Analysis of Corporate Financial Statements based on Harvard Analysis Framework—A Case Study of Gree Electric Appliances

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Abstract: With the development of China’s economy, the national income and people’s living standards have been improved, the demand for household appliances has also improved, which has promoted the continuous development of household appliances industry. But in recent years, rising production costs, the real estate industry development promoting effect to the development of home appliance industry, electrical home appliances manufacturing enterprises is increasing, the competition between enterprises, in order to compete for more market share, companies have adopted a price war, the method of making enterprise development is relatively slow, the upgrading of industrial structure is relatively slow. In this case, if an enterprise does not implement predictable decisions and strategies, then in the cruel competition, it will be eliminated by the industry. In this context, operators need to analyze the financial statements from a new point of view, the results of financial statement analysis and the development of the strategy of the organic combination, so as to analyze the prospects of the enterprise, and then put forward some suggestions for the future development of the enterprise. Only in this way can we better cope with the fierce competition in the future market and improve the development direction of enterprises combined with data. Therefore, the analysis of enterprise financial statements based on the Harvard analysis framework is of great significance for predicting and improving the development direction of enterprises in the industry such as Gree Electric.

Keywords: Gree Electric Appliances, Harvard Analytical framework, Financial statement analysis, Strategic.

1. Introduction

Zhuhai Gree Electric Appliances Co., Ltd. is a successful listed private enterprise, its industry is a manufacturer of electric machinery and appliances. Its main business is central air conditioning, clothes dryers and other small household appliances. As a model company of technological innovation, Gree Electric Appliances aims to create quality air conditioning and service, has been adhering to the concept of quality as the center, and puts technological innovation in a key position, and continues to strengthen the power of scientific and technological research and development. Although the Gree Electric Appliances for the home appliance industry leading enterprises, but in the rapid development of industry, consumer demand, under the background of continuous increase, the fierce market environment constantly urge zhuhai Gree Electric Appliances co., LTD., improve management level and the independent financial ability, will be on four levels below for analyzing the Zhuhai Gree Electric Appliances co., LTD., And give reasonable opinions based on its current situation.

2. The Strategic Analysis of Gree Electric Appliances

2.1 Macro Environment Analysis – PEST analysis

PEST analysis is a basic tool of internal and external conditions analysis strategy, it by means of political, economic, social, and technological analysis of the causes of four aspects, and in general to recognize macro environment, so as to evaluate the above various factors influence on enterprise strategy formulation and strategy target, to better help companies looking for opportunities for development, enhance the risk resistance ability and competitiveness.

(1) Political environment

Our country has always advocated independent innovation, research and development of science and technology to promote the upgrading and transformation of the home appliance industry. For example, in 2019, according to the current situation of economic development, the country launched two new policies: One is set up to effectively hold the current prices, long-term stability of the current land price, stabilize market expectations of urban real estate management and control system, the policy effectively promote the healthy development of real estate industry, although the policy does not directly affect the home appliance industry, but the healthy development of real estate industry also led to people’s demand for home appliances; Second, the Opinions on Further Stabilizing Employment issued by The State Council pointed out that domestic demand should be tapped to drive employment, and renewed consumption of home appliances and electronic products should be encouraged (The State Council, 2020). All these show that the national policy is constantly promoting the steady and healthy development of the home appliance industry, and promoting the industrial transformation and upgrading of Chinese home appliance enterprises themselves.

(2) Economic environment

In recent years, due to the impact of the pandemic, countries around the world are facing various challenges, and China’s economy is still showing a steady growth trend under the dual test at home and abroad. Even under the impact of the pandemic, China’s gross domestic product (GDP) reached 114 trillion yuan in 2021, up by 8.1% from the previous year, and its economic growth rate was far ahead of all other economies in the world. All this shows that China’s national income and consumption power have continued to strengthen. In such a living environment, it has ushered in a period of
consumption transformation, and people’s demand for home appliances has also improved, which promotes the household appliances industry to continuously transform into green, intelligent, networked and humanized direction.

