

Haier takeover could lower F&P's brand value - expert

The Fisher & Paykel Appliances brand has lost pulling power at home and will become just another whiteware label if Haier's takeover succeeds, a branding expert says.

Haier has proposed a full takeover of the New Zealand whiteware firm for \$1.20 a share.

Fisher & Paykel minority shareholder Tower Investments claims the Chinese company will benefit to the tune of \$3.31 a share if it gets full control, and even more once Fisher & Paykel's brand value is factored in.

But Wayne Attwell, brand strategist at Bold Horizons, warned against over-inflating the company's brand. "It has probably suffered from some quality problems. If you look online, the Fisher & Paykel brand gets quite a lot of negative reviews."

The company had sent manufacturing overseas, which had weakened its status as an iconic, Kiwi-made quality brand.

"The move to Chinese ownership might be good for the business, and possibly necessary, but they're going to have to trade in their own right, now." The brand was still a household name in New Zealand, "but they can't rely on patriotism any longer".

"The Haier brand also, if you do a bit of reading, is generally not rated as good-quality product."

Forsyth Barr research analyst Andrew Harvey-Green said quality problems had plagued the company's dishdrawers when they were first released about a decade ago, but those issues had largely been fixed.

Its brand perception would take some time to fully recover but the company was one of very few Kiwi brands that had made it overseas and it was still No 1 at home. Fisher & Paykel was an "upper-end but not super-premium" brand, while Haier sat below the midpoint of the market, he said.

Haier appeared to covet Fisher & Paykel's technology, particularly its direct-drive motors, which it sold as components to rivals.

"They're effectively looking at doubling that business again over the next couple of years."

While other companies had developed their own dishdrawers, "[Fisher & Paykel] are probably the best proponents of them that I'm aware of in the world. "

F&P was developing energy and space-saving fridge compressors with a subsidiary of competitor Whirlpool, and it was also working on new washing machine technology. "Innovation is not something they stand still on."

Tower Investments chief executive Sam Stubbs said Fisher & Paykel was a well-established, high-end brand overseas, and Haier had not been able to launch one in China.

"There have been suggestions about the weakening of the brand in its traditional market because of quality issues but I really don't think that's a major issue."

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