

Analysis of Haier's Market Entry Strategies in Southeast Asia

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Abstract. As global economic integration deepens, corporate internationalisation has become a key trend for future development, and regional economic cooperation is increasingly supported by many countries and regions as a crucial approach. Southeast Asia, a significant overseas market, possesses distinct advantages in its development. Benefiting from its advantageous geographical position linking sea and land, the region demonstrates exceptional competitiveness on the international stage, offering many enterprises a favourable investment environment and a level playing field for fair competition. This article examines approaches for companies entering international markets and defines a universal methodology for determining appropriate strategies. The case of Haier Group reveals that there are primarily two models for market entry. One involves mergers and acquisitions, particularly acquisitions in the Southeast Asian market. The other entails establishing production facilities to participate comprehensively in Southeast Asian infrastructure development from the outset. This study examines the strengths, weaknesses, and applicability of these two primary market entry models. Through structural optimisation and the development of innovative products and technologies tailored to local requirements, Haier has enhanced brand recognition while simultaneously strengthening consumer trust in foreign brands. This method is good for companies to get used to the local culture as well as to expand the international market with profit environment. It is useful for other Chinese company to seek for overseas business in order to get more experience.

Keywords: Market entry; entry model; Southeast Asia; Haier Corporation.

1. Introduction

The primary developmental trends of this era are economic globalisation and regional economic integration. This prevailing trajectory dictates that the vast majority of companies must actively seek international avenues for growth rather than remain complacent within their domestic markets. Increasingly, consumers seek globally sourced goods and favour international services – a reflection of rising consumer sophistication. Consequently, major corporations such as Haier must boldly pioneer this path, gaining experience through experimentation to enhance their acceptance within the international community. The consumption levels of the Chinese people are also testing the capabilities of these enterprises. Haier one of China's most prominent enterprises, has achieved significant success by integrating the internationalisation of its own brand with contemporary trends. By continuing to expand into overseas markets while simultaneously driving internal optimisation it is securing a brighter future and higher returns [1,2]. Currently, Haier faces numerous challenges, including intensifying competition, heightened competitive pressure, more pressing demands for innovation, and the critical importance of cost reduction. Moreover, Southeast Asian nations require collaboration with multinational corporations to secure larger enterprises that generate more employment opportunities, alleviate labour market pressures, stimulate economic growth, boost national Gross Domestic Product (GDP), elevate living standards, and enhance public well-being. This demand creates a robust environmental foundation for international companies' deepened engagement while offering nations and regions unprecedented development opportunities and promising prospects. Similarly, renowned home appliance firms such as Midea Group, Gree Electric Appliances, and Changhong have achieved significant international success. For instance, Midea Group recorded overseas revenue of RMB 91.08 billion in the first half of 2024, accounting for 41.92% of total income with a 13.09% year-on-year increase. Its overseas proprietary brand operations grew

rapidly, with OBM business revenue exceeding 40% of its international smart home segment. Gree Electric Appliances recorded overseas sales revenue of RMB 14.825 billion in the first half of 2024, a 15.64% year-on-year increase, with its proprietary brand accounting for nearly 70% of total export sales volume. Changhong's overseas home appliance business achieved overall revenue growth exceeding 20% year-on-year in the first nine months of 2024, with all three major product lines—televisions, washing machines/refrigerators, and air conditioners—registering growth. This study, informed by research into other brands' overseas market expansion strategies, lays a solid foundation for exploring potential pathways for Haier to enter the Southeast Asian market and enhance economic efficiency. By analysing approaches such as acquisitions, factory establishment, and supply chain development, it provides reference points for the company's internationalisation. Based on Haier's overall context and practical circumstances, this paper assesses the feasibility of establishing and developing Haier's presence in Southeast Asia, while also setting an example for other Chinese and European companies seeking to expand into overseas markets and engage in international competition.

