

# Research on Marketing Strategy of Haier's Smart Home Appliance Based on Consumer Psychology Analysis

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**Abstract.** In the Internet era, the national economy is developing rapidly, and consumers' demand for high-quality life is growing rapidly. But the smart home industry market is remain a precarious situation. Based on this, this paper mainly analyzes and studies how the relevant enterprises of smart home market -- taking Haier smart Home as an example. Relying on the theory of consumer psychology, through the analysis of literature and cases, using 4P marketing theory and SWOT analysis tools and methods, this paper summarizes the current situation of Haier smart home and puts forward suggestions and conclusions for the future development. This easy finds that consumer psychology can be flexibly converted into a skill in marketing, and can also help enterprises modify marketing strategies to help enterprises sell. This paper uses consumer psychology, combined with 4P and SWOT theory, to carry out a series of analysis on Haier Group's marketing strategy of smart home, and suggests Haier Group to enhance brand influence and competitiveness, achieve international development, and promote the sustainable and steady development of enterprises.

**Keywords:** Smart home; Consumer psychology; 4P marketing theory; SWOT analysis.

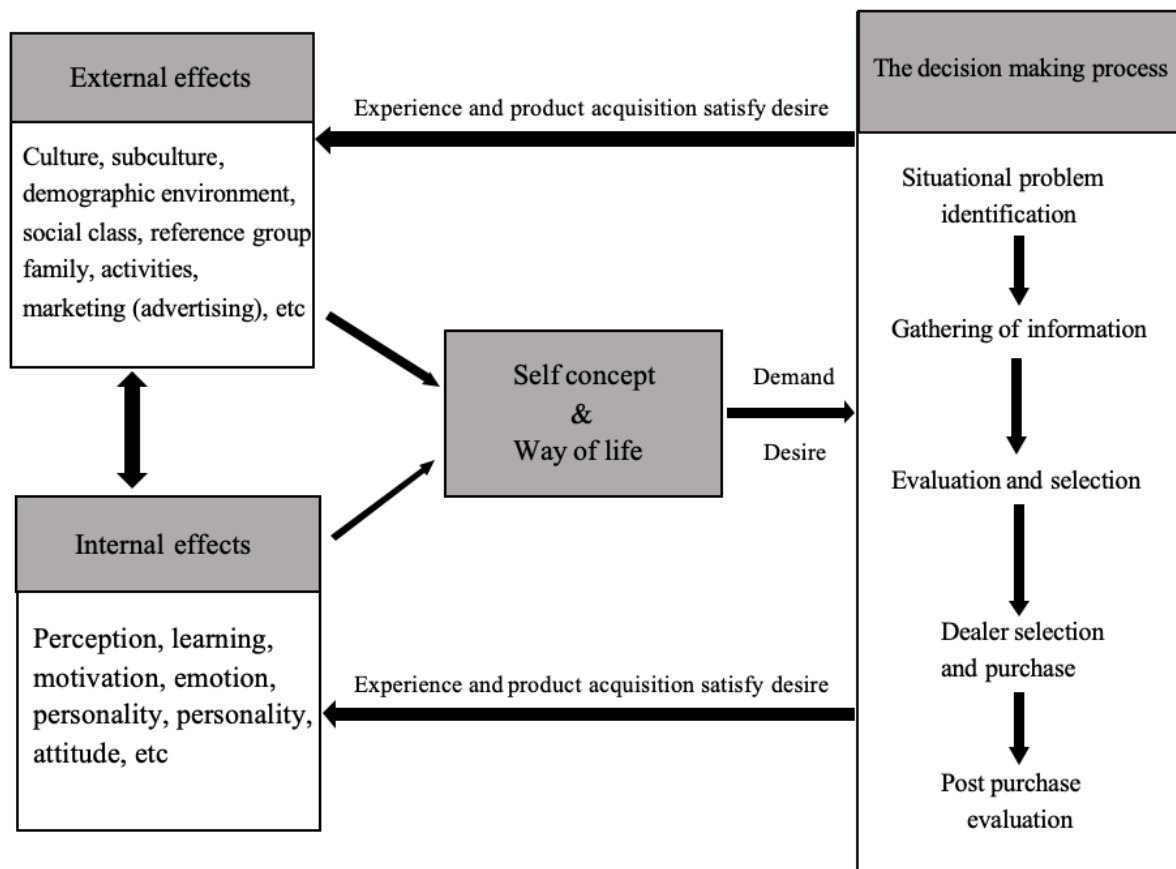
## 1. Introduction

With the development of science and technology, and the changes in market demand, Smart Home Industry gradually generalizes and develops promptly. Whether it is the famous iPhone or the largest platform called Google Nest by China's Xiaomi in the world, it plays an obligato part in people's life. At present, Smart Home Industry is in the stage of rapid growth, and its technology and market scale are still expanding quickly. Following restructuring, the Haier Company was formally created in December 1991. The business expanded quickly in 1996, becoming a sizable corporation that was ranked 30th out of 500 in China. At present, Haier company include more than 5,000 varieties in 13 categories such as refrigerators and air conditioners, and are exported to developed countries and regions It has become the first famous brand of household appliances in China. In fact, consumer psychology can show his skills in various industries. Therefore, enterprises should make good use of consumer psychology in combination with marketing means to accurately grasp consumers' preferences and directly analyzes and gives marketing strategies suitable for Haier smart home industry, which not only gives constructive opinions and conclusions, produce products favored by consumers, but also breaks through the limitations of traditional marketing strategies, so as to achieve the purpose of marketing. This essay mainly analyzes the marketing strategy of Haier smart home from the perspective of consumer psychology by analyzing the previous literature.

## 2. Overview of Theory

### 2.1. Consumer Psychology

Purchasing psychology and consumption psychology are collectively known as consumer psychology. Consumer psychology is the science of consumer behavior, which is used to observe, describe, explain and predict consumer behavior. The content of this subject is very widely. The main focus is on consumer purchasing behavior and the combination of consumer involvement and commodity differences. Consumer psychology studies how consumers process information and form judgments, and how memory and judgments affect consumer decisions [1]. According to consumer psychology, there are four main affect the final results of consumption as shown in Figure 1.