(3) Social environment

Consumers are more inclined to choose high-end and intelligent products; With the further development of the Internet, buyers prefer online shopping, and the majority of them are young consumers; Home appliance users have not only pay attention to whether the quality is qualified, but also pay attention to the use of the product feeling, appearance is in line with personal aesthetics, etc.

(4) Technical environment

Since the reform and opening up, with the gradual saturation of the urban market and the lack of consumption power in the rural market, the advantage of scale effect is no longer obvious. In this case, it is necessary for home appliance enterprises to find their own unique competitive advantages and continue to carry out technological innovation. So, in the era of science and technology is increasingly developing, home appliance enterprise transformation of science and technology is the trend of The Times, in the home appliance market oversupply situation nowadays, the products of the buyer experience is particularly important, enterprise can’t stay in home appliance industry to expand the manufacturing scale, but need to technology innovation, to solve the user personalized needs as the center.

2.2 Development Strategy analysis of Gree Electric Appliances – SWOT analysis

(1) Internal advantages of Gree Electric Appliances

The advantages of adhering to independent innovation and improving the level of scientific and technological research and development. From the perspective of R&D personnel, its rival Midea has 16,071 employees in charge of technology, accounting for about 10.77% of its head office, while Gree Electric Appliances has 14,458 technicians, accounting for about 17% of its head office. It is obvious that Gree Electric Appliances has more advantages in the gathering of technical personnel. From the view point of R&D investment, Gree Electric Appliances on research and development investment in recent years to more than 40, one hundred million yuan, account for three point seven percent of their annual revenues, and formulated the “science and technology research and development, according to the need for and unlimited”, but for other electrical appliances enterprises, such as Qingdao haier, its R&D spending accounts for 2.7% of revenue, Obviously, Gree Electric Appliances outperforms in R&D investment. In terms of research results, since this year, Gree Electric Appliances enterprises have added more than 13,000 patents, and the number of patents granted is now the sixth in China, and more than 30 of them have “internationally leading” core technologies.

Brand effect and its leading position advantage. In the air conditioning product satisfaction evaluation results published by the National Product Quality Federation and the Chinese Commission on User Experience, Gree’s air conditioners ranked first in consumer satisfaction for seven consecutive years. According to statistics released in 2019 by the National Economic Information Agency of Japan, a world-renowned national economic media, Gree’s home appliances ranked first in the field of home appliances and air conditioners with a world share of 20.6%.

(2) Internal disadvantages of Gree Electric Appliances

For Gree Electric Appliances, the ability of other products to create profits except air conditioners is low. Gree Electric Appliances co., LTD. The main business scope of the main products of the family life electrical appliances, including rice cooker, induction cooker, Jing Hong freezer, electric kettle, washing machines, mobile phones, humidifier, etc., but before 2017, Gree Electric Appliances business revenues and no more than 2.5 billion yuan, since 2018, life appliance revenue increased. It began to exceed 3 billion yuan. However, in recent years, the operating income of household appliances does not account for a large proportion of the total income, nor does it contribute much to the growth of profits.

The inefficient marketing channels of Gree Electric Appliances. Among air-conditioner products of the same grade, Gree’s brand is often sold at a higher price. Compared with the same level of central air conditioning, the factor that leads to the higher price of Gree is that its products must be sold through “Gree Electric Appliances - regional sales companies - agents - distributors” several levels, while Midea does not have to go through so many levels, its marketing company and agents, are basically one. This sales channel of Gree Electric Appliances puts it at a disadvantage in the competition.

(3) Opportunities outside Gree Electric Appliances

The smart home market has great potential. Smart home equipment because of its safety, energy saving, convenience characteristics, increasingly become the general choice of the majority of consumers, has gradually become a hot-selling product in the field of intelligence in recent years. In general, although the development of smart home appliances market is still in the early stage, but the scale of rapid growth, the future prospects are broad. Compared with the existing smart home products in the market, the carbon health smart home launched by Gree Electric Appliances not only realizes the perfect integration of intelligent management system and smart home integration, but also is more in line with the continuous improvement of the current requirements for clean energy.