2. Analysis of the Southeast Asian Market Environment

Compared to Haier, other overseas brands such as Samsung, LG, and Panasonic from Japan and South Korea exhibit a high degree of market maturity in Southeast Asia. Samsung achieved a comprehensive score of 69.27% in the region's electronics market, significantly outperforming Apple. It holds a dominant position in nearly all markets except Singapore, boasting exceptionally high brand recognition [3]. Local consumers demonstrate strong loyalty to the Samsung brand, consistently choosing its products and even developing stable purchasing habits that make Samsung their first choice. To meet the needs of the Southeast Asian market, Samsung has introduced numerous innovative technologies to earn consumers' trust in its products. These include the 'AddWash' washing machine, which allows clothes to be added mid-cycle the dual cooling system featuring independently controlled refrigeration and freezer compartments to prevent odour transfer; and the 'Wind-Free' air conditioner, employing airflow technology that prevents direct, uncomfortable draughts. Furthermore, Samsung enhances customer satisfaction by improving product usability and comfort, thereby strengthening both its technological superiority and competitive edge. This forms the foundation for market expansion. The company is advancing localisation by developing products tailored to Southeast Asian dietary habits and entertainment preferences. For instance, considering Malaysia's unique culinary culture it developed a microwave oven with specialised functions suited to local recipes. Other key growth areas are Vietnam and India. To meet specific consumer needs in these markets Samsung has increased the freezer capacity of its refrigerators. Alongside Samsung's advantage of experience, local brands such as Thailand's Changhong are also exerting significant influence. Changhong's mature sales channels are expanding market reach and sales volume by deeply integrating its products into local distribution networks. The affordable premium smart home appliance brand 'CHIQ' is popular with Thai consumers featuring designs that integrate smart technology with an emphasis on everyday practicality [4].

Haier has secured a significant market share in Southeast Asia. From January to April 2025, Haier's smart home appliances ranked high in terms of sales volume in Thailand, Vietnam and Indonesia reaching a market share of 14.3%, which is 8.2% higher than the previous year. Haier is demonstrating its growth potential in Southeast Asia supported by strategies that include localised manufacturing technological innovation brand matrix implementation and supply chain development. These initiatives have become the foundation of Haier's regional success. Projects such as the construction and operation of an industrial park for the production of air conditioners in Chonburi will further enhance Haier's competitiveness in the market. Haier's growing influence in Southeast Asia positions the brand as a driving force for the company's future sustainable development [5].

Southeast Asia is characterised by pronounced multicultural traits, where religious beliefs and traditions have a significant influence on consumer behaviour. In countries such as Indonesia and Malaysia, which have large Muslim communities household appliances must comply with halal standards. In Thailand, where most consumers are Buddhist minimalist designs are preferred while

Vietnamese households primarily favour household appliances with large capacities. This requires companies not only to adapt product designs to cultural conditions, but also to use cultural symbols in local marketing. At the consumer level buyers in Southeast Asia place a high priority on value for money. Chinese home appliances have increased their market share thanks to competitive prices, but it is still very important to maintain adequate quality. There are high energy efficiency requirements in this region, which means that great attention is paid to energy-saving features in air conditioners and dehumidifiers. Product aesthetics should strike a balance between fashion and practicality compact multifunctional small appliances can be particularly attractive products. Large appliances should incorporate local design elements to meet market expectations. Haier can focus on producing high-value energy-efficient products that are in line with religious traditions while using local sales channels and social media platforms for marketing to increase market share.

Tariff policies in Southeast Asian countries vary considerably from country to country. Thailand known as a hub for ASEAN exports, exempts certain products from tariffs and opens its market to household appliances. Vietnam and Indonesia impose tariffs of 5% to 10% on specific equipment, while Malaysia has reduced intra-regional tariffs under the ASEAN Free Trade Agreement. Trade barriers arise from varying certification standards between countries. Approval cycles can take two to three months and incur significant costs to increase the time and capital required for importing and exporting household appliances. Haier circumvented tariffs by acquiring the Thai Sanyo factory and establishing the Chonburi Air Conditioning Industrial Estate enabling local production. Alternatively multi-site coordination enables pre-emptive compliance, adapting to national certifications to ultimately secure product market entry.

