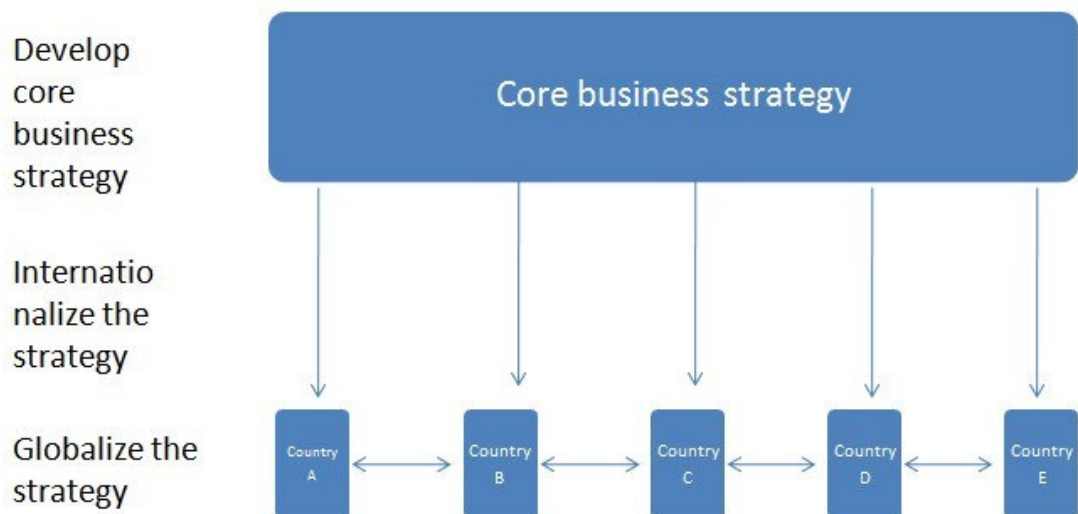
Figure1. Evolution of Global Strategy
Source: George S, Total Global Strategy (Upper Saddle River, NJ: Prentice Hall, 2002), 4

As shown in Figure 1, globalization can be seen as the culmination of a process of international market entry and expansion. Before globalization, companies utilize to a great extent a country-by-country multi-domestic strategy with each country organization operated as a profit centre. Each national entity markets a range of different products and services targeted to different customer segments, utilizing different strategies with little or no coordination of operations between countries. (Czinkota, Ronkainen & Moffett 2004, 380-381)

However, as national markets become increasingly similar and scale economies become increasingly important, the inefficiencies of duplicating product and program development and manufacture in each country become more apparent and the pressure

to leverage resources and coordinate activities across borders gains urgency. Similarly, the number of customers operating globally, as well as the same or similar competitors faced throughout the major markets, adds to the need for strategy coordination and integration. (Czinkota, Ronkainen & Moffett 2004, 381)

3.1. Global Strategic Planning

Globalisation may be thought of as a process, an end result, and/or a way of thinking. A firm becomes increasingly internationalised as it becomes more involved in and committed to serving markets outside of its home country. This may be a planned and orderly process, or arise from perceived new opportunities or threats. Globalisation is most effective when developed as a carefully planned process for increasing penetration of international markets. In entering target markets, companies have traditionally begun with exporting, later developed a sales subsidiary abroad, and finally opened production facilities abroad. (Albaum, Strandskov & Duerr 2002, 5)

Strategic planning is the process of evaluating the enterprise's environment and its internal strengths, next identifying long- and short-range objectives, and then implementing a plan of action for attaining these goals. Multinational enterprises rely heavily on this process because it provides them with both general direction and specific guidance in carrying out their activities. Without a strategic planning, these enterprises would have great difficulty in planning, implementing, and evaluation operations. With strategic planning, however, research shows that many multinational enterprises have been able to increase their profitability. (Welge & Kenter 1988, 9-10)

3.2. Corporate Vision and Mission

Vision and mission are both important elements in making corporation strategy.
Vision is a picture of what the firm wants to be and, in broad terms, what it wants to ultimately achieve. Thus, a vision statement articulates the ideal description of an organization and gives shape to its intended future. In other words, a vision statement points the firm in the direction of where it would eventually like to be in the years to come. Vision is the "big picture", thinking with passion that helps people feel what they are supposed to be doing. People feel what they are to do when their firm's vision

is simple, positive, and emotional. A vision stretches and challenges people and evokes emotions and dreams. (Hitt. Ireland & Hoskisson 2006, 17-18)

It is also important to note that vision statements reflects a firm's values and aspirations and are intended to capture the heart and mind of each employee and, hopefully, many of its other stakeholders. A firm's vision tends to be enduring while its mission can change in light of changing environmental conditions. A vision statement tends to be relatively short and concise, making it easily remembered. Examples of vision statements include the following:

Our vision is to be the world's best quick service restaurant (McDonald's)

To make the automobile accessible to every American (Ford Motor Company) (Hitt. Ireland & Hoskisson 2006, 17-18)

The vision is the foundation for the firm's mission. A mission specifies the business or businesses in which the firm intends to compete and the customers it intends to serve. The firm's mission is more concrete than its vision. However, like the vision, a mission should establish a firm's individuality and it should be inspiring and relevant to all stakeholders. Together, vision and mission provide the foundation the firm needs to choose and implement one or more strategies. The probability of forming an effective mission increases when employees have a strong sense of the ethical standards that will guide their behaviours as they work to help the firm reach its vision. Examples of mission statements include the following:

Be the best employer for our people in each community around the world and deliver operational excellence to our customers in each of our restaurants (McDonald's)

Our mission is to be recognised by our customers as the leader in applications engineering. We always focus on the activities customers' desire; we are highly motivated and strive to advance our technical knowledge in the areas of material, part design and fabrication technology (GE plastic company) (Hitt, Ireland & Hoskisson 2006, 18-19)

3.3. SWOT Analysis

SWOT (strengths, weaknesses, opportunities and threats) analysis is a useful framework for assessing an organisation. The SWOT analysis summarizes the main envi-

ronmental issues in the form of opportunities and threats facing an organisation. These external factors are listed alongside the organisation's internal strengths and weaknesses. An opportunity in an organisation's external environment can only be exploited if it has internal strengths to do so. If, however, the organisation is not capable of exploiting these because of internal weaknesses then they should not be viewed as "absolutes", but assessed in the context of an organisation's resources and feasibility of exploiting them. (Palmer 2000, 47-48)

The results of a SWOT analysis can be truly beneficial; the analyst must go beyond simple descriptions of internal and external characteristics. It is important for the analyst to maintain a separation between internal issues and external issues when referring to opportunities and threats in the firm's external environment. The distinction between internal and external issues seems simplistic and immaterial. However, the failure to understand the difference between internal and external issues is one of the major reasons for a poorly conducted SWOT analysis. The role of this analysis is to help the strategy maker make the transition from a broad understanding of the overall environment to the development of a focus for the firm's strategy efforts. The potential issues that can be considered in a SWOT analysis are numerous and will vary depending on the particular firm or industry being examined. (Hartline & Ferrell 2008, 125-125)

The aim of any SWOT analysis is to identify the key internal and external factors that are important for achieving the objective. These come from within the company's unique value chain. The SWOT analysis groups the key pieces of information into two main categories:

- Internal factors – The *strengths* and *weaknesses* internal to the organization.

- External factors – The *opportunities* and *threats* presented by the external environment to the organization.

The internal factors may be viewed as strengths or weaknesses depending upon their impact on the organization's objectives. What may represent strengths with respect to one objective may be weaknesses for another objective. The factors may include all of

the 4Ps, as well as personnel, finance, manufacturing capabilities, and so on. The external factors may include macroeconomic matters, technological change, legislation, and socio-cultural changes, as well as changes in the marketplace or competitive position. The results are often presented in the form of a matrix. (Armstrong 1982, 197–211)

SWOT analysis is just one method of categorization and has its own weaknesses. For example, it may tend to persuade companies to compile lists rather than think about what is actually important in achieving objectives. It also presents the resulting lists uncritically and without clear prioritization so that, for example, weak opportunities may appear to balance strong threats. It is prudent not to eliminate too quickly any candidate for SWOT entry. The importance of individual SWOTs will be revealed by the value of the strategies it generates. A SWOT item that produces valuable strategies is important. A SWOT item that generates no strategies is not important. (Armstrong 1982, 197–211)

Potential Issues to be Considered in SWOT Analysis	
Potential internal strengths	**Potential external opportunities**
Abundant financial resources Well-known brand name Number one ranking in the industry Economies of scale Proprietary technology Patented processes Lower costs Better marketing skills Superior product quality Good distribution skill Respected company/product/brand image	Complacent rival firms Changing customer need/taste Opening of foreign markets New product discoveries Economic boom New technology High brand switching Government deregulation Sales decline for a substitute product Mishap of a rival firm
Potential internal weaknesses	**Potential external threat**
Lack of strategic direction Limited financial resources Weak spending on research/development Very narrow product line Limited distribution Higher costs Internal operating problems Weak market image Poor marketing skill Limited management skills Under trained employees	Entry of foreign competitor Introduction of new substitute products Product life cycle in decline Changing customer needs/taste Declining customer confidence Rival firms adopting new strategies Economic downturn New technology Demographic shifts Foreign trade barriers Weakening currency exchange rates

Table 1.Potential Issues to be considered in a SWOT Analysis (Hartline & Ferrell, 2008)

3.4. Formulation of Global Strategy

Choice of Competitive Strategy

In dealing with global markets, the manager has three general choices of strategies, as shown in Figure 2: (1) cost leadership; (2) differentiation, and (3) focus. (Porter 1987) A focus strategy is defined by its emphasis on a single industry segment within which the orientation may be either toward low cost or differentiation. Any one of these strategies can be pursued on a global or regional basis, or the manager may decide to mix and match strategies as a function of market or product dimensions. (Czinkota, Ronkainen & Moffett 2004, 388)
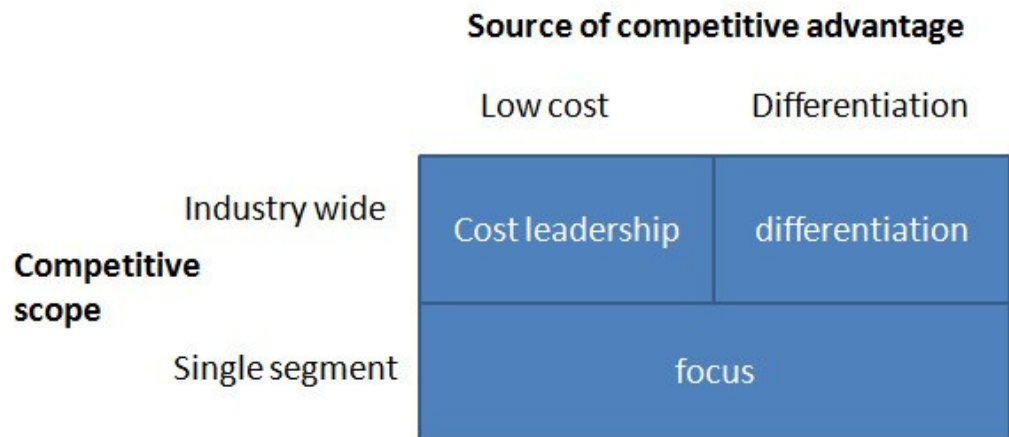
Source of competitive advantage