**Fig. 1** About four keys affect the final consumption

## 2.2. About 4P Strategy

McCarthy proposed this combination, often called the four Ps, as a means of translating marketing plans into practice [2]. The strategy is divided into Product, Promotion, Place and Price. The beginning is about Product Strategy, enterprises should be apt at discovering the characteristics of products, and then flexible conversion into selling points.

Next, regarding the Price Strategy, enterprises will carry out special planning according to the value of the brand, and customize different market positioning. Then, in terms of Place Strategy, there are different methods in different times. Nowadays, it is mainly through the establishment of network to carry out marketing. The last point about the Promotion Strategy, includes a series of marketing strategies such as advertising to stimulate consumer demand.

## 2.3. SWOT Analysis

A SWOT analysis is used to evaluate the benefits and drawbacks of an organization's resources in addition to external opportunities and threats. SWOT has evolved into a tool for solving complex strategic situations, perfecting decision making by reducing information, and is also a frequently used and popular tool for students of corporate marketing and strategy [3]. This essay focuses solely on the benefits and drawbacks of the Haier smart home in order to maximize the enterprise's advantages, develop an enterprise marketing management strategy based on an awareness of its own issues, and oversee the strategy's execution.

## 3. Haier Smart Home Consumer Group

Consumer behavior is the study of individual, group, or organizational factors, combined with the impact consumers have on society in the process of meeting their needs. In general, group consumption behavior is one of the characteristics of the study of consumption factors [4].

One thing unites all of Haier's smart home customer groups: the desire for a high-quality lifestyle. There are four primary consumer groups.

Younger consumer groups come first. Young people are choosing intelligent lives as a result of rising consumption levels and improvements in people's quality of life, which are causing an increasing number of them to focus on life experience and quality of life. Young people have shown a preference for the high-quality, highly intelligent home appliances that Haier Group has introduced in response to their needs. Examples of these products include smart air conditioners and washing machines.

Furthermore, the middle class is one of the customer groups that Haier smart homes cater to and is also the driving force in the consumer market. In response to middle-class demands, Haier Group has produced a range of cutting-edge intelligent home appliances, including smart home theater systems and smart home sets, which fulfill middle-class demands on a daily basis and fulfill their aspiration for a high-quality lifestyle.

Then, senior enterprises are also one of the important consumer groups. As science, technology, and the economy advance, a growing number of businesses extend their operations and have ever-higher infrastructure requirements. As a result, an increasing number of businesses must buy a sizable quantity of home appliances. Haier offers comprehensive solutions, including product customisation, to cater to the diverse demands of this group in a seamless manner.

Lastly, the majority of smart home users are middle-class and upper-class members of society. Their demands for things are equally as high as their extraordinarily high quality of life. They focus mostly on look, quality, and brand of the goods. The product can simultaneously satisfy their psychological requirements for status symbolism, ostentation, and a sense of economic superiority. Since Haier is the industry leader in brand development in China, this group has also turned into a buyer base for Haier's smart homes.