3. Haier's Entry Model Selection in the Southeast Asian Market

Haier's internationalisation journey has progressed through three distinct phases: going global, penetrating markets, and achieving leadership. Particularly in Europe, Haier has realised this objective by integrating global resources and leading-edge demand with differentiated innovative products. The 1-metre-wide refrigerator launched in 2014 proved highly popular in the European market. The Crystal26 drum washing machine, equipped with DD direct-drive motor technology, has become Europe's leading drum washing machine product platform, commanding the highest market share among comparable products. Currently, Haier has entered over 200 countries and regions worldwide. Its overseas home appliance business accounts for more than 50% of total revenue. Consequently, for 16 consecutive years, it has been the world's top-selling major home appliance brand by retail volume, holding leading market shares in numerous countries [6]. Nevertheless, Haier's internationalisation continues to face challenges including geopolitical instability, economic volatility, tariff barriers, and cultural differences. To some extent, it also grapples with issues such as slowing growth rates, profit instability, and rising financial costs in overseas markets.

Given Haier's primary entry strategy of establishing local manufacturing facilities, implementing a three-pronged localisation approach through comprehensive supply chain integration warrants thorough analysis. Transport logistics necessitate indispensable support from local governments. National policy approval and backing are prerequisites for international goods circulation, encompassing both raw material imports and talent recruitment. Such acceptance by nations and regions enables normalised production and product distribution. Next, understanding the Southeast Asian market's realities is crucial. Market demand research reveals that the region's high temperatures impose stricter quality requirements on home appliances. In the economic climate of this developing region, it is essential to keep product prices at an affordable level to maintain price competitiveness. The challenge lies in managing costs while maintaining quality, necessitating the utilisation of the region's abundant human resources [7]. Prior to employing this large low-cost workforce providing appropriate training can add value to the organisation. Naturally the organisation must also deliver suitable services to establish restaurants catering to local tastes, adjusting working hours to align with the regional calendar, introducing holidays in line with local culture, and determining a tipping policy to secure employee loyalty.

Haier has adopted mergers and acquisitions as its market entry strategy, rebranding local enterprises to achieve seamless integration with regional markets. This approach drives value creation in international market growth. In 2024, the acquisition of Carrier Commercial Refrigeration Solutions—a global leader in commercial refrigeration with over 4,000 employees across more than ten countries—has enabled Haier to gain access to its accumulated expertise in carbon dioxide refrigeration technology. This acquisition strengthens Haier's smart home product portfolio and consolidates its strategic position in the global commercial refrigeration market. Haier must maintain a long-term strategic vision that transcends mere profit considerations, carefully navigating the emotional needs of local communities. The adage "the customer is king" remains a widely upheld business principle. Throughout its development, Haier must continually assess whether its initiatives align with prevailing consumer attitudes in local markets and evaluate whether its employee welfare systems require enhancement. As the ancient adage states: "Know yourself and know your enemy, and you will never be defeated in a hundred battles." For any enterprise pursuing sustainable development, comprehensive and prudent consideration is indispensable. Develop products tailored to local consumer preferences. For Thai consumers who favour scented laundry, creating washing machines that emit a pleasant fragrance addresses regional challenges and enhances product competitiveness. By integrating supply chain enterprises, Haier strengthens its home appliance supply system and elevates product quality [8].