	Low cost	Differentiation
Industry wide	Cost leadership	differentation
Single segment	focus	

Competitive scope

Figure 2.Competitive Strategies (Michael Porter 1987)

In pursuing cost leadership, the company offers an identical product or service at a lower cost than competition. This often means investment in scale economies and strict control of costs, such as overheads, research and development, and logistics. Differentiation, whether it is industry wide or focused on a single segment, takes advantage of the manager's real or perceived uniqueness on elements such as design or after-sales service. It should be noted, however, that a low-price, low-cost strategy does not imply a commodity situation. (Grant 2002) Although Japanese, US and European technical standards differ, mobile phone manufacturers like Motorola and Nokia design their phones to be as similar as possible to hold down manufacturing costs. (Czinkota, Ronkainen & Moffett 2004, 389)

Choice of Target Countries and Segments

A global strategy does not imply that a company should serve the entire globe. Critical choices relate to the allocation of a company's resources among different countries and segments. The usual approach is first to start with regions and further to split the analysis by country. Many managers use multiple levels of regional groupings to follow the organizational structure of the company, e.g., splitting Europe into northern, central, and southern regions, which display similarities in demographic and behavioural traits. An important consideration is that data may be more readily available if existing structures and frameworks are used. (Yip 2002)

Effective use of segmentation, that is, the recognition that groups within markets differ sufficiently to warrant individual approaches, allows global companies to take advan-

tage of the benefits of standardization (such as economies of scale and consistency in positioning) while addressing the unique needs and expectations of a specific target group. This approach means looking at markets on a global or regional basis, thereby ignoring the political boundaries that define markets in many cases. The identification and cultivation of such intermarket segments is necessary for any standardization of programs to work. (Samiee & Roth 1992, 1-17)

3.5. Strategy Control and Evaluation

The strategy formulation and implementation processes are a prelude to control and evaluation. The control and evaluation process involves an examination of the multinational enterprise's performance for the purpose of determining (1) how well the organisation has done and (2) what actions should be taken in light of this performance. This process is tied directly to the overall strategy in that the objectives serve as the basis for comparison and evaluation. Figure 3 illustrates how this process works. If the comparison and evaluation show that the strategic business unit or overseas operation is performing according to expectations, then things will continue as before. The objectives may be altered because of changes in the strategic plan, but otherwise nothing major is likely to be done. On the other hand, if there have been problems, the multinational enterprises will want to identify the causes and work to eliminate or minimize them. Similarly, if the unit has performed extremely well and achieved more than forecasted, the management may want to reset the objectives to a higher level because there is obviously greater market demand than was believed initially. In making these decisions, the company will use a variety of measures. Some will be highly quantitative and depend on financial and productivity performance; (Lee 1994, p.A5) others will be more qualitative and judgemental in nature. (Rugman & Hodgetts 1995)
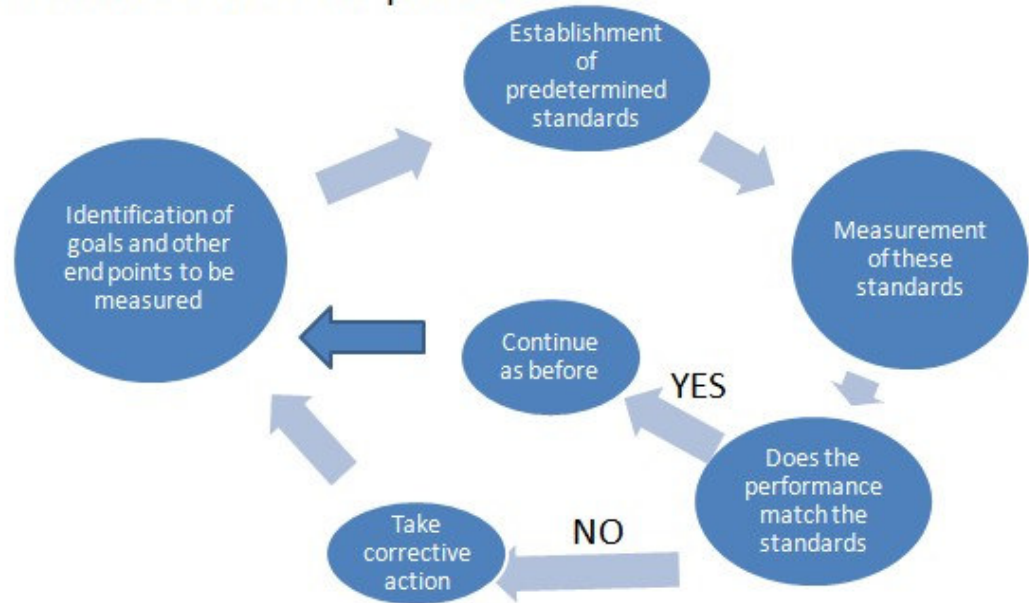
The control and evaluation process

Figure 3.The Control and Evaluation Process (Rugman & Hodgetts 1995)

3.6. Localisation strategy

The universal challenge for most companies today is delivering a customer experience that transcends geographical boundaries. And engaging customers regardless of geography and cultural expectations is no small feat. From a content perspective, a significant part of the challenge is defining the relevancy of information provided throughout the customer lifecycle. For non-English consumers, a key facet of relevancy is information in their native language. "You can always buy in your own language, but you must sell in your customer's language." (On Localization Strategy, Leonor Ciarlone, [referred 15.10.2009])

Localization is the process of adapting a product or service to a particular language, culture, and desired local "look-and-feel". Ideally, a product or service is developed so that localization is relatively easy to achieve - for example, by creating technical illustrations for manuals in which the text can easily be changed to another language and allowing some expansion room for this purpose. This enabling process is termed internationalization. An internationalized product or service is therefore easier to localize. The process of first enabling a product to be localized and then localizing it for different national audiences is sometimes known as globalization. (Localization, [referred 15.10.2009])

In localizing a product, in addition to idiomatic language translation, such details as time zones, money, national holidays, local color sensitivities, product or service names, gender roles, and geographic examples must all be considered. A successfully localized service or product is one that appears to have been developed within the local culture. Language translation, which is a large part of localization, can sometimes be facilitated with automatic language translation. However, much additional work is usually needed. (Localization, [referred 15.10.2009])

4. BRAND MANAGEMENT

Brand management is the application of marketing techniques to a specific product, product line, or brand. It seeks to increase the product's perceived value to the customer and thereby increase brand franchise and brand equity. Marketers see a brand as an implied promise that the level of quality people have come to expect from a brand will continue with future purchases of the same product. This may increase sales by making a comparison with competing products more favorable. It may also enable the manufacturer to charge more for the product. The value of the brand is determined by the amount of profit it generates for the manufacturer. This can result from a combination of increased sales and increased price, and/or reduced COGS (cost of goods sold), and/or reduced or more efficient marketing investment. All of these enhancements may improve the profitability of a brand, and thus, "Brand Managers" often carry line-management accountability for a brand's P&L (Profit and Loss) profitability, in contrast to marketing staff manager roles, which are allocated budgets from above, to manage and execute. In this regard, Brand Management is often viewed in organizations as a broader and more strategic role than Marketing alone. (David & Erich Joachimsthaler 2000, 1-6)

Some analysts see the brand as the major enduring asset of a company, outlasting the company's specific products and facilities. John Stewart, co-founder of Quaker Oats, once said, "If this business was split up, I would give up the land and bricks and mortar, and I would keep the brands and trademarks, and I would fare better than you." The CEO of McDonald's agrees:

A McDonald's board member who worked at Coca-Cola once talked to us about the value of our brand. He said if every asset we own, every building, and every piece of equipment were destroyed in a terrible natural disaster, we would be able to borrow all the money to replace it very quickly because of the value of our brand. And he's right. The brand is more valuable than the totality of all these assets. (McAtlas Shrugged 2001, pp.26-37) Thus, brands are powerful assets that must be carefully developed and managed. (Kotler & Armstrong 2005, 291)

Brands are more than just names and symbols. Brands represent consumers' perceptions and feelings about a product and its performance---everything that the product or service means to consumers. As one branding expert suggests, "ultimately, brands reside in the minds of consumers."(Kotler 2003, 419) Thus the real value of a strong brand is its power to capture consumer preference and loyalty.