#### **4. Factors that Influence the Purchase**

There are three factors that influence the consumer's purchase decision, two external factors, and one main factor.

##### **4.1. External Factor**

Environmental factors in the first place, including social, economic background, culture, etc. In modern times, going with the development of science, technology and economy, the demand of consumers in daily life has greatly improved, more and more people choose high-end brands in the purchase of home appliances to meet their various needs. Moreover, there is a phenomenon of "following" in society, which means that consumers will follow the choices of the public to make decisions. Besides, China has announced a number of special policies to support the development of smart home, providing a great platform for the development of smart home. For consumers with high consumption level, Haier smart home is a good choice.

The stimulus is in the second place, including product price and quality, advertising and service. In the Background of times, Haier has launched many high-quality and highly intelligent products, and the price of the product is within the affordable range of most consumers. Additionally, Haier uses interesting advertisements to cleverly show the functions of products so that consumers know what they need. All these factors have stimulated many consumers to buy Haier's smart products.

Combined with the research of Mehrolia, Alagarsamy and Solaikutty, this paper takes Beijing Haier Group as an example, and finds that the economic background is the main factor that affects consumers' purchase of Haier's intelligent products. Mehrolia, Alagarsamy and Solaikutty used binary logistic regression in their study and concluded that during the outbreak of COVID-19, the damage to the national economy affected Chinese users' evaluation and willingness of online video delivery services [5]. In addition, consumers who have had the same experience will be more familiar with the

purchase behavior and can pay attention to the experience generated during the purchase and use of the latter, which may also include other social aspects such as design, quality, and usability [4].

#### **4.2. Major Factor**

The most important factors is the consumer factor, both personal and psychological. But it is only psychology in a dominant position. In terms of psychological factors, it is divided into four points, respectively motivation, feeling and perception, learning, belief and attitude.

When it comes to motivation, buyers must be driven by something when they make a purchase; typically, this drive is a reflection of their psychological and spiritual requirements. Taking online purchase as an example, consumers pursue convenience because convenience can make consumers feel comfortable and happy, and they can use the Internet to carry out purchase behavior anywhere. Then the motivation is "convenience", "comfort" and "happiness" [6].

With respect to learning factors, learning is a relatively persistent change in the psychological process caused by experience of individual behavior. Customers eventually gain and amass experience in the real world, and they modify their purchasing habits based on that experience.

In terms of beliefs and attitudes, it means that consumers form beliefs and attitudes in the process of consumption to purchase and use goods, thus affecting future decisions. For example, consumers experience the success and failure of services in the process of consumption. In the shopping experience, consumers will have positive and negative shopping experiences. In successful shopping scenarios, consumers have a positive attitude and are emotional. In the failed shopping scenario, consumers have a negative attitude and are cognitive. In the shopping environment, positive or negative attitudes of consumers have a great impact on consumer satisfaction and good word-of-mouth [7].

Finally, among individual factors, age differences may also lead to differences in purchasing behavior. Older and more experienced consumers will buy what they think is the best choice, while younger and less experienced consumers will keep trying new products. Therefore, it is possible that the age difference will affect the user's willingness and decision-making, thus affecting the consumption behavior [8].

### **5. Type of Consumer Purchase**

#### **5.1. Complex Purchase**

This usually occurs on occasions where consumers make their first purchase of products, with high levels of involvement and large brand differences. The level of involvement means that how careful a consumer is in making a purchase and how much time and effort they are willing to put into gathering information and determining how many people have been participation in the purchase process. Consumers will shying various social media to search for information that can meet their needs and make a final decision [9].

#### **5.2. Harmonious Purchase**

In contrast to complex buying, it is occurs when consumers buy products with high levels of involvement but no difference between brands. When products of different brands are compared, their prices are in the same grade, and there aren't many differences in terms of function and quality, so customers don't need to gather a lot of data or form opinions. Moreover, consumers do not care about brands. The decision is about what to buy or not to buy, not about the brand. Consumers will be more concerned about whether they can get a discount on price, or whether they can buy at a convenient time and place.

### **5.3. Multi-variant Purchase**

When the brand difference between products is large and the degree of involvement is low, consumers often change the brand of the products they buy. From a psychological point of view, consumers pursue novelty and randomness in order to avoid monotony. In particular, before making a purchase, consumers often passively absorb information from media and advertising, which are collectively referred to as content marketing. If consumers are interested in this information, then they will actively engage in brand activities [10].