There is still a lot of room for development in foreign markets. In recent years, the total revenue of Gree Electric Appliances in foreign markets only accounts for about 10 percent of the annual revenue, compared with more than 40 percent of Midea and Haier, which is a big difference. Zhuhai Gree Electric Appliances Co., Ltd. still has great room for expansion in overseas markets.

(4) External threats to Gree Electric Appliances

Threats brought by consumption upgrade. With the
development of the country and the improvement of residents’ consumption level, consumers no longer only pay attention to the price, but pay more and more attention to the green, intelligent and humanized design of home appliances, which promotes the high-end development trend of the home appliances market. Consumption upgrade is the trend of The Times, which makes all home appliance industry enterprises face a common problem - these original products have not been upgraded to occupy the enterprise how much capital, ultimately how to deal with.

Threat from competitors. Gree Electric Appliances pays more attention to the development of the air conditioning industry, not enough attention to other industries, but other rivals, such as Midea Group, Qingdao Haier can maintain their strong industry on the basis of opening up new business direction, the diversified layout of the two is better than Gree Electric Appliances. For example, Qingdao Haier through the extension of mergers and acquisitions, the group’s parent company capital increase and other measures, the original business expanded to kitchen electricity, washing machines, all kinds of small appliances; Midea Group Holding Co., Ltd. is also in 2017 to acquire and annex Kuka from Germany, so as to produce more robot system service products and industrial automation robot system services, the combined non-operating income of Midea accounts for about 11% of the total non-operating income. This shows that Gree Electric Appliances is at a disadvantage compared with its competitors in terms of diversified layout.

3. Accounting Analysis of Gree Electric Appliances

In this paper, the body of the compiled from 2015 to 2019, the financial statements, it is concluded that accounts for big subjects, as shown in Table 1, stock can be found in the last few years, currency and fixed assets account for a large proportion of funds, because the amount of money is fixed, does not need to measure, so this article took the inventory and fixed assets as the key object of accounting analysis.

| Table 1: Proportion of major assets in total assets of Gree Electric Appliances from 2015 to 2019 |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                | 2015            | 2016            | 2017            | 2018            | 2019            |
| Monetary fund  | 54.93%          | 52.43%          | 46.33%          | 45.00%          | 51.99%          |
| Notes receivable | 9.20%          | 16.43%          | 15.01%          | 14.29%          | -              |
| Accounts receivable | 1.78%          | 1.62%          | 2.70%          | 3.06%          | 3.01%          |
| Inventory      | 5.86%          | 4.95%          | 7.71%          | 7.97%          | 8.51%          |
| Fixed assets   | 9.54%          | 9.70%          | 8.13%          | 7.32%          | 6.76%          |
| Projects under construction | 1.26% | 0.32% | 0.47% | 0.66% | 0.86% |
| Intangible assets | 1.64% | 1.84% | 1.68% | 2.07% | 1.87% |
| Combined       | 84.22%         | 87.28%         | 82.02%         | 80.37%         | 73.00%         |

Data source: Gree Electric Appliances Annual report

3.1 Accounting Policy Analysis

(1) Accounting policies related to inventory

According to the disclosure in the annual report, the inventory of Gree Electric Appliances is calculated according to the lower cost and net realizable value, but the calculation of the inventory issued is usually calculated according to the planned cost, and then adjusted to the actual cost at the end of the month according to the monthly cost difference. The calculation method is simple to enter into the account, and is not affected by the factors such as batch and price, which greatly reduces the workload for the company with complex inventory types and frequent sending and receiving of Gree Electric Appliances. When Gree Electric Appliances receives packaging and low-value consumable goods, it adopts one-time amortization method for amortization, but it usually implements the perpetual inventory system for inventory management. These methods can not only accurately reflect the income, issue and balance of inventory, but also control the quantity and amount of inventory.