Brands vary in the amount of power and value they have in the marketplace. A powerful brand has high brand equity. Brand equity is the positive differential effect that knowing the brand name has on customer response to the product or service. A measure of a brand's equity is the extent to which customers are willing to pay for the product or service. High brand equity provides a company with many competitive advantages. A powerful brand enjoys a high level of consumer brand awareness and loyalty. Because consumers expect stores to carry the brand, the company has more leverage in bargaining with sellers. Because the brand name carries high credibility, the company can more easily launch line and brand extensions. The fundamental asset underlying brand equity is customer equity---the value of the customer relationships that the brand creates. A powerful brand is important, but what it really represents is a set of royal customers. Thus the proper focus of marketing is building customer equity, with brand management serving as a major marketing tool. (Rust, Lemon & Zeithaml 2001, 24-28)

4.1. Global Branding Strategy

Hand in hand with global products and services are global brands. A global brand is defined as the worldwide use of a name, term, sign, symbol, design, or combination thereof intended to identify goods or services of one seller and to differentiate them from those of competitors. Much like the experience with global products, there is no

single answer to the question of whether or not to establish global brands. There is, however, little question of the importance of a brand name. (Cateora & Graham 2002, 367)

A successful brand is the most valuable resource a company has. The brand name encompasses the years of advertising, good will, quality evaluation, product experience, and other beneficial attributes the market associates with the product. Brand image is at the core of business identity and strategy. Customers everywhere respond to images, myths, and metaphors that help them define their personal and national identities within a global context of world culture and product benefits. (Cateora & Graham 2002, 368)

Naturally, companies with such strong brands strive to use those brands globally. The internet appears to be accelerating the pace of the globalization of brands. (Brandman & Hanes 2000, 50-51) Even for products that must be adapted to local market conditions; a global brand can be successfully used. A global brand gives a company a uniform worldwide image that enhances efficiency and cost savings when introducing other products associated with the brand name, but not all companies believe a single global approach is the best. (Cateora & Graham 2002, 368)

Companies that already have successful country-specific brand names must balance the benefits of a global brand against the risk of losing the benefits of an established brand. The cost of reestablishing the name level of brand preference and market share for the global brand that the local brand has must be offset against the long-term cost savings and benefits of having only one brand name worldwide. In those markets where the global brand is unknown, many companies are buying local brands of products that consumers want and revamping, repackaging, and finally relaunching them with a new image. (Cateora & Graham 2002, 369)

4.2. Brand Strategy Decisions

Branding poses challenging decisions to the marketer. Figure 4 shows that the major brand strategy decisions involve brand positioning, brand name selection, brand sponsorship, and brand development.
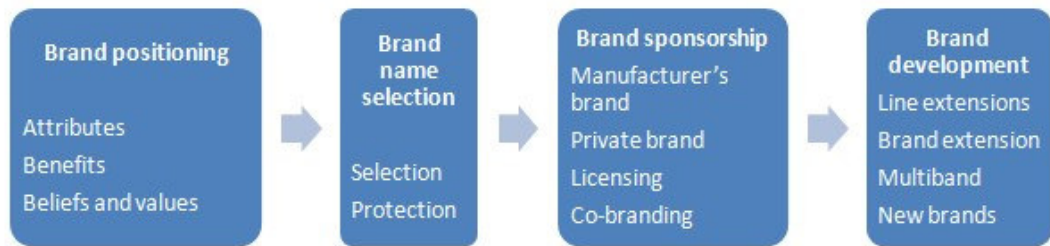
Figure 4.Major Brand Strategy Decisions (Philip Kotler & Gary Armstrong 2005)

Brand Positioning

Marketers need to position their brands clearly in target customers' mind. They can position brands at any of three levels. (Davis) at the lowest level, they can position the brand on product attributes. However, attributes are the least desirable level for brand positioning. Competitors can easily copy attributes. More important, customers are not interested in attributes as such; they are interested in what the attributes will do for them. (Kotler & Armstrong 2005, 292-293)

A brand can be better positioned by associating its name with a desirable benefit. Thus, Dove marketers can go beyond the brand's cleaning cream attribute and talk about the resulting benefit of softer skin.

The strongest brands go beyond attribute or benefit positioning. They are positioned on strong beliefs and values. These brands pack an emotional wallop. When position-ing a brand, the marketer should establish a mission for the brand and a vision of what the brand must be and do. A brand is the company's promise to deliver a specific set of features, benefits, services, and experiences consistently to the buyers. It can be thought of as a contract to the customer regarding how the product or service will de-liver value and satisfaction. The brand contract must be simple and honest. (Kotler & Armstrong 2005, 293)

Brand Name Selection

A good name can add greatly to a product's success. However, finding the best name is a difficult task. It begins with a careful review of the product and its benefits, the target, and proposed marketing strategy. Desirable qualities for a brand name include the following: (1) It should suggest something about the product's benefits and qualities. (2) It should be easy to pronounce, recognize, and remember. (3) The brand name should be distinctive. (4) It should be extensible. (5) The name should translate easily into foreign language. (6) It should be capable of registration and legal protection. (Kotler & Armstrong 2005, 293)

Brand Sponsorship

A manufacture has four sponsorship options. The product may be launched as a manufacturer's brand (or national brand), as when Kellogg and IBM sell their output under their own manufacturer's brand names. Or the manufacturer may sell to resellers who give it a private brand (also called a store brand or distributor brand). Although most manufacturers create their own brand names, others market licensed brands. Finally, two companies can join forces and co-brand a product. (Kotler & Armstrong 2005, 293)

Brand Development

A company has four choices when it comes to developing brands (see Figure 5). It can introduce *line extensions* (existing brand names extended to new forms, sizes, and flavors of an existing product category), *brand extensions* (existing brand names extended to new product categories), *multibrand* (new brand names introduced in the same product category), or *new brands* (new brand names in new product categories). (Kotler & Armstrong 2005, 296)
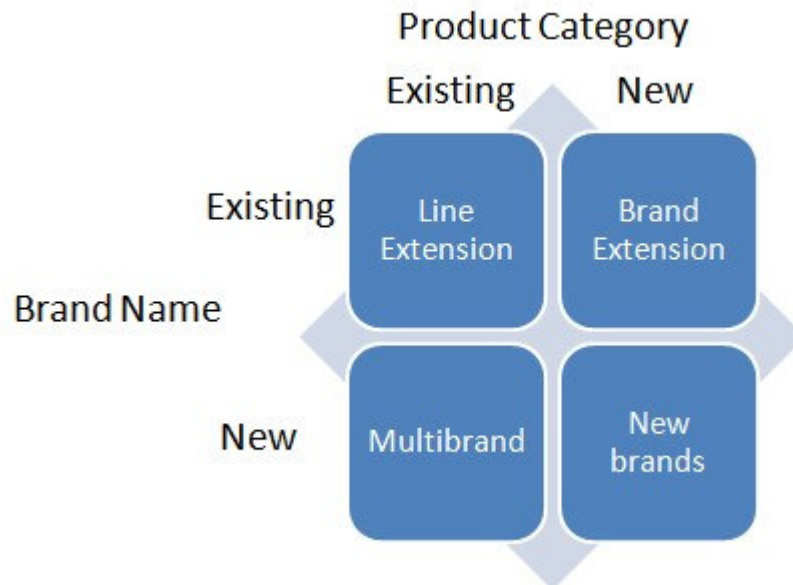
Figure 5.Brand Development Strategies (Kotler & Armstrong 2005)

Global marketers have three choices of branding within the global, regional, and local dimensions: brands can feature the corporate name, have family name for a wide range of products or product variations, or have individual brands for each item in the product line. With the increase in strategic alliances, co-branding, in which two or more well-known brands are combined in an offer, has also become popular. Branding is an integral part of the overall identity management of the firm. (Schmitt & Simonson 1997) therefore, it is typically a centralized function to exploit to the fullest the brand's assets as well as to protect the asset from dilution by, for example, extending the brand to inappropriate new lines. The role of headquarters, strategic business unit management, global teams, or global managers charged with a product is to provide guidelines for the effort without hampering local initiative at the same time. (Aaker & Erick Joachimsthaler 1999, 137-144)

4.3. The Marketing Principle in Brand Building

Perhaps the most distinctive skill of professional marketers is their ability of using marketing principles to create, maintain, protect, and enhance brands of their products and services. A brand is a name, term, sign, symbol, or design, or a combination of these, that identifies the maker or seller of a product or service. Branding helps buyers in many ways. Brand names help consumers identify products that might benefit them. Brands also tell the buyer something about product quality. Buyers who always buy

the same brand know that they will get the same features, benefits, and quality each time they buy. (Kotler & Armstrong 2005, 285)

So branding help marketers to have a better selling of their products and service, on the other hand, marketers can use the marketing principles to have a better understanding of consumers and their behaviors, and then build a successful brand according to the marketing analysis.

4.3.1. Marketing Segments, Target Market, Positioning
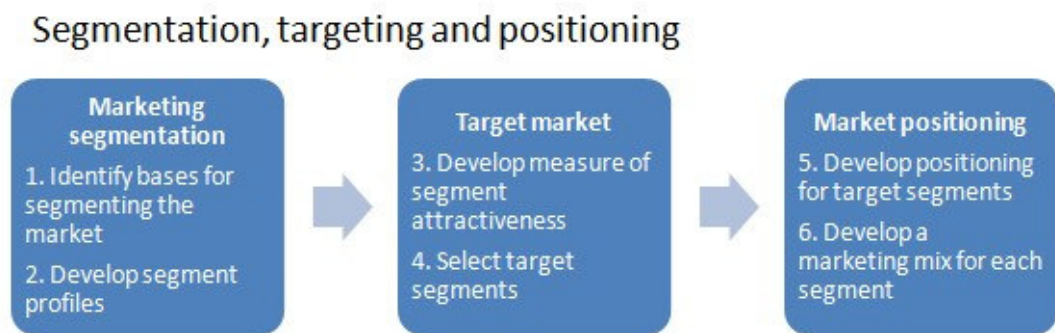
Figure 6.Segmentation, Target Marketing and Positioning (Philip Kotler & Gary Armstrong 2005)

Figure 6 shows the three major steps in target marketing. The first is market segmentation-dividing a market into smaller groups of buyers with distinct needs, characteristics, or behaviors who might require separate products or marketing mixes. The company identified different ways to segment the market and develops profiles of the resulting market segments. The second step is target marketing-evaluating each market segment's attractiveness and selecting one or more of the market segments to enter. The third step is market positioning-setting the competitive positioning for the product and creating a detailed marketing mix. (Kotler & Armstrong 2005, 285)

Segmentation

Markets consist of buyers, and buyers differ in one or more ways. They may differ in their wants, resources, locations, buying attitudes, and buying practices. Through market segmentation, companies divide large, heterogeneous markets into smaller segments that can be reached more efficiently and effectively with products and services that match their unique needs.

Target Marketing

Market segmentation reveals the firm's market segment opportunities. The firm now has to evaluate the various segments and decide how many and which ones to enter. In evaluating different market segments, a firm must look at three factors: segment size and growth, segment structural attractiveness, and company objectives and resource. After evaluating different segments, the company must decide which and how many segments it will target. A target market consists of a set of buyers who share common needs or characteristics that the company decided to serve.

Positioning

Beyond deciding which segments of the market it will target, the company must decide what positions it wants to occupy in those segments. A product's position is the way the product is defined by consumers on important attributes-the place the product occupied in consumers' minds relative to competing products. Positioning involves implanting the brand's unique benefits and differentiation in customers' minds. Consumers are overloaded with information about products and services. They cannot reevaluate products every time they make a buying decision. To simplify the buying process, consumers organize products, services, and companies into categories and "position" them in their minds. A product's position is the complex set of perceptions, impressions, and feelings that consumers have for the product compared with competing products.

