

Analysis of Huawei's New Energy Vehicle Business Marketing Strategy--Based on the AITO Askworld Sub-brand

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Abstract. China's new energy automobile market is booming, Huawei as a communication giant, it crosses into the automobile industry, which has a lot of uniqueness compared with traditional car companies and is even more innovative in its marketing strategy, The success of a car brand depends not only on product quality, but also on effective brand marketing strategies. By cleverly positioning the market, communicating brand values, and enhancing brand awareness, automobile manufacturers can stand out in the fierce market competition and attract and retain more consumers. This paper firstly introduces the background and development history of Huawei's automotive business and analyzes its main competitors; then based on 4P marketing theory, it replaces the traditional promotional strategy with the analysis of digital marketing innovation, i.e., from the four aspects of product strategy, pricing strategy, digital marketing innovation, and channel strategy, it comprehensively analyzes Huawei's new energy automotive business marketing strategy; then it evaluates and gives an explanation of its product strategy and channel strategy; then it evaluates and explains its new energy automotive business marketing strategy. strategy and channel strategy and give relevant suggestions.

Keywords: New energy vehicles; Huawei; marketing strategy; 4P marketing theory.

1. Introduction

Huawei's cell phone business is under pressure and urgently needs to find new growth points. The car has a high value of a single product, and high technical barriers, which is the focus of Huawei's efforts in the field, is expected to bring new increments. In 2009, Huawei began to lay out the automotive field and initiated the development of in-vehicle modules, focusing mainly on automotive mobile communications and Telematics. Huawei officially established the Intelligent Vehicle Solutions BU, and launched the Huawei Inside brand (i.e., HI mode), focusing on ToB business and laying out the five major areas of intelligent network connection, intelligent driving, intelligent cockpit, intelligent electric, and cloud services. HI mode is a step further compared to parts suppliers, providing system-level solutions for automobile companies. In November 2020, Huawei further launched the Smart Choice model, which is deeply involved in product design, marketing, and terminal sales, and began to tilt towards the ToC sector."Parts suppliers + HI brands + Huawei Intelligent Choice" constitute the three current cooperation models for Huawei's new energy vehicle business. Competitors from the new energy automobile industry: new domestic energy car-making forces such as Ideal, Azure, and Xiaopeng; international new energy automobile giant Tesla; and the high-end series of BYD, the old domestic new energy giant[1].

Competitors from the traditional fuel automobile industry: such as Toyota, Volkswagen, and other old traditional automakers. This paper first introduces the background and development history of the launch of Huawei's automotive business and analyzes its main competitors; then, based on the 4P marketing theory, it replaces the traditional promotional strategy with an analysis of digital marketing innovation, i.e., it carries out a comprehensive analysis of Huawei's new energy automotive business marketing strategy from the four aspects of product strategy, pricing strategy, digital marketing innovation, and channel strategy; then it evaluates its product strategy and channel strategy and gives relevant recommendations. A comprehensive analysis is made; then its product strategy and channel strategy are evaluated and relevant recommendations are given.

2. Huawei Automotive Business Marketing Strategy Analysis

2.1. Innovative and Differentiated Product Strategies

2.1.1 Streamlined product matrix

A product matrix consists of two or more product lines, each product line can be a segment, and the product lines are linked by core technologies to form core barriers. Its purpose is to form an overall competitiveness by combining related products. The horizontal extension of the product matrix can cover more user demand scenarios, thus increasing the market share of the product.

In the product matrix program selection strategy, unlike BYD's multi-brand vehicle sea tactics, Huawei's program selection is very streamlined and has initially formed a "vehicle platform + intelligent driving" two-legged road pattern. In the brand launched in cooperation with Sallis, the M7 uses the old vehicle platform + new intelligent driving system, and the M9, which has not yet been launched, will use a new platform + new intelligent driving. The iterative upgrading of the vehicle platform and Smart Driver respectively can ensure that Huawei's automotive products can be stably updated and each part can be substantially improved in a way that is perceivable by users[2].

2.1.2 Strong correlation between "smart" and "safe"

In terms of brand and product positioning, traditional fuel car brands are often divided by brand value, with safety as an added value, but there are also brands such as Volvo that use "safety" as a core selling point and attract consumers, but traditional fuel cars have almost nothing to do with "intelligence". But traditional fuel cars have almost nothing to do with "intelligence". The positioning of new energy vehicles is more precise and differentiated, such as Xiaopeng focusing on the "intelligent technology" label, Azure to high-end label + ultimate service to capture users, the ideal is aimed at the multi-child family car scene, compared to traditional fuel vehicles, new energy vehicles have a certain degree of intelligent advantage, and often will be "intelligent" as a selling point. Intelligent" as a selling point, but safety has never been recognized in the minds of the public[3].

Huawei emphasizes both the intelligent and safe features of the car and has successfully made a strong connection between the "intelligent" and "safe" labels.