(2) Accounting policies related to fixed assets

According to the annual report, the fixed assets of Gree Electric Appliances mainly include machinery and equipment, building and large buildings, electronic equipment and transportation equipment, according to the cost, check the service life of fixed assets by the end of each year, estimated residual values and depreciation method, the service life, estimated residual values and depreciation of fixed assets method changes as the change of the accounting estimates. The depreciation method adopts the average life method. The annual depreciation rates determined by class of fixed assets, useful life, and estimated net salvage value rate are shown in Table 2:

| Table 2: Annual depreciation rate of fixed assets of Gree Electric Appliances |
|-----------------|-----------------|-----------------|-----------------|-----------------|
| Fixed Assets Category | Estimated Net salvage value ratio (%) | Estimated useful life (years) | Annual depreciation rate (%) |
| Houses, buildings | 20 | 4.75 |
| Machinery and equipment | 6-10 | 9.50-15.83 |
| Electronic equipment | 2-3 | 31.67-47.50 |
| Transportation equipment | 3-4 | 23.75-31.67 |
| Other | 3-5 | 19.00-31.67 |

Data source: Gree Electric Appliances Annual report

3.2 Analysis of Accounting Estimates

(1) Inventory

Based on the analysis in Table 3, it can be seen that:

The turnover speed of inventory. According to the consolidated income statement, operating cost has increased significantly, and the growth of operating cost is greater than the inventory scale, which indicates that enterprises invest more in inventory management, improve the inventory management control level, and accelerate the inventory turnover speed of enterprises. According to the notes to the statement of operating income and operating cost, due to the
high proportion of air conditioning products in total operating income, the gross profit margin of air conditioning products rose from 36.48% to 37.12%, so it can be concluded that the company’s gross profit margin of inventory is still at a high level, and the company continues to maintain its competitive advantage in the industry.

| Table 3: Inventory Analysis Table of Gree Electric Appliances from 2015 to 2019 |
|---------------------------------------------|---------------------------------------------|---------------------------------------------|---------------------------------------------|---------------------------------------------|---------------------------------------------|
| project                                    | 2015                                       | 2016                                       | 2017                                       | 2018                                       | 2019                                       |
| Ending Balance of inventories ($million)    | 9473.94                                    | 9024.91                                   | 16568.35                                   | 20011.52                                   | 24084.85                                   |
| Inventory/current assets                   | 7.61%                                      | 6.32%                                      | 9.66%                                      | 10.02%                                     | 11.29%                                     |
| Main business revenue growth rate           | -29.05%                                    | 10.80%                                     | 36.92%                                     | 33.61%                                     | 0.02%                                      |
| Inventory turnover ratio (times)            | 7.31                                       | 7.88                                      | 7.78                                      | 7.56                                       | 6.51                                       |
| Provision for Decline of inventories ($million) | 152.42                                    | 179.94                                   | 213.51                                   | 281.07                                     | 257.63                                     |
| Provision ratio                            | 1.61%                                      | 1.99%                                      | 1.29%                                      | 1.40%                                      | 1.07%                                      |

Data source: Gree Electric Appliances Annual report

(2) Fixed assets

Based on the analysis of Table 4, it can be seen that:

From the perspective of original value of fixed assets: with the gradual increase of the scale, the book value of fixed assets will rise. The main influencing factor is the increase of investment in housing, construction materials and machinery and equipment. The financial report of 2019 shows that the original value of fixed assets increased by about 3.968 billion in the year. The annual reduction in the original value of fixed assets was about 224 million. Referring to the financial statements, we found that all of them were disposed or scrapped, which showed that the scale of enterprises in the year was constantly expanding. The increased content of fixed assets in the year is highly related to the business of the enterprise, which indicates that it is the result of adapting to the moderate increase of production scale, and its structure has been optimized.