4.3.2. Marketing Mix (Product, Price, Place, Promotion)

When marketing their products, firms need to create a successful mix of: the right product, sold at the right price, in the right place, using the most suitable promotion. The 4Ps is a strategic framework that has had a significant influence on marketers over the years, but has perhaps also begun to outlive its usefulness. The increasingly simplistic idea of addressing the 4Ps of product, price, place and promotion has struggled to keep up with the developments and realities of the modern business world. Table 2 summarizes a few of variations on the theme. (Pringle & Field 2008)

4Ps	4Cs	4As
Product	Customer Needs and Wants	Acceptability
Price	Cost to Customer	Affordability
Place	Convenient	Availability
Promotion	Communication	Awareness
Source: Jerry McCarthy, Basic Marketing (Richard D. Irwin, 1960)	Source: Robert Lauder, "New Marketing Litany: 4Ps passé; C words take over", *Advertising Age*, 1 October 1990	Source: Jadish Seth and Sismondi, "Iridium's 66 pies in the sky", august 1999

Table 2.4Ps, 4Cs and 4As (Pringle & Field 2008)

To create the right marketing mix, businesses have to meet the following conditions:

- The product has to have the right features - for example, it must look good and work well, and meet consumer's needs.

- The price must be right. Consumer will need to buy in large numbers to produce a healthy profit.

- The goods must be in the right place at the right time. Making sure that the goods arrive when and where they are wanted is an important operation.

- The target group needs to be made aware of the existence and availability of the product through promotion. Successful promotion helps a firm to spread costs over a larger output (Wall & Rees 2001, 297)

The Product

The product is the central point on which marketing energy must focus. Finding out how to make the product, setting up the production line, providing the finance and manufacturing; the product are not the responsibility of the marketing function. However, it is concerned with what the product means to the customer. Marketing therefore plays a key role in determining such aspects as:

- The appearance of the product - in line with the requirements of the market.

- The function of the product - products must address the needs of customers as identified through market research. (Wall & Rees 2001, 297)

Hundreds of studies have shown that a country's particular image influences purchase decisions significantly, quite often more so than a brand name. For example, "Made in" Germany or Japan can greatly enhance brand equity, especially for products that do not also have high-profile names like Mercedes or Toyota. Country image has a big influence on product image, and then will lead to the positive or negative behaviour of consumers.

The Price

Of all the aspects of the marketing mix, price is the one, which creates sales revenue - all the others are costs. The price of an item is clearly an important determinant of the value of sales made. In theory, price is really determined by the discovery of what customers perceive is the value of the item on sale. Researching consumers' opinions about pricing is important as it indicates how they value what they are looking for as well as what they want to pay. An organisation's pricing policy will vary according to time and circumstances. Crudely speaking, the value of water in the Lake District will be considerably different from the value of water in the desert. (Wall & Rees 2001, 298)

The Place

Although figures vary widely from product to product, roughly a fifth of the cost of a product goes on getting it to the customer. 'Place' is concerned with various methods of transporting and storing goods, and then making them available to the customer. Getting the right product to the right place at the right time involves a distribution system. The choice of distribution method will depend on a variety of circumstances. It will be more convenient for some manufacturers to sell to wholesalers who then sell to retailers, while others will prefer to sell directly to retailers or customers. (Wall & Rees 2001, 299)

The Promotion

Promotion is the business of communicating with customers. It will provide information that will assist them in making a decision to purchase a product or service.

The razzmatazz, pace and creativity of some promotional activities are almost alien to normal business activities. The cost associated with promotion or advertising goods and services often represents a sizeable proportion of the overall cost of producing an item. However, successful promotion increases sales so that advertising and other costs are spread over a larger output. Though increased promotional activity is often a sign of a response to a problem such as competitive activity, it enables an organisation to develop and build up a succession of messages and can be extremely cost-effective. (Wall & Rees 2001, 299-300)

4.3.3. Logistics, Supply Chain Management

Logistics

Logistics is the management of the flow of goods, information and other resources, including energy and people, between the point of origin and the point of consumption in order to meet the requirements of consumers (frequently, and originally, military organizations). Logistics involves the integration of information, transportation, inventory, warehousing, material-handling, and packaging, and occasionally security. Logistics is a channel of the supply chain which adds the value of time and place utility. Today the complexity of production logistics can be modelled, analyzed, visualized and optimized by plant simulation software. (Baziotopoulos 2008)

International logistics is the design and management of a system that controls the forward and reverse flow of materials, services, and information into, through, and out of the international corporation. It encompasses the total movement concept by covering the entire range of operations concerned with movement, including therefore both exports and imports. By taking a systems approach, the firm explicitly recognizes the links among the traditionally separate logistics components within and outside of a corporation. By incorporating the interaction with outside organizations and individuals such as suppliers and customers, the firm is able to build on jointness of purpose by all partners in the area of performance, quality, and timing. (Czinkota, Ronkainen & Moffett 2004, 528)

Logistic costs comprise between 10 and 30 percent of the total landed cost of an international order. (Hise 1995, 39-45) international firms already have achieved many of the cost reductions that are possible in financing and production, and are now using

international logistics as a competitive tool. The environment facing logistics managers in the next ten years will be dynamic and explosive. Technological advances and progress in communication systems and information-processing capabilities are particularly significant in the design and management of logistics systems. (Czinkota, Ronkainen & Moffett 2004, 528)

Supply-chain Management

Supply-chain management is where a series of value-adding activities connects a company's supply side with its demand side. It has been defined by the Ohio State University Global SMC forum as "the integration of business processes from end user through original suppliers that provide products, services, and information that add value for customers."([Referred 08.10.2009]) This approach views the supply-chain of the entire extended enterprise, beginning with the supplier's suppliers and ending with consumers or end users. The perspective encompasses the entire flow of funds, products and information that form one cohesive link to acquire, purchase, convert/manufacture, assemble, and distribute goods and services to the ultimate consumers. The implementation effects of such supply-chain management systems can be major. (Czinkota, Ronkainen & Moffett 2004, 528)

Producing a product or service and making it available to buyers requires building relationships not just with customers, but also with key suppliers and resellers in the company's supply chain. This supply chain consist of upstream and downstream partners, including suppliers, intermediaries, and even intermediary's customers. Upstream from the manufacturer or service provider is the set of firms that supply the raw materials, components, parts, information, finances, and experience needed to create a product or service. Marketers, however, have traditionally focused on the "downstream" side of the supply chain---on the marketing channels or distribution channels that look forward toward the customers. Marketing channel partners such as wholesalers and retailers form a vital connection between the firm and its target customers. (Kotler & Armstrong 2005, 399)

4.4. Other Theories in Global Brand Building

In this part, I will focus on the theories of international human resource management, international culture and corporation culture, which are all very important to Haier's global brand building. Excellent human resource management will make talents more dynamic, creative and initiative to help achieve the objectives of Haier. A Well-recognized corporate culture is another motivation; all staffs would be unified together to make a contribution to the corporation and finally realize self-achievement. The international culture problem is a vital topic that every international enterprise should care about. It is very important to Haier's localization strategy.

4.4.1. International Human Resource Management

International human resource management is the process of selecting, training, developing, and compensating personnel in overseas positions. (Rugman & Hodgetts 1995, 324) Boxhall defines IHRM as being: concerned with the human resource problems of multinational firms in foreign subsidiaries (such as expatriate management) or more broadly, with the unfolding of HRM issues that are associated with the various stages of the international process. (Boxhall 1992)

IHRM Objectives

Organizations have two general human resource objectives. The first is the recruitment and retention of a workforce made up of the best people available for the jobs to be done. The recruiter in international operations will need to keep in mind both cross-culture and cross-national differences in productivity and expectations when selecting employees. Once they are hired, the firm's best interest lies in maintaining a stable and experienced workforce. The second objective is to increase the effectiveness of the workforce. This depends to a great extent on achieving the first objective. Competent managers or workers are likely to perform at a more effective level if proper attention is given to factors that motivate them. (Czinkota, Ronkainen & Moffett 2004, 627)

To attain the two major objectives, the activities and skills needed include: (1) personnel planning and staffing, the assessment of personnel needs, and recruitment ;(2) personnel training to achieve a perfect fit between the employee and the assignment; (3)

compensation of employees according to their effectiveness; (4) an understanding of labour-management relations in terms of how the two groups view each other and how their respective power positions are established. (Czinkota, Ronkainen & Moffett 2004, 627)

Organisational structure

The type of international organisational structure adopted by the multinational enterprises will provide the context for many of the IHRM issues faced by the company. There are at least five widely recognised types of international organisational structures available to multinational enterprises. There is no "standard model" in this respect. A multinational enterprise may change from one type to another at different stages of the internationalisation process or as senior management perceives that emerging corporate needs are better served by one particular type. The five readily identified "types" of organisational structure include: international division structure; international geographic structure; international product structure; international functional structure; and matrix or mixed structure. (Wall & Rees 2001, 243)
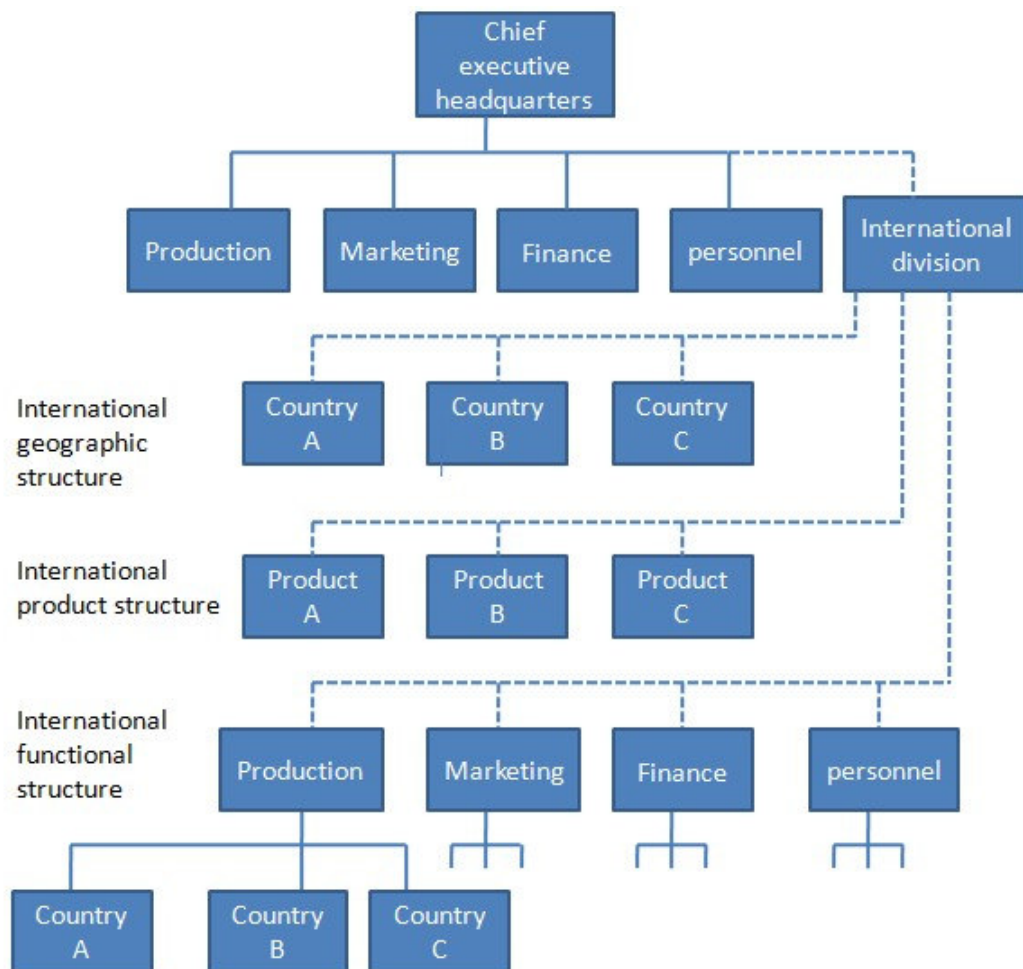
Figure 7.Three Types of Organisation Structures (Wall & Rees 2001)