Unlike Tesla's purely visual autonomous driving solution, Huawei's autonomous driving system adopts the "camera + radar" fusion route, integrating visual perception and radar exploration technologies such as lidar, millimeter-wave radar, camera, and ultrasonic sensors to comprehensively perceive the surrounding environment. Radar can detect places that are beyond the reach of the human eye, making up for the shortcomings of cameras in the use of scenarios, eliminating consumers' distrust of autonomous driving from the technical principle, and closely combining "intelligence" and "safety".

In terms of active safety, Huawei's smart cars are equipped with a variety of safety technologies, including Automatic Emergency Braking AEB, Adaptive Cruise Control ACC, Lane Keeping Assist LKA, and Blind Spot Detection BDS, which can improve the safety of drivers and passengers. Although these safety technologies are not exclusive to Huawei, the company has excelled, bagging first place in various active safety reviews. Thanks to the strength of Huawei's brand, these smart safety technologies are able to reach consumers, creating a strong correlation between "smart" and "safe".

2.1.3 Full ecology and the internet of everything

Huawei put forward the "1+8+N" strategy while supporting the seamless flow of applications between multiple terminal devices, aiming to build a full-scene intelligent era of the Internet of Everything. The "1" is the cell phone, and the car, as a part of the "8", is an important entrance to the Hongmeng application ecosystem. Huawei's Hicar system realizes the intelligent interconnection between cell phones and cars, extending cell phone applications and services to cars, upgrading the smart cabin experience in one step at a low cost, and reducing the cost of development, operation, and promotion of car-side applications. It not only establishes a pipeline between the cell phone and

the car, but also enables full interconnection between the car and other IOT devices, creating a seamless interconnection solution for the whole scenario of human-vehicle-home, and realizing the transformation from "people looking for services" to "services looking for people"[4].

Although Azalea has recently launched the Azalea cell phone, it is a "car to phone", almost only consumers who have bought Azalea cars will consider buying Azalea's cell phone, while Huawei is a "cell phone to the car", Huawei cell phone or Huawei's other eco-products are very likely to be considered when purchasing a car, the potential size of consumers is far different. Huawei's "phone to car", Huawei's mobile phone, or other Huawei ecological products users are likely to Huawei's car in the purchase of the car into account, but the potential size of the consumer is very different.

2.2. Satisfaction Pricing Strategy and Differentiated Price Reduction Strategy

2.2.1 Pricing strategy

Huawei Auto focuses on the mid-to-high-end market, with a customer profile of enterprises and institutions, and young and middle-aged people over 30 years old.

In terms of pricing strategy, Huawei mainly uses a satisfaction pricing strategy. It is an automobile pricing strategy between a skimming pricing strategy and a penetration pricing strategy. It aims at obtaining the average profit of the society, and the price set is lower than the skimming price and higher than the penetration price, which is a kind of intermediate price, with a small risk and a high possibility of success. The advantages of this automobile pricing strategy are that: it can make the new automobile products faster for market acceptance, and will not cause competitors confrontation; it can be appropriate to extend the life cycle of the new automobile products; it helps automobile enterprises to establish credibility, steadily price adjustment, and make customer satisfaction[5].

In addition, Huawei sets different price brackets based on the configuration and performance differences of the models, so that consumers can choose different models and optional accessories according to their needs and budgets to achieve personalized pricing.

2.2.2 Price reduction strategy

For different models, Huawei's choice of price reduction strategy is also different. Huawei's flagship cell phone Mate60 came out of nowhere, and detonated the social network, to undertake this huge traffic, automotive products should respond, at this time Huawei did not choose to ask the world M5 launched to reduce the price, but the release of the question of the world M7 of the revised new model, and compared to the old model to reduce the price[6].

Chinese people's first demand for a car is a large space, SUV sales are far greater than the coupe, and non-luxury brands launched more than 300,000 models are almost all SUVs, if there is no brand plus, more than 300,000 coupes is very difficult to sell. Ask the World M5 has been launched for some time as a coupe, although the sales are not outstanding, the Ask the World brand has laid down a good reputation; due to the natural sales limitations that exist in the coupe, even if the M5 price cuts will not have a great deal of sales promotion, but will lower the ask the world's brand image. Ask the world M7 is a medium-sized SUV, there is no model caused by the sales ceiling, in the "space + technology + public safety perception" ready after the price cut can get a great sales promotion.

2.3. Digital Innovation Marketing

2.3.1 Innovative conceptual marketing of "smart driving"

The standard defined by the Society of Automotive Engineers divides "autonomous driving" into L0 to L5, a total of six levels of standards, in which the L0 level is completely manual driving, L1-L4 levels are in varying degrees of the need for the driver to intervene, and only the L5 level is the true standard of fully automated driving[7].

In the application of the actual vocabulary, often only mention "automatic driving", not accompanied by the level, this expression will make people subconsciously "automatic driving" is directly understood as L5 level fully automatic driving, but obviously, the existing level of technology does not reach this level, and even less in line with the public perception, thus creating a natural sense

of mistrust. This is not in line with the public's cognition, so it will give rise to a natural sense of distrust. Coupled with the fact that safety accidents involving autonomous driving have been frequently reported in recent years, the impression of "cars grabbing the steering wheel with humans" and "unsafe" is even more ingrained in many people's minds, exacerbating many people's resistance to autonomous driving.