### **5.4. Habitual Buying**

Compare with multi-variant purchase, when consumers buy products with small brand differences and the degree of low involvement, it is a habitual reaction behavior formed after multiple purchases. Consumers often buy a certain brand not because of loyalty, but out of habit. For instance, when this product is not available, consumers will buy another product that looks very similar without thinking. Obviously, for different types of consumers' purchasing behaviors, enterprises have different opportunities and focus on promotion.

## **6. Analysis of Marketing Strategy Based on 4P Theory**

### **6.1. Product Strategy**

Haier Group has been adhering to the customer satisfaction as the purpose of service, the life of the product is quality as the criterion, the soul of the enterprise is integrity-based, and then achieve all users. "If an enterprise wants to achieve the purpose of high income and high profit, it must provide products and services that satisfy the market and consumers". Haier Group provides various types of products for target consumer groups and differentiation among consumers, and upgrades many functions of smart home according to consumers' purchase needs.

### **6.2. Price Strategy**

Among the different demands of consumers, Haier has set up a hierarchical price combination to better meet the differentiated demands of consumers in the market through the high consistency of intelligent product prices. More importantly, the price of Haier's smart home products is higher than that of similar products of other brands, so it builds its value system by providing value-added value in products, brands, services and other aspects. On this basis, by guiding consumers to change their consumption concept, consumers can pay more attention to the value of products and services, and reduce the impact of price on their consumption.

### **6.3. Promotion Strategy**

In terms of promotion, Haier Group mainly introduces the characteristics, functions and advantages of smart home products to consumers through offline store sales guides. On the basis of understanding consumer preferences, promote products that meet consumer needs. More importantly, Haier promotes through advertising, promotional activities and other means. In addition, by improving the popularity of the activities and the promotional atmosphere, consumers will be attracted, so as to achieve the purpose of sales.

### **6.4. Place Strategy**

Due to the high popularity of Haier brand and the variety of its products, Haier Company has adopted market segmentation and opened different channels to directly or indirectly manage different levels of the market. Moreover, Haier Group also has different minimum sales requirements for dealers in different levels of consumer markets. At the same time, in order to encourage the market, Haier Company has set up a reward system and support and encouragement policies, which is

conducive to more dealers choosing Haier brand products, thus forming a long-term cooperative relationship between the two sides and consolidating Haier's sales channels and market share.

## **7. Analysis of Strengths and Weaknesses**

### **7.1. About Strength**

Released based on the results of the Global Appliance Market Survey In December 2010, the Haier brand occupied 6.1% of the market share of large white goods, ranking first among global home appliance brands for two consecutive years. It has greatly helped Haier establish an image in the hearts of consumers.

In addition, the government promulgated special policies to support. After the reform and development, the government began to encourage home appliance enterprises to actively introduce foreign advanced home appliance production lines and management experience, which opened the road of home appliances for Chinese enterprises. After nearly 20 years of development, China's home appliance industry has entered a saturation state. In addition, the government has formulated a series of export tax rebate systems to mobilize the enthusiasm of home appliance enterprises to export, optimize the export product structure, and promote the growth of foreign trade.

### **7.2. About Weakness**

In general, Haier Group still has a lag in the construction of specific marketing teams, which cannot well meet the needs of regional market development. Haier Group has a great impact on the inherent culture of international development, and it is difficult to achieve transformation in the short term. Part of Haier Group's inherent culture has been difficult to adapt to the needs of international market development, which to some extent leads to the relatively slow development of Haier Group's international market. If many of the inherent untimely thinking modes are not changed, it will be extremely unfavorable for the internationalization of Haier's intelligent products.

## **8. Suggestions**

### **8.1. Good Communication with Consumers**

When selling offline, there are more opportunities for face-to-face interaction between people marketers can actively explore consumer psychology in the marketing process, and use certain skills to communicate well, so as to realize the possibility of greatly increasing product sales. The staff can fully communicate with the consumer at work, and the salesman can judge the consumer's consumption level and demand in the communication, so as to carry out the next step of marketing more conveniently.

### **8.2. Targeted Product Design to Meet Consumer Needs**

Haier Group can carry out targeted design of smart home products, so that each product conforms to the aesthetic of the main consumer groups, so as to stimulate consumers' purchase behavior, increase sales, and increase customer stickiness. The exterior can take advantage of consumers' vanity psychology to design the appearance of the product into a high-end atmosphere. Internal functions can be designed with different functions according to the different purchase types of consumers. This not only meets the needs of consumers in life, but also satisfies them psychologically.

### **8.3. Improve the System and Increase Interaction**

Haier Group can modify the operation process of the smart home system according to the habits of the target consumer groups to increase the convenience. Some new functions of smart products can also be invented to increase the enjoyment of life and increase the interaction between people and intelligence.