4.4.2. International Culture

Culture is the acquired knowledge that people use to interpret experience and to generate social behaviour. Culture is shared by members of a group, organisation, or society. Through culture we form values and attitudes that shape our individual and group behaviour. Culture is learned through both education and experience. At the same time cultures constantly undergo change as people adapt to new environment. To be successful in multinational business, one must understand the cultures of other countries and learn how to adapt to them. (Hodgetts & Luthans 1991, p.35)

Elements of culture

Observation of the major cultural elements summarised in table 3 suggests that these elements are both materials and abstract. The sensitivity and adaptation to these elements by an international firm depends on the firm's level of involvement in the mar-

ket. These elements working in tandem can create a complex, multidimensional environment in which outsiders have a great deal of trouble understanding how and why the people act as they do. (Czinkota, Ronkainen & Moffett 2004, 40)

Table 3.Elements of Culture (Czinkota, Ronkainen & Moffett 2004)

Making Culture Work for Business Success

Culture should not be viewed as a challenge, but rather as an opportunity that can be exploited. This requires an understanding of cultural differences and their fundamental determinants. Differences can quite easily be dismissed as indicators of inferiority or viewed as approaches to be changed; however, the opposite may actually be the case. Best practice knows no one particular origin, nor should it acknowledge boundaries. The following rules serve as a summary of how culture and its appreciation may serve as a tool to ensure success: (1) embrace local culture; (2) build relationships; (3) employ locals in order to gain cultural knowledge; (4) help employees understand you; (5) adapt products and processes to local markets; (6) coordinate by region. (Czinkota, Ronkainen & Moffett 2004, 64)

4.4.3. Corporation Culture

Corporation Culture is the result of the commodity economy and the market economy. The so-called corporation culture, representing the method the company is using for the achievement of its unique purpose, is a company's managing philosophy of arts. In a word, corporation culture leads to the concept value of the company, the physical and psychical appearance of the whole staff, and the spiritual backbone of the whole company. (Lasserre & Schutte 1995, 203)

From the prospective of the long development view, the forming of the corporation

culture is also the process of setting up the company's brand name. Through gaining the public recognition of our enterprise's identification, the company is also exploring the broader market space. For setting up a successful enterprise's brand name needs more than the investment, the equipment and technique input. A unique corporation culture is also a must. The culture factor will be a vital force in not only the development of the enterprises, but also in the process of raising the enterprise's recognition and setting up of the brand name. (Lasserre & Schutte 1995, 203)

5. HAIER'S GLOBALISATION STRATEGY

To become a national brand is not enough. If a business is successful only in the domestic market, the superiority won't last long. Haier launched its international strategy in 1998. All things are difficult before they are easy. In this phase, Mass products are exported to the world's major economic regions. Haier builds a name brand in several developed markets and then expands the business into developing markets with little resistance. With well established overseas distribution network and after-sales service network, the Haier Brand is warmly received with sound notability, reputation and recognition. (The Introduction of Haier [Referred 12.09.2009])

In order to adapt to the trend of integrated global economy, and to manage its worldwide brand, the Haier group will step into the fourth developing strategic innovative phase from 2010: the strategy phase of global brand after the Brand Strategy Phase, Multi-Dimensional Strategy Phase and Internationalization Strategy Phase. The difference between international strategy and global brand strategy: international strategy phase is based on China, radiating to the whole world while global brand strategy is to create a localized Haier brand in each market. (The Introduction of Haier [Referred 12.09.2009])

For some enterprises, it's not necessary to go abroad to build a name brand. However, Haier believes that in a globalized era, it's not possible to build a globally recognized brand without going abroad to learn from international players and get improved. To become a national brand is just not enough. Zhang Ruimin, the CEO of Haier believes that: "Wolves have come, if Haier wants to survive, it must transform into a wolf itself. In this way, it can dance with other wolves." (Speech of Haier Development) He realized that it was necessary for Chinese corporations to go abroad. And Zhang

Ruimin also says, "The sign of victory in the global competition was the brand, so Haier must own its global brand." (Speech of Haier Development) And global brand means Haier must take exercise on other countries' land. This is also the key for the globalization of Chinese corporations.
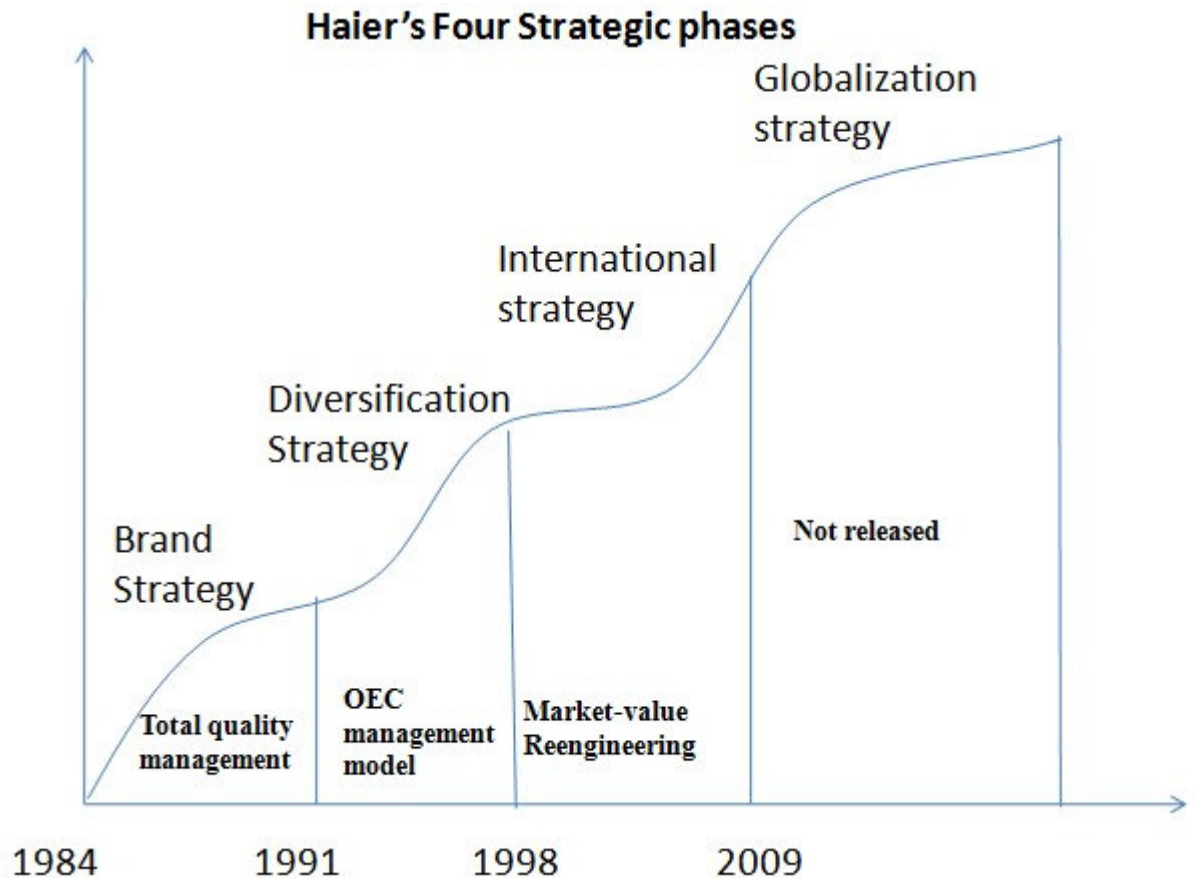
Figure 8.Haier's Four Strategic Phases

5.1. Haier's Vision and Mission

The current vision of Haier is creating resources and worldwide prestige. (The introduction of Haier [Referred 12.10.2009]) Resource creation is based on innovation. Even if Haier has fewer resources than its rivals, it can benefit from the core competence originated from innovation. The higher objective of the global brand strategic stage is "worldwide prestige" , which is accomplished in meeting the needs of customers from all over the world and which will in turn make Haier a globally recognized world-class brand. The mission of Haier is to be the world's most well-known brand, and always adhere to customer demand-oriented, commit to developing energy-saving, environmental protection, fashion and personalized home appliances.