Analysis of the proportion of fixed assets to total assets: the scale of fixed assets of Gree Electric Appliances from 2016 to 2019 is indeed increasing, but the proportion is also gradually declining. This is because although the fixed assets in the enterprise have the ability to provide income, if the proportion is too high, it will reduce the solvency of the company. Therefore, in recent years, Gree Electric Appliances will moderately adjust the investment in fixed assets to optimize the asset structure and improve the efficiency of the use of fixed assets.

| Table 4: Analysis of fixed Assets of Gree Electric Appliances from 2015 to 2019 million Yuan |
|---------------------------------------------|---------------------------------------------|---------------------------------------------|---------------------------------------------|---------------------------------------------|
| Financial indicators                       | 2015                                       | 2016                                       | 2017                                       | 2018                                       |
| Original value of fixed assets              | 21722.92                                   | 25568.92                                  | 26809.35                                   | 30611.49                                   |
| Accumulated depreciation                   | 6272.18                                    | End at 7863.48                            | 9318.13                                    | 12218.73                                   |
| Impairment loss                            | 18.92                                      | 23.78                                     | 23.84                                      | 18.59                                      |
| Book value of fixed assets                  | 15431.81                                   | 17681 index                               | 17467.37                                   | 18374.17                                   |
| Fixed assets as a percentage of total assets| 9.54%                                      | 9.70%                                     | 8.13%                                      | 7.31%                                      |

Data source: Gree Electric Appliances Annual report

4. Financial Analysis of Gree Electric Appliances

In the part of financial analysis, this paper mainly analyzes the financial ratios from the three aspects of solvency, profitability and operating capacity.

4.1 Solvency Analysis

Solvency, including short-term solvency and long-term solvency, based on the analysis of the short-term solvency of enterprises, mainly through two indicators reflect the current ratio and quick ratio, liquidity ratio is the ratio of current assets to current liabilities, reflect the enterprise’s liquid assets in short-term debt due before, can be converted into cash to repay the debt ability; While the quick ratio is the ratio of quick assets to current liabilities, the quick-frozen assets are the part of assets that are easy to be directly realized in current assets, such as accounts receivable, cash, marketable securities, etc., excluding the current assets such as inventory and amortized expenses with a long realization cycle. Therefore, the short-term solvency of Gree Electric Appliances can be measured more reasonably by considering the two indicators at the same time. It can be seen from Table 5 below that the current ratio of Gree Electric Appliances fluctuates in the range of 1.07-1.27 in recent years, while the quick ratio fluctuates in the range of 0.99-1.14. Taken together, the short-term solvency of Gree Electric Appliances is good and constantly increasing.

In the analysis of the long-term solvency of enterprises, the ratio of shareholders’ equity and the asset-liability ratio are the main reference indicators. The shareholders’ equity ratio, also known as the net asset ratio, is the ratio of shareholders’ equity to total assets and represents how much of the total assets of the enterprise is invested by the owners. The debt-to-asset ratio is the ratio of liabilities to assets and is used to measure the ability of a business to use creditors to fund its operations. It can be seen from Table 5 below that the proportion of shareholders’ equity of Gree Electric Appliances is increasing and the asset-liability ratio is decreasing, indicating that the debt level of Gree Electric Appliances is decreasing. The ratio of liabilities to total assets is also continuously decreasing, which means that the company’s long-term solvency is also slowly improving.
To analyze the profitability of enterprises, usually adopt financial indicators have sales net interest rate, sales gross profit margin, return on net assets, return on total assets, sales net interest rate of net profit percentage of sales revenue, reflect the enterprise’s ability to obtain operating profit, more accurately reflect the main business contribution to the performance, according to the following Table 6, Before 2017, the net profit rate on sales increased slowly, but after 2017, the net profit rate on sales decreased, which reflects that the profitability of Gree Electric Appliances has declined slightly since 2017.