4. Optimisation Strategy

4.1. Synergistic Development of Diversified Entry Models

Haier is optimising its product portfolio for entry into the Southeast Asian market, necessitating tailored solutions according to each country's domestic market characteristics. In smaller markets such as Cambodia, Myanmar, and Laos, a hybrid business model combining exports with local partnerships should be prioritised. An export-oriented strategy can leverage existing distribution channels to facilitate local product circulation, thereby avoiding substantial investment in local infrastructure and mitigating initial risks. Through technology licensing and brand partnerships, Haier can leverage local enterprise resources to expand market coverage. This approach minimises direct losses from market volatility and enables the establishment of local industrial bases with low investment [9]. In countries with substantial market potential and favourable investment environments, Haier should increase the proportion of investment-oriented models. Establishing production bases and R&D centres facilitates deeper integration into local industrial chains and enables more flexible responses to regional market demands. This strategy enhances the adaptability of localised products, reduces development barriers through advantageous investment conditions, and thereby strengthens market competitiveness.

4.2. Strengthening Localised Operational Strategies

Haier's local business strategy in Southeast Asia focuses on product innovation tailored to regional preferences. This requires a deep understanding of Southeast Asian consumers' unique cultural values, optimising product designs that incorporate aesthetic sensibilities aligned with local tastes and the vibrant colours popular in specific Southeast Asian regions. Air conditioners must enhance dehumidification and rapid cooling functions to effectively address the region's hot and humid climate. Refrigerators feature compartments and temperature control functions to extend the shelf life of tropical fruits and essential spices in Southeast Asian households, aligning with local daily living habits [10].

4.3. Enhancing Brand Development and Market Expansion Capabilities

Haier should strengthen its brand development and market expansion. On Southeast Asian social platforms such as Facebook and Instagram, the company should publish short videos showing home appliance usage scenarios adapted to the local culture through advertising campaigns in order to

increase brand awareness. By appointing brand ambassadors who leverage the influence of local Southeast Asian celebrities, such as Thai star Mario Maurer, Haier can increase its appeal in the local market thanks to these celebrities' fan bases. This strategy helps the brand establish a trustworthy image and boost product sales. Recommendations from celebrities also influence consumers' purchasing intentions. To promote cultural integration, Haier should actively participate in local festivals and consider sponsoring Southeast Asian cultural events such as Songkran and Eid al-Fitr. This will strengthen the brand's position in everyday life and create a cultural resonance.

The Southeast Asian market consists of various consumer segments based on income levels. For the mid-to-high-end market, Haier should launch a range of premium appliances equipped with advanced smart technologies. This will enhance the technological appeal of the products and provide a comprehensive service portfolio to attract elite consumers seeking technological innovation. This strategy increases product value, strengthens profitability, focuses on segmented markets, and is tailored to local consumption habits. For instance, Vietnamese consumers show a preference for energy-efficient appliances, meaning energy-saving refrigerators and air conditioners may prove more popular and better position the brand within the local market. Equally important is recognising regional variations in demand. For instance, Singapore's urban centres exhibit high levels of modernisation and robust demand for smart appliances, whereas rural areas may prioritise affordable, durable basic appliances. Haier must assess regional market conditions to precisely address these differing needs, thereby expanding its market presence efficiently [11].

5. Conclusion

This paper employs case analysis, using Haier as an example to examine entry model selection for the Southeast Asian market while maximising economic benefits. After clarifying the broader context and Haier's inherent strengths, it concludes that establishing manufacturing facilities and acquisitions represent the two primary entry approaches. A comparative analysis is conducted across multiple dimensions—including supply chain development, initial and subsequent investment costs, cultural differences, and consumer habits. It further elaborates on Southeast Asia's environmental context and the adaptations required for companies engaging in international competition and entering global markets. The overall optimisation trend manifests in the competitive landscape, cultural and consumption characteristics across Southeast Asian regions, and the policy and regulatory environment. The company's adjustments and improvements primarily manifest in the synergistic development of diversified entry models, the reinforcement of localised operational strategies, and the enhancement of brand building and market expansion capabilities. Against the backdrop of economic globalisation and regional economic integration, international competition is intensifying. Expanding into overseas markets has become an indispensable developmental journey for major corporations. By refining their operations on the basis of mutual benefit and win-win cooperation, they can strengthen their core competitiveness and secure a foothold in future international markets.

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