#### **8.4. Improve Product Quality and Obtain Loyal Customers**

Haier Group can improve the quality of products, consider the selling price of products, and carry out promotional activities to enable more consumers to experience Haier's smart home products. This will not only increase brand awareness, but also gain more customers, and some habitual consumers may become loyal customers of Haier's smart home products

#### **8.5. Use Brand Influence to Strengthen International Cooperation**

From the aspects of brand influence and policy support, Haier Group can supersede its global market share, improve its brand image and awareness and enhance its brand influence just by intensifying the marketing strategy and brand promotion activities in the global market. Similarly, together with government departments, Haier can take advantage of the policy support, step up the international cooperation, speed up the pace of internationalization, draw up the effective export strategies which are based on the policies and regulations of corresponding countries and find the ways to take part in the international trade. Thus, the brand will be more competitive.

#### **8.6. Expand Marketing Area Team and Resources Investment**

In order to combat the delay in regional marketing team formation and the barriers from internationalization, Haier Group will increase the investment in regional marketing teams and channel resources, build teams and improve local market operations, strengthen communication and cooperation with local partners, and keep up with the demand from customers. The requirements of local community market helps in the promotion and consumption of products in local market. Meanwhile, Haier must act deliberately to adapt to the changed corporate culture, foster cross-cultural communication and suppress less globalized attitude in order to smoothly build the international market.

#### **8.7. Improve Market Segmentation**

Diversified consumers have diversified demands. Haier Group can focus on market segmentation, fully analyze consumers' consumption intention, divide the market more carefully, design products that are more in line with consumers' life, and develop its own market.

#### **8.8. Upgrade Product Functions**

In the post-pandemic era, when people are becoming more health-conscious, Haier Smart Home can produce a range of cleaning appliances to increase sales. But in the fast-paced lifestyle, consumers need simpler and smarter products, so Haier Group can remove redundant functions and upgrade the convenience of products.

#### **8.9. Deepen Services and Provide Operational Support**

In today's smart home market, Haier Group can stabilize the existing dealer channels, build platforms, deepen services, timely supply goods to dealers, do a good job in inventory, help them relieve pressure, and speed up the capital operation of dealers. Moreover, provide operation support, help dealers to attract customers, encourage and support dealers to grow together with the brand.

#### **8.10. Add Offline Experience Stores and Complete Model Rooms with Facilities**

Haier Company can increase offline experience stores, so that consumers can intuitively understand the characteristics and functions of products, and meet consumers' needs to the greatest extent, so that consumers can improve their recognition of Haier's smart home appliances and increase their purchase desire. In the process of Century marketing, Haier Company can enhance the interactive experience with consumers by setting up complete display of model rooms, setting up smart home scene experience stores in major stores, product experience areas or setting up model

rooms in new residential areas, so that consumers can more intuitively experience the actual functional effects and product advantages of Haier's home appliances.

## 9. Conclusion

The essay systematically applies psychological consumer behaviour, 4P strategy, and SWOT analysis in understanding Haier's strategy for smart home appliance marketing. The smart home industry has played a significant role in the 21st century, where the technology has been progressing rapidly and the market requests are constantly changing, thereby impacting the global lifestyles. Haier's research on consumer psychology debates different consumer groups, which are young consumers, the middle class and projects that need infrastructure. This research has been a spark of interesting innovations in the smart home business, speaking to people's desire for a high standard of life.

Moreover, the paper will largely focus on the changes of Haier's smart home appliances, emphasizing the breakthroughs individual technological innovations, marketing expansion and diversification, and mass production of both the standardized and diversified. This paper contains the prime components of the main theoretical framework of consumer psychology that explain such qualitative characteristics, background of researches, practical study plans, and improvements for the work.

On the other hand, it will provide recommendations about research on consumer psychology and innovative product design, as well as 4P marketing strategy. The paper is aimed at positively influencing the development of the smart home industry, analyzing Haier's smart home marketing strategy from the 4P. Moreover, the SWOT analysis identifies Haier smart home appliances' brand reputation, channels advantage, and after sales services as sources of strength, while the high costs of production, the risk of having a low acceptance by the market for the new products, and the lack of innovation and product update as the potential weaknesses.

In the end, this study is helpful for Haier Group to analyze its marketing strategy, promote the brand's future development, and help enterprises better guess and control consumer psychology. However, due to the development of economy and the progress of people's thoughts, this paper is affected by limitations and objectivity, and further research on consumer psychology can be carried out in the future.

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