Samsung is guided by a singular vision: to lead the digital convergence movement. It aims to develop innovative technologies and efficient processes that create new markets, enrich people's lives and continue to make Samsung a trusted market leader. The mission of Samsung is to be the best "digital-εCompany"2. (The Official Website of Samsung, [Referred 12.10.2009])

Haier and Samsung are in the same industry, they are both home appliance manufacturers and digital companies. However, comparing with both vision and mission of them, we can easily find there is a big level-difference between the two companies. Samsung's vision and mission have a higher level concept than Haier's. In terms of its causes, they are in the different developing phases and different strategies. Samsung has been the world-famous brand for more than 10 years, is has successfully completed its globalization strategy and constitutes its new development strategy. However, Haier has to begin his arduous journey of globalization and global brand building if Haier wants to occupy a place in international competition and achieve its vision and mission.
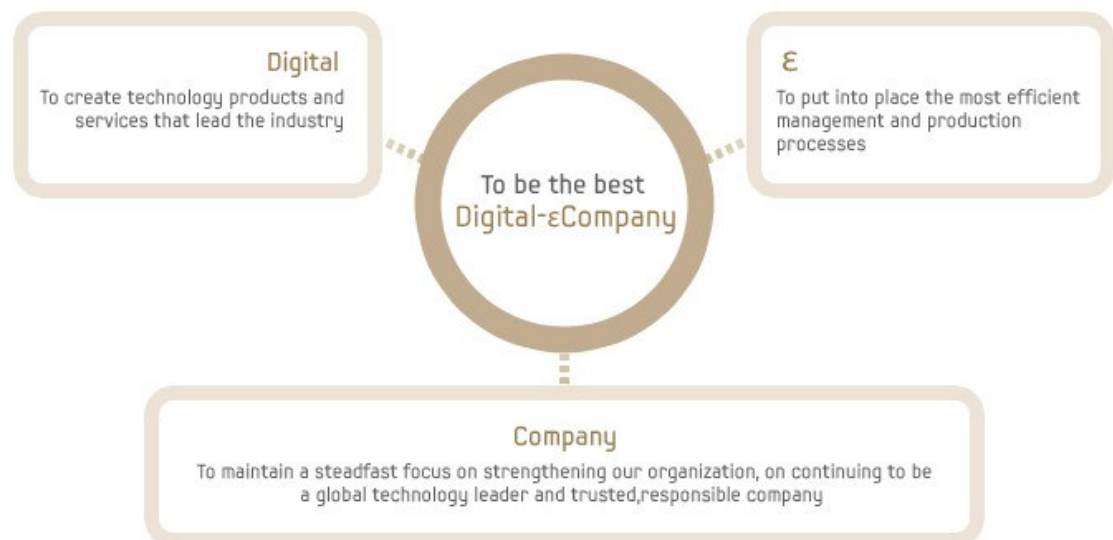
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Figure 9.Samsung's Mission (Source: The Official Website of Samsung)

5.2. SWOT Analysis for Haier

Strengths

Technology Strength: Haier has been widely recognized as the leader of 9 products in terms of domestic market shares and the top 3 player of 3 products (refrigerator, wash machine and air conditioner) in the world market and world-class company in the fields of home integration, network appliances, digital and large scale integrated circuits and new materials. Up to 2008, Haier has obtained 8795 patented technology certificates (2078 for Haier inventions) and 856 software intellectual property rights. Haier has hosted and taken part in the modification of about 100 technological standards. (The introduction of Haier [Referred 12.09.2009])

Innovation Strength: Innovation is a fundamental driving force for enterprise development. Haier really recognizes this point, whether in producing, business management or in the after-sales services, Haier always pursue innovations. Haier has long attached significance to innovation in satisfying the demands of worldwide consumers and realizing a win-win performance between Haier and its clients. Products like safe care water heater, dual drive washing machine, smart air conditioner, four temperature zones refrigerator and comfort-eye computer are all innovation-reflections of Haier. In management innovation, Haier's unique "OEC", "Market-chain" and "SBU" management methods have been recognized worldwide, especially in many foreign educational institutes, including Harvard University, University of Southern California, Lausanne Management College, the European Business College and Kobe University. (Bai Chi 2005, 12)

Corporate Culture Strength: Haier corporate culture has been widely recognized by Haier's employees as innovative value created by Haier senior management. Innovation is the core of Haier's corporate culture, Haier's unique cultural system cultivated and developed over the past 20 years. Haier's corporate culture is guided and developed by an advanced concept, innovative strategy, efficient organization, creative technology and market orientation, which have enabled Haier to grow swiftly with business expansion from China to the outside world. Haier's corporate culture features the recognition and participation of all employees. Today, Haier is ambitious to gain worldwide recognition. To achieve this magnificent goal, Haier has had all its employees involved in realizing Haier's ideal to be a globally recognizable brand.

Other strengths: High quality, good service and Top 1 market share in China. "High standard, fine, zero defects" is Haier's pursuit goal in quality. In product quality competition with world's class brands, I dare say that Haier probably will not lose and can even win the game. The service objective of Haier is the customer is always right. The core competence of Haier is the outstanding ability to obtain customer and user resources. For that reason, Haier tries to satisfy what customers want and create some unique and special services, like "1+5 service, no dust installing, follow-up service", which have made Haier earn a good reputation and recognition. Up to 2006, Haier has earned more than 26.2% in Chinese home appliance market, and it especially occupies more than 30% in the high-level market domain; both of the figures are top 1 in China, better than famous foreign brands, Panasonic, LG, Samsung, Siemens, Philips, etc.

Weaknesses

Low level of Core Technology:
Although many technologies of Haier have been the world level, Haier still heavily depends on several world famous companies who provide core components and core accessories for Haier. Like in high-level television industry, the chips Haier used are made by Philips, which improves the quality of TVs. Mitsubishi provides the excellent compressors for Haier's air-conditioner. Having less core competencies will limit Haier's global expansion.

Small Location Network and Brand Influence: Till now, Haier only has design centres, plants and trade companies in 30 countries; to have all over the world covered with them it still requires a lot of time and effort. Haier has a lower market share in the rest of the world compared to those international home appliance and digital giants. Because of the small location network, Haier has a lower brand influence all over the world. In these 30 countries whhere Haier has been, Haier may have won a good recognition and brand reputation, but out of these countries, Haier is still an unknown brand.

Low Corporation Operation Competition: the operation competition can be concluded as logistic, capital flow and information flow. These three flows Haier have done very well in China; but to the international competition, Haier still has a big gap compare with giants. In logistic aspect, Haier doesn't have a complete network. In many countries, Haier is not able to deliver the products to retailers and still needs to

rent a warehouse for storing its products, which increase its cost. In capital flow, Haier cannot achieve the spot cash with retailers because of its small influential brand.

Opportunity

Government Support: China has developed its economy from 1978 when the Reform and Opening-up policy was released. In these 30 developing years, China reaches a lot of achievement in all aspects. As many experts predict, the GDP of China will surpass Japan this year, China will be the second economic group following the USA. As a big country, however, it is incredible that China has so few world-class brands. So in 2006, the Chinese government released a national strategy of "Go out Strategy", which encourages famous and competitive Chinese brands to go abroad. Haier is included on the list. China has been the "world factory" and has 70% foreign trade dependence, so the government has to consider both the quality of foreign investment and expansion of investment in foreign countries. China should maintain the advantage of manufacturing; and meanwhile, step up toward the high value-added industries to enhance China's role in the international industry division.

Global Economic Integration: Global economic integration is not only a challenge but also an opportunity for Haier. Through global economic integration, Haier can procure the best raw materials from all over the world, recruit the international talents, and explore more international markets. Haier should make full use of the international resources and catch this opportunity to accelerate its process of globalization.

Advantages in Domestic Market: For Haier, the domestic market is still the most important one. It is the strong backing for Haier to enter the international markets as Haier owns more than 26.2% of the total Chinese home appliance market. And it especially occupies more than 30% in the high-level market domain. The growth of the Chinese home appliance market is still more than 20% every year. There is more profit and market space for Haier to earn in the future. In China, Haier is a quite famous brand; it has a wide brand recognition and reputation among Chinese consumers.

Threat s

Global Economic Integration: As I have said before, Global economic integration is not only an opportunity but also a threat for Haier. Especially after China takes part in the WTO, many world famous giants enter the Chinese market, and they build design

and manufacturing centers and even some giants move their headquarters to China. Competition between Haier and these giants in the Chinese market becomes more intensive. They encroach the Haier's market that is has had before. In the international market, Haier is still a weak player and has to avoid risks to occupy a certain position.

Strong rivals: It is inevitable to face the intensive competition from strong rivals when Haier starts its globalization. In the home appliance domain, there are world's famous brands like Panasonic, LG, and Philips; Samsung has the second cell phone market share in the world following Nokia; Samsung and Sony also have strong competitiveness in the PC industry. In addition, these strong rivals have the unique marketing networks and quality of international competition which Haier lacks.

Country Image: Hundreds of studies have shown that a country's particular image influences purchase decisions significantly, quite often more so than a brand name. For example, "Made in" Germany or Japan can greatly enhance brand equity, especially for products that do not also have high-profile names like Mercedes or Toyota. The country image has a big influence on the product image, and then will lead to the positive or negative behaviour of consumers. However, the most obvious image China left to consumers all over the world is that China is a "world factory" with low quality and low prices, which will bring Haier a big problem to deal with.

5.3. Formulation of Global Strategy

Choice of Competitive Strategy

As I have mentioned in the theory part, in dealing with global markets, the manager has three general choices of competitive strategies (1) cost leadership; (2) differentiation, and (3) focus. I think using the differentiation competitive strategy is a reasonable and proper choice for a new brand who wants to compete with strong rivals and explore international markets. As Haier just completes its internationalisation strategy this year, it only has design centres, plants and trade companies in 30 countries and regions. Haier still does not have a complete location network, sales network and after-service network. In addition, there are many defects in Haier's logistics, capital and information flow management, like it still needs to rent many warehouses for storing at a high receivable rate. All of these defects will have a big negative influence on

Haier's cost management, which means Haier has to face the fact of higher operation cost and lose the cost leadership in international competition.

Haier starts its diversification strategy in 1992, diversified the product category from one product to a variety of products (In 1984, Haier had refrigerators only, and in 1998, Haier had dozens of products), from one industry to a series of industries (IT, Digital, Medicine, Biology Science, Trade, Finance). Haier is still persevering in diversification and trying to invest more in each industry.

Haier should implement its differentiation strategy in product differentiation and service differentiation. The product differentiation of Haier can focus on personalization direction. Haier should use its excellent design talents to create more good-appearance and functional products, like the existing safe care water heater, dual drive washing machine, smart air conditioner, four temperature zones refrigerator and comfort-eye computer and so on. These products have won good feedback from consumers. As I know several years ago, Haier did a flexible transformation3 in its product line to make it cope with any volume-production, so that personalized production becomes possible. For example, one consumer called Song Mingwei booked a small BCD-130E refrigerator with a left-open door on line on 12.06.2006, the delivery date is 7 days. However, Haier only has produced this model of product with a right-open door, but thanks to the flexible production line, Haier produced and delivered the product to Song Mingwei on time. (Cheng Baofu 2009, 30)

As mentioned before, the service objective of Haier is the customer is always right. The core competence of Haier is the outstanding ability to obtain customer and user resources. In service differentiation, Haier can create some unique and special service activities based on consumers, like the existing "1+5 service", "no dust installing", "follow-up service"4. The most important point is Haier must have a good understanding of local customer needs and provide unique services which are different from competitors and are hard to imitate.