Obviously, the gross profit margin on sales of Gree Electric Appliances remained at a high level, indicating that the gross profit margin on sales of the household appliances industry as a whole was relatively high. However, due to the impact of the epidemic and the increasing competition among enterprises, the net profit growth of the enterprise was relatively slow. The continuous improvement of net profit can lay a solid foundation for the future development of the company. Therefore, Gree Electric Appliances in general has a good market development prospects and good profitability.

On the other hand, inventory turnover, accounts receivable and payment turnover all tend to decrease, indicating that inventory turnover speed is slow, inventory management efficiency is low, and the management efficiency of accounts receivable is not high. Therefore, through the analysis of these indicators, Gree Electric Appliances should appropriately improve the efficiency of asset management and enhance the operation management ability to ensure the liquidity of funds.

5. Prospect analysis of Gree Electric Appliances

5.1 Prospect Analysis of Home Appliances Industry

Retail sales in China’s home appliance market declined in 2020, the second consecutive year of decline since 2019. With the increasing saturation of home appliance consumption, the COVID-19 epidemic has had an increasing impact on the home appliance market.

The epidemic has completely changed the traditional consumption pattern, traffic is further aggregated online, and home appliance enterprises are constantly expanding their online channels. With the slow recovery of offline demand for home appliances, leading enterprises will be more proactive in fighting for online channels, and household appliance consumption will shift from offline retail to online in general by 2020.

From the perspective of all kinds of home appliances, the online retail part of refrigerator, color TV and washing machine in 2020 has accounted for more than 60% in 2020, and small home appliances are more dependent on online channels. From the perspective of specific categories, many small household appliances, such as vacuum cleaners, purifiers and rice cookers, rely more on online channels than offline channels. This shows that the home appliance market has gradually adapted to the pandemic and formed a new supply and demand structure.

The pandemic has not only changed the market by reducing consumption, but also led to changes in business and product patterns, thus affecting the market. In the home appliance market, the adjustment of product mix shows an accelerating trend, and consumption upgrading is going hand in hand with the transformation of the home appliance industry. With the increase of income, the accelerated adjustment of household equipment product structure and the diversification of consumer demand make the household appliance industry re-examine the relationship between product and demand, sales and profit, so as to find products that can meet the current diverse consumer needs.
5.2 Gree Electric Appliances Outlook Analysis

Under the leadership of Dong Mingzhu, Gree Electric Appliances has gradually formed a famous brand effect and acquired brand advantages due to its excellent product quality and attention to sales channel management. However, in recent years, the rapid development of the Internet and the impact of the epidemic have reduced offline sales, while consumers are more inclined to shop online. According to statistics, in 2019, Gree’s online retail sales accounted for only 15%, while Haier and Midea accounted for more than 30%, which indicates that Gree’s original sales channel advantages are no longer available.

Gree does not have a very good performance in expanding the diversification of the industry. In addition to the mobile phone industry and new energy vehicles, Gree does not have much advantage. Even in the field of robotics, which it attaches special importance to, state-owned brands only account for about 30% of the market share, while foreign brands account for nearly 70% of the market share. That is to say, in this field, the development of foreign brands in all aspects has been mature, while Gree has just started a short time ago and is at a disadvantage in the competition.

Therefore, Gree itself should continue to grasp the advantages of independent innovation, maintain product quality, strengthen enterprise management ability, adopt diversified development strategy, improve product diversity, so as to continue to maintain the leading position in the industry, but also to set an example for the home appliance industry.

6. Suggestions on Strategic Dimension

6.1 Continuously Promote Differentiation Strategy

Differentiation strategy, also known as unique strategy, refers to the strategy adopted by an enterprise to distinguish its products and services from its competitors in order to gain competitive advantages. The key to the success of this strategy is to have unique products and services to attract customers, but there will also be some risks. The realization of differentiation strategy will help the company to achieve more than the average level of revenue in the industry, and can also effectively improve consumer satisfaction with the brand.