Huawei's conceptual marketing efforts, the first "intelligent driving" concept, circumvented the negative impression of automatic driving and unsafe, greatly reducing the public's potential mistrust. And by emphasizing both intelligence and safety, it has reshaped the netizens' definition of automatic driving, and even made the public form the cognition of "the smarter it is, the safer it is". The current concept of "Smart Driving" has succeeded in making the public no longer subconsciously associate it with fully automated driving, but rather with assisted driving in which humans and machines drive together, creating a positive impression. After Huawei's introduction of "Smart Driving", the term "autonomous driving" has been gradually withdrawn from the public's view, and the concept of "intelligent driving" has come to dominate the world.

2.3.2 "Self-media + live" innovative marketing promotion mode

With the rapid development of the Internet, digital marketing has become the new normal for marketing in the automotive industry. A representative company is Tesla, whose digital marketing is an important part of the company's overall marketing strategy. Tesla connects with potential and existing customers through social media, online advertising, and content marketing and conveys information about brand value, product features, and industry trends through interaction with consumers, to achieve the the purpose of increasing brand awareness and influence.

The advantage of social media and content marketing is that it can quickly respond to market demand. Huawei also utilizes social media for marketing and promotion, the difference is that Huawei does not look for car critics and influential V, but rather targets the car owner group, relying on the B station's old car owners for spontaneous sharing, recommendation, and some of the owners also rely on their cars to carry out all kinds of extreme intelligent driving ability test and gain a lot of fans and traffic[8].

In addition, several store accounts on the Jitterbit platform will live-stream Smart Driving throughout the day, testing various road conditions to give potential car owners a sense of trust in Smart Driving. The huge traffic generated by the live streaming of Jittery Voice has had a huge impact on changing and advancing users' perceptions of safety, that "Smart Driving is safer than human driving".

2.4. Retail Networks Empowering Automotive Sales Channels

Tesla is a typical representative of the direct sales model, making full use of digital technology to eliminate middlemen, using sales centers combined with online sales instead of dealerships, and selling cars to customers through online purchases, showroom test drives, and online purchases, with a purchase mode of booking before manufacturing, which improves the customer's purchasing experience and product reliability.

Huawei's entry into the automotive industry as a cell phone manufacturer can rely on the retail network built by the terminal BG to empower automotive sales. By the end of 2022, Huawei will have established more than 60,000 stores and counters around the world, including more than 5,500 experience stores and more than 2,200 Huawei authorized service centers.

By utilizing and partially expanding its old stores, Huawei can complete the construction of a larger-scale automotive sales channel at a lower cost, and even reach out to third- and fourth-tier cities. The sales network is widely spread and has a stronger reach to consumers, which makes Huawei's automobile products, as long as there is enough product power, easily obtain consumer awareness, which is a huge advantage that other pure car companies are difficult to match.

3. Evaluation of Marketing Strategies

3.1. Product Strategy Evaluation

The streamlined product matrix will also lead to a consumer choice that will be on the low side when it comes to product program choices, especially the lack of products in the \$100,000-250,000 range. This results in the pursuit of gross margins while the upper limit of sales volume is more pronounced. Consideration could be given to expanding the product matrix to complement the low and mid-range product options.

3.2. Evaluation of Sales Channel Strategies

In the sales network, cell phone stores are very different from car sales in terms of business logic and operation mode, and if they cannot be well-trained and managed, they may instead cause negative impacts such as confusing management and difficult control.

The training and management of sales personnel should be strengthened, and a unified sales channel for the "Ask Boundary" brand should be constructed, so that the products of Huawei's Smart Car partners will be sold through this channel in the future. At the same time, the original Huawei terminal dealers and external investors recruit "ask the world" dealers, the use of a franchise agency model. This model does not need to invest heavily in building the stores and will have a strong say in the channel.

The channel rollout could include new stores and expansion of old stores, but the old stores would have to create a large enough and separate area for cars. Priority can be given to recruiting from the original mobile store investors, while also opening up part of the quota to external investors. It is possible to maintain a low-cost advantage and manage the channel better at the same time.

4. Conclusion

Under the background of the digital economy, the new energy automobile industry is developing rapidly, consumer demand is upgrading, market competition is fierce, and enterprises are facing the challenge of marketing change. Huawei has adopted innovative and differentiated product strategies, made a strong connection between intelligence and safety, pioneered the concept of "Smart Driving", and innovatively developed the marketing and promotion model of "Self-media + Live Streaming", which has attracted a large number of consumers and gained widespread trust and popularity; At the same time, Huawei has adopted a satisfactory pricing strategy and a differentiated price reduction strategy that suits its own needs and has relied on its retail network to empower the automotive sales channel, which has led to great achievements. Currently, Huawei's product matrix is very streamlined, you can consider expanding the mid-range price point of the product; as a first-time entrant to the automotive industry, relying on the original cell phone to build a sales channel, although there is a great advantage, but there is still an urgent need for reform.

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