3Haier utilizes the existing advanced e-commerce platforms (B2B and B2C), logistics and distribution systems as a main way of procurement; Haier classifies 9200 types of

basic materials, more than 20 thousand of modules. Haier can use these materials and modules to mix a new product what consumers want. (Cheng Baofu 2009, 30)

4"1+5 service": 1 is for completely delivering, installing and inspecting the machine at the first time, 5 are for electrical safety testing, explaining the use of the product, product maintenance, one-stop inspection and on-site clean-up when the staffs of Haier take the onsite service.

"No dust installing": Haier creates its unique way to install machines without generating any dust to consumers' houses.

"Follow-up service": Haier will have a track with consumers of any reflections and feedbacks. Haier staffs will contact consumers in a period time for collecting consumer information and solving problems. (Cheng Baofu 2009, 30)

Choice of Target Countries and Segments

In this part of choosing target countries, I think Haier should follow two principles of "Easy to Hard" and "Hard to Easy". Under "Easy to Hard", Haier should obey the rule "Market development precedes production plants", which means explore the market at first and then start to implement localization strategy (building design, manufacture and sales centers). For example in the United States, Haier exports its products to this market at first, and then has a joint research and development with US Company, and finally a builds design center, manufacturing and trade company there. It is from the line "Easy" to "Hard", if Haier directly set up manufacture base in US without any market as base, Haier probably will lose. On product strategy and investment aspect, Haier should also follow the principle of "Easy to Hard". For example, Haier chose its most excellent product---refrigerator to enter the US and European market as the first step. However, in developing countries like Iran, Tunisia, Pakistan, Haier chose the washing machine as the leading product because of high needs in these countries. When the leading products stand on ground and build a good brand reputation in each country, Haier can bring more products in and start its diversification strategy in each country.

Haier has built several design centers, manufacturing and trade companies in America, Europe, Asia-pacific, and Middle East till now. In the next step in choosing target countries Haier should focus on the "Hard to Easy" principle. It means Haier should

enter the foreign most stress and most critical markets to occupy a commanding height, and then can easily access other markets. In other words, Haier should build a name brand in several developed markets and then expand the business into developing markets with little resistance. It is by placing the products into the world's most demanding market, Haier's quality of all aspects (especially product quality and services) can rapidly increase and improve, and that lays a solid foundation for future international markets exploration. Haier's goal is to build a globalised Haier which comes from all localized Haiers in each market.

5.4. Haier's Localisation Strategy

Localization is the process of adapting a product or service to a particular language, culture, and desired local "look-and-feel". Haier has started its localisation strategy in existing foreign markets; its theory of this strategy is "Three-in-one localization", which means Haier should design the products to meet local consumers' needs and lifestyle, manufacture the products in the local market and market the products in local ways. For example in the US Haier, the "Haier Design Center" is built in Los Angeles, New York has "Haier America Trading" company, the products are manufactured in South Carolina. Haier in the United States has successfully formed the design, production, and sales trinity of management pattern in order to have a better understanding of the U.S. market, and more quickly respond to market changes.

Another example is that Haier created an advanced "zero detergent washing machine", which has a high requirement of water quality. Haier needs to obtain water samples from around the world, because the washing machine must be designed to depend on local water features. The "zero detergent washing machine" has a good sales result in New Delhi because of high quality water in New Delhi, but not well in Mumbai. My suggestion is that Haier should have the concept of globalization, but the action of localization.

6. HAIER'S BRAND MANAGEMENT

In this part, I will discuss Haier's global branding strategy and Haier's brand strategy decisions. I will analyze three stages of Haier's global branding strategy: From quali-

fying to the finals; from the opportunity profit to win-win profit; and from single culture to the multi-culture and achieving sustainable development. I will follow the four steps, brand positioning, brand name selection, brand sponsorship and brand development, to make a brand strategy decision for Haier. In addition, I will also apply the marketing and human resource management theories to Haier's brand building.

6.1. Haier's Global Branding Strategy

Haier's global branding strategy should aim at positioning the company as a local brand in different world markets in conjunction with enhanced product competitiveness and strong corporate operations. Haier's international business framework encompasses a global network of design, procurement, production, distribution and after-sale services.

The way Haier implements global branding strategy is mainly forced by global economic integration. From the market point of view, now we cannot find one market in the world which is not a part of the international market. Bangladesh is one of the world's 49 poorest countries; however, international brands still have their competition there. The sign of winning game in the global competition is a brand, so it has to operate a global-range brand; but if we want to make it into a successful international brand, it also depends on the global branding strategy. In ability to operate globalization, Haier's rivals have a global marketing network and the quality of global competition which Haier lacks of. International strategy and global branding strategy are very similar, but there are essentially differences: the international strategy phase is to regard China as the base to spreading all over the world, but the global branding strategy phase is to form a local brand in each local country. The internationalization strategy stage will focus on exporting, but now it is to create a brand in each local market. So, I set up three stages for Haier's global branding strategy through my study and research: From qualifying to the finals; from the opportunity profit to win-win profit; from single culture to the multi-culture and to achieving sustainable development.

The first stage: from Qualifying to the Finals
The first stage of Haier's global branding strategy is from qualifying to the finals, which like athletes take part in the Olympic high jump game, the entry standard is 2

meters, you only jump 1.8 meters, and are even not qualified to start. The first problem Haier has to solve is expanding the world-range market location. Till now, Haier only has design centres, plants and trade companies in 30 countries, and to have the world covered with them still requires a lot of time and efforts. I think Haier should be brave to implement strategic losses in the following years to expand its location distribution and brand advertising. Without money it cannot accomplish anything. Secondly, Haier has to enhance the competitiveness of their products and the competitiveness of their business operations. Competitiveness of products includes product quality and product development. Haier should have the ability to provide large quantity production, variety of new products to meet different needs of consumers in different countries and regions. A high quality assurance system to meet the requirement of globalisation is the only possibility to reach the finals. The ability of product development is the same as that of competitors; it should reach the world-competition level, considering how many patents and standards it has. The most important thing is Haier should own its core technology, which will make Haier more powerful and prestigious.

The competitiveness of business operations is another important issue Haier has to solve when Haier implements its global branding strategy. The business operations can be concluded as logistics, capital flow and information flow. These three flows Haier has done very well in China; but to the international competition, Haier still has a big gap compared with the giants. In the logistic aspect, Haier should build a complete delivery and warehouse network. In the capital flow, Haier should try to achieve the spot cash with retailers with the gradually increasing brand influence. In addition, Haier should use the advanced information technology to manage procurement, human resource control, consumer management and other fields to improve the efficiency and effectiveness of their business operations

The second stage: from opportunity profit to win-win profit
After entering the finals, Haier should pay more attention to profit because the finals do not mean Haier can earn a profit. If there is no profit when Haier enters the finals, eventually, it has to meet the fact of withdrawal, so this is the reason that Haier should change their profit from the opportunity profit to the win-win profit. Chinese market has a blank period after the reform and opening policy released in 1978, which means no matter which you are, what industry are you in, you can still earn a large number of

profit at that time because of the large needs. It is called opportunity profit period, and Haier has a good performance in this period and accumulated lots of capital. But now it is impossible to have the same opportunity in global competition but the win-win profit, which means what kind of resource you have, others will return that kind of resources to you, so it is a time of resource exchange to reach win-win.

Whether the suppliers can give you high-quality resources depends entirely on your resources. A company like Intel gives you something which absolutely depends on yourself, if you want a great amount, and you have a good prospect, he will give the high quality products with low price. If you want a small amount, the price will be twice as high. In other words, it depends on your resources competitiveness. The wholesalers and retailers are the same. Whether they can provide the best position for you depends entirely on how much profit your products will bring them. Similarly, whether the users and consumers pay for your products depends on whether your products bring more benefits for them than others. The first is cost-effectiveness: is the price appropriate for the product. The second is whether your products can create greater added value. If Haier cannot do these points, it is hard to earn profit. It is a value war instead of price war: by competing on value rather than price, Haier should make products that are highly valued, thus consolidate resources as soon as possible to best satisfy personalized needs and exceed customers' expectations.

The third stage: from single culture to multi-cultural
After earning profit, Haier should focus on the inner culture problem; it should do a transition from single culture to multi-cultural to achieve sustainable development. Haier can still develop well today; one of the most important elements is the wide-recognised corporate culture. However, Haier's original corporate culture is rooted in the Chinese traditional culture that only deals with Chinese staff, like relation culture, conservative mind. But when Haier goes to outside markets, it will find the large dif-ferences in culture, which may cause cultural conflicts in the inner corporate manage-ment. For example, the leisure culture is the main stream in US and European coun-tries, leisure is inviolable. But a Chinese company always emphasizes the importance of "working seriouly". Individualism and collectivism culture is another main conflict between east and west. In Japan, the wage system depends on the age of staff, it has a big conflict with Haier's "absolutely result-ism" culture. The big different cultures in the rest of the world will bring Haier many new issues; Haier has to respect the local

cultures and customs, and cultivate multi-culture to adapt to different markets. Respecting a local culture means respecting the local staff and consumers, this will make Haier sustainable in its global branding strategy.

6.2. Haier's Brand Strategy Decisions

Brand positioning

As mentioned in the theory part, a brand can be positioned at three levels, attribute, benefit, belief and value. However, attributes are the least desirable level for brand positioning. Competitors can easily copy attributes. More important, customers are not interested in attributes as such; they are interested in what the attributes will do for them. So Haier should position the brand at the benefit level or belief and value level. My suggestion is Haier should separately position its brand in different strategic periods. Positioning brand as benefit at the beginning of implementing global branding strategy because it is hard to make consumers feel belief and value of Haier which has a low popularity, brand recognition and reputation. On the benefit level, Haier can position its brand as if you choose the Haier brand, you can benefit from its high quality products and good service, good-looking, convenient function, and it will make your life easy. Haier should try to expand its brand influence and spread its brand belief and value based on benefits level in the late global branding strategy. On the belief and value level, Haier should try to make it as a life leader that leads the fashion life trends, so people who choose the Haier brand show that they know how to taste the high-quality and fashion life.

Brand name selection

In brand name selection, I think choosing the company name, "Haier", as the worldwide brand like SONY, Panasonic, LG, will be better. One reason is "Haier" has been chosen as the brand in the Chinese domestic market and it has won a good recognition and reputation. It will be coherent if Haier chooses "Haier" as brand in global market. Another reason is Haier don't need to separately advertise its products one by one, it only needs to advertise the "Haier" brand, which will save lots of costs and publicize Haier into the global markets easily.