First of all, product quality and function differentiation strategy. For example, Midea and Haier have developed a children’s air conditioner, while Gree Electric Appliances does not have any characteristics in this aspect, so it lacks competitiveness. Therefore, Gree Electric Appliances can properly do some research on product development. But the Gree Electric Appliances products has been persisted wins, wins with optimal, even copper, aluminum, iron and other raw materials prices higher, some other companies began to adopt some copper, Gree Electric Appliances is still full of copper to make, so the Gree Electric Appliances need to continue to firm quality, with superior quality ascension Gree Electric Appliances brand in the consumers’ mind.

Second, the implementation of service differentiation strategy. The feelings of customers in the sales process and after-sales service are also crucial. Therefore, Gree Electric Appliances can seize the opportunity to adopt differentiation strategy in service and form its own service characteristics. In the process of sales, Gree Electric Appliances should pursue new products and introduce new ideas to make customers feel happy in the process of purchase. In terms of after-sales service, it should continue to pay attention to customers’ feedback and experience sharing after purchasing products, and finally establish a differentiated service system guided by customers’ needs (Zhang Shoujing and Li Mengdan, 2019). After the successful implementation of the service differentiation strategy, customers will have higher satisfaction and sense of dependence on Gree Electric Appliances’ service, which can not only improve the loyalty of old customers, but also drive new customers through the word of mouth of old customers.

6.2 Adopt the Relevant Diversified Development Strategy

The types of diversification strategies include relevant diversification and irrelevant diversification. The so-called related diversification, also known as concentric diversification, although the enterprise is to develop new business, but the new business in strategy and its existing business, can share a certain amount of resources, the two have a certain correlation. And unrelated diversification is also known as group diversification, enterprises can not rely on the original technology, the existing market, and then develop new business in technology and demand market irrelevant.

In terms of related diversification, Gree Electric Appliances gradually entered the field of communication equipment from the first mobile phone in 2015, and then entered the new energy industry in 2017, and gradually entered the research field of new energy vehicles in the later period. However, for the mobile phone industry, the mobile phones produced by Gree Electric Appliances have low configuration, poor production capacity and serious lack of market competitiveness. If the enterprise is going to have a better development in the mobile phone field, it should establish the core advantages of the mobile phone, otherwise it is difficult to improve the competitiveness in the mobile phone field. In addition, enterprises should strengthen their overseas investment, make full use of their surplus funds and make rational planning to leverage more interests and resources for enterprises and bring more profits to enterprises (Shen Anjun, 2020).

The diversified development strategy has become an inevitable trend for the future development of large companies. Gree Electric Appliances must also develop new products in line with the characteristics and needs of the company according to the specific actual situation of the company. Blind development of diversification will only achieve half the result with less effort. Therefore, Gree Electric Appliances should continue to adopt the relevant diversification strategy, use the good social image awareness
and brand reputation of its own brand to drive the company’s other brand-related industries, and rationally and effectively comprehensively use the brand effect.

7. Conclusions

In the case of this paper, we use the Harvard analysis framework to interpret all aspects of Gree Electric Appliances and put forward targeted reasonable opinions. In this case, this paper introduces the general situation of the case company initially, using PEST analysis of Gree Electric Appliances business in the current market macro environment to conduct a comprehensive system analysis, using the SWOT model analysis of gree electric current strategy, understand the electrical appliances enterprise transformation for science and technology enterprises is the trend of The Times, in the home appliance market oversupply situation nowadays, the product experience of buyers is particularly important, and it must be centered on promoting technological innovation and meeting consumers’ personalized consumption needs.

Through a series of system analysis, we can on the financial position of the Gree Electric Appliances have a comprehensive understanding, comparing the domestic traditional financial analysis, harvard has a more complete system in financial analysis theory, this article will be at the same time for the Chinese electrical appliances industry such as Gree Electric Appliances, etc. The future prospects of further analysis, the strategic Suggestions are given, the differentiation strategy and related diversification strategy are suitable for the current development situation of Gree Electric Appliances. At the same time, it can also give some reference to other enterprises in the same industry.

References