Brand sponsorship

Haier has done lots of sponsoring in China and USA, the most famous case is the 29th Beijing Olympic Games, in which Haier provided thousands and hundreds of products, like central air-conditioners, refrigerators, washing machines, TVs and so on in all stadiums and Olympic villages. Haier has built more than 100 Hope Primary Schools in western China and organised more than 20 philanthropy activities in China. Haier also does a lot of contributions to environment protection like creating the "Zero Detergent Washing Machine", "Low-Power" air-conditioner and refrigerator, organizing environment protection activities. The biggest sponsorship case in the USA was when Haier signed as one of the strategic partners of NBA. In the next global branding strategy, Haier should still do lots of sponsorships in foreign markets, especially in environment protection, energy-saving and poverty-assisting, which people care more about. Sponsorship is a good way to explain Haier's brand value and spread its brand influence.

Brand development

The key products are refrigerators/freezers, commercial air-conditioners, microwave ovens, washing machines, dishwashers, televisions, mobile phones, and computers. However, Haier only launches its most competitive products in the developed countries. For example, Haier chose its most excellent product---refrigerator to enter the US and European market as first step. When the leading products stand on ground and build a good brand reputation in these countries, Haier can start the brand extension to bring in more products. The developing countries are the same, launching one or two products which are the most lacked in the local market, and then implement its brand extension.

6.3. Marketing Principle in Haier Brand Building

Marketing Segments, Target Market, Position

For a multinational company, it is difficult to make the target market and position because of the different local markets. So I have to make these generally. Haier is a home-appliance and digital company. The main products of Haier are refrigerators/freezers, commercial air-conditioners, microwave ovens, washing machines, dishwashers, televisions, mobile phones, and computers. As table 4 shows, studying from

the segments of age, gender, income and benefits, I conclude the target market of Haier can be: (1) Everyone, no matter how old, needs home-appliances and digital devices, especially the young couples who get married need lots of home appliances in their homes; (2) Females always do the kitchen chores, they need home-appliances more intensively; (3) Haier should focus on consumers who at least have middle-level income. (4) Focusing people who like high-quality products, excellent services, convenient function.

The market position of Haier can be similar with brand position during Haier's global branding strategy. Haier can position itself as leading the fashion life trend, making consumers enjoy high-quality products, excellent services, convenient function and making life easy. People who choose Haier means he or she knows tasting high-quality and the fashion life.

Segments	Variables	Target Market of Haier	Marketing Position of Haier
Age	Under 6; 6-11,12-19;20-34;35-49;50-64;65+	All the age, especially young couple	Leading the fashion life trend, making target market enjoy high-quality products, excellent services, convenient function and making life easy.
Gender	Male, Female	Especially female	
Income	Under $10000;$10000-$20000; $20000-$30000; …	At least middle income	
Benefits	Quality; service; economy; convenience; speed	Quality, service, convenient	

Table 4.Haier's Marketing Segments, Target Market, Position (Made by the author)

Marketing mix (Product, Price, Place, Promotion)

As Table 5 shows, it is my suggestion for Haier's 4Ps marketing strategy.

4Ps	Haier's 4P strategy	Reasons
Product	Decent, fashionable, and graceful looking; Convenient and special function; High-quality; Excellent service; Leading life trend	The price should match with Haier's marketing and brand position; Only products like this can compete with global giants
Price	The price adapts to the public; The same level with the global giants	Home-appliance is a public industry, everyone needs it; Lower price than competitors will lower Haier's brand value
Place	On-line shop; Local electrical operators and retailers	On-line shopping is the most popular, fast and efficiency way; Retailer is still the most effective way because of the sales network they have
Promotion	TV, Billboard, newspaper adverting; Sponsorship; Sales promotion; Public relations; Trade show	Advertising and sales promotion are the most traditional way but effective and efficient; Public relations like sponsorship, social activities are a good way to improve brand image in public; Trade show-the best way to communicate with retailers

Table 5.Haier's 4P strategy (Made by the author)

Logistics, supply chain management

Logistic is the one of the most important networks for Haier's globalization. However, Haier doesn't have a complete logistics network. In many countries, Haier is not able

to deliver the products to retailers directly and still needs to rent a warehouse for storing its products, which increases its costs. The logistics costs comprise between 10 and 30 percent of the total landed cost of an international order. (Hise 1995, 39-45)So the urgent thing for Haier is to build a complete and efficient international logistics network.

Haier's international business framework encompasses a global network of design, procurement, production, distribution and after-sale services. Procurement and distribution are the most important content in the supply chain. As I know, Haier has built good cooperation with many suppliers; they provide high-quality resources and materials to Haier, like the Japanese Mitsubishi, and Netherlands Philips. In addition, Haier uses the advanced B2B system to procure quality but cheap resources. More than 10000 companies sign cooperation contract with Haier, and they can deliver the resources immediately if Haier needs. In marketing channels, the main channel of Haier is having cooperation with electric retailer giants, like Gome and Suning in China, Best Buy and Target in USA. The supermarkets are another main retailer because they also have a widely spread sales network. However, whether Haier can enter a retailer giant and get a good position are still big problems. How many benefits can Haier's products bring to retailers? How to make retailers choose Haier instead of the famous global brands? The distribution channel is still a big topic for Haier.

6.4. International Human Resource Management for Haier

Haier will implement its global branding strategy form next year; one important successful element is cultivating a team of international human resources. The objectives of HR development in Haier must match its enterprise's strategic objective of globalization, to develop international and competitive talents. Quality products are made by qualified people. The key to enhance business dynamics and competitiveness is to maintain superiority in human resources. People are the only productive factor that is both active and creative. As sophisticated as it can be, a management needs people to put the plan into effect. "Each individual is a talent, and promotion is based upon excellence, not appearance." (Zhang Ruiming 2008) ---- Providing a fair, just and open competition environment in fact is the competition of talents. Staffs lead to the enter-

prise in success. If an enterprise has of most talented and high-qualified people, it will win in the competition.

The urgent mission for Haier is to develop a fair, effective and efficient recruitment process, training program, performance appraisal, payment mechanism and promotion systems, which match the objectives of Haier's global branding strategy.

I choose the "International division structure" for Haier as organization structure. The international division structure centralizes all the international operations, as shown in figure 10. One is that it reduces the CEO's burden of direct operation of overseas sub-sidiaries and domestic operation. A second benefit of this structure is that it raises the status of overseas operations to that of the domestic divisions. All information, author-ity, and decision making related to foreign efforts is channeled to this division, so there is one central clearing point for international activities. This structure also helps the Haier to develop a cadre of internationally experienced managers.
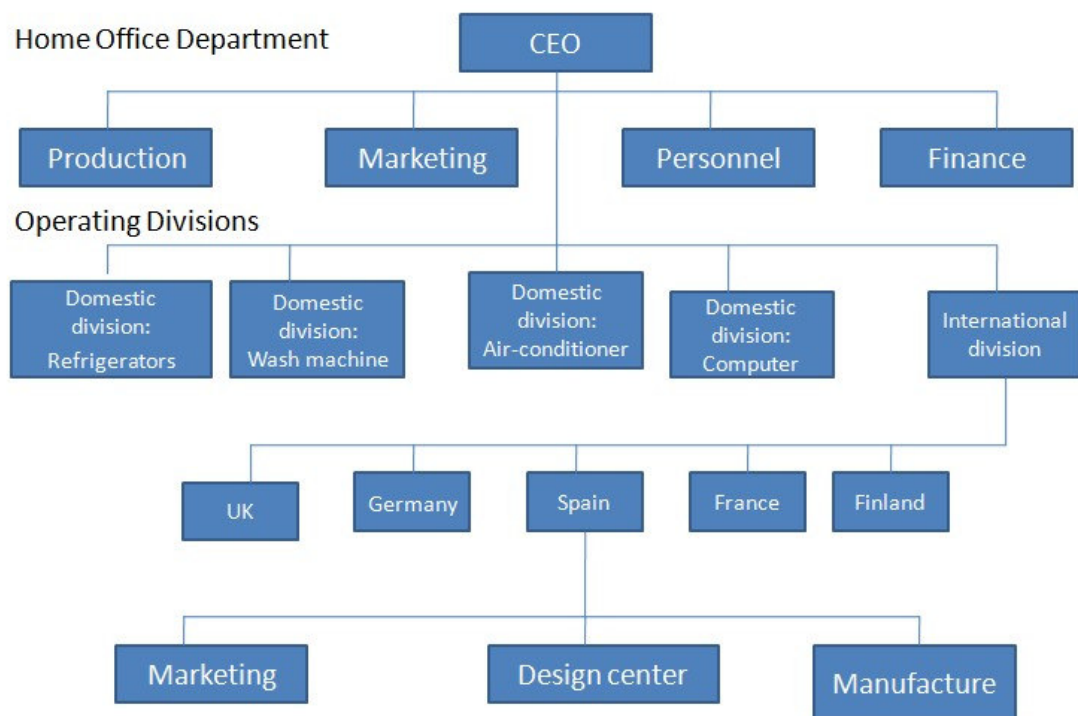

Figure 10.The International Division Structure

7. CONCLUSION

The thesis which I spent more than two months on is going to be finished. As a Chinese college student who is for the first time writing a big report like this in English, I am pleased by the fact that I have learned to apply theories into practice to better analyze the cause and result, like how to make an effective strategic plan, how to use SWOT to evaluate the internal and external environment of a company, how to make an efficient brand decision, how do marketing and human resources affect a brand, etc. In addition, my English has had an obvious progress because of reading ten or more books and countless journals during the writing. I can say that I have never read and ploughed so many resources about the same issue and they are all in English.

But on the other hand, what I would say is that finding a correct and valid global branding strategy for a company to build up world-class brand is a huge systematic and comprehensive topic which needs practical implementation and evaluation. I cannot say whether my global branding plan is very suitable for Haier, but at least I tried my best to study and understand the deep significations of relative theories, and apply them into practice for analysis. I learned a lot from this and I enjoy it.

A coin has two sides. There are still some defects in my thesis. For some reasons, I leave out some theories like international financial management, political element, etc, which are also determinants in the success of global brand building. And some parts like international culture, corporation culture, and human resource management, I only have done a concrete and simple analysis and conclusion which may not be strong enough to support my facts. Another defect is the language problem, which means I write my thesis using the most simple sentences and words that lead to shallow description without any deep significant expression.

Last but not least, I would like to thank my thesis supervisor as well as the professor who has shared great ideas with me in this process. I am also very grateful for the school library where I could borrow many valuable and useful books from and it supported me to finish so a big job.

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