Analysis of Huawei Smartphone’s Marketing Strategy and Future Prospects

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Abstract. In the Internet age, smartphones have become an indispensable part of everyone's daily life. In China’s smartphone market today, Huawei takes a dominant position through continuous innovation of technology, novel design and more easy use. In the three years ago, COVID-19 effect the market sale of almost brands, because the market space occupied by other competing brands led to a steeply descending in Huawei's sales. Because Huawei has successfully occupied the dominant position in China's smartphone market through continuous innovation of technology, novel design and more convenient use. But the big competition such as Xiaomi, OPPO, VIVO and other domestic brands are gradually coming to the fore. Therefore, Huawei needs to change to its marketing strategy in the market. This dissertation will summarize the status quote, risks, advantages and disadvantages of Huawei in the Chinese smartphone market and put forward suggestions for its future development through literature and case analysis, STP marketing theory and SWOT analysis tool.

Keywords: Huawei mobile phone, marketing planning, STP, SWOT.

1. Introduction

In the Internet age, smartphone can combine the different functions of most other electronic products to help their consumers to various solve problems in life which is easy and convenient. Therefore, Huawei and some other domestic mobile phone brands have a good market and sales in China, which has relative from the large population base of China. With the development of advanced 5G technology, Huawei has also expanded the scope of marketing to the international market. During the pre-sale of Huawei's new phone, more customers from Europe, Africa and other Asian countries have been attracted. At the same time, Huawei even has a small market space in some states of the United States, which directly shows that Huawei had not just become a leader at home, it also had a larger and untapped potential market on abroad. According to statistics, by 2018, Huawei ranked third in the delivered of the six major smartphone manufacturers, with a total delivering was 206 million units and a market share was 14.7%. After the continuous independent research and development process in the following years, Huawei has successfully increased its sales number of different type of phones by six times in five years. By the end of 2023, the delivering of Huawei smartphone in the year arrived 35 million units, but there is still a big gap with its main competitor Apple in microchips, screen and system and the pressure from foreign competitors has been growing, Huawei mobile phone must plan the new marketing strategy, for the majority of consumers now new consumption orientation and make changes according to their needs to meet consumers. Combined with the marketing environment inside and outside the company, Huawei not only to ensure the previous long-term stable customers, but also according to other consumers' needs to make effective adjustments to achieve expanded market share. Therefore, how to change the strategy and product for consumer demand is the current Huawei to solve the problem [1].

In order to make the domestic brand of smart phones could have a bigger market, more advanced technology and development, Huawei smart phones needs to lead other domestic mobile phones and more powerful foreign competitors to seize market share. The competition in the domestic smart phone market is to better promote its technological development. Generally speaking, it can also promote the development and progress of science and technology in China. Based on the relevant marketing theory and knowledge, this dissertation will take Huawei smart phones as the topic. It
analyzes and having conclusions from STP marketing theory and SWOT environmental analysis method. Finally, it will attach a personal opinion and proposal on the marketing strategy of Huawei smart phones in the market. This essay will cite a realistic case to analyze the current market environment of Huawei mobile phones, and make a summary for Huawei Company. And it has lots of problems in Huawei smart phones domestic market in recent years by SWOT and STP.

2. Overview of the Development Process

At the end of 2023, Huawei's mobile phone sales reached the top, its self-developed Kirin 9000S chip Mate60 is the main factor of the sales of the first, take this opportunity, Huawei mobile phone gradually to the high-end market, according to statistics, Huawei smartphone market year-on-year sales increased by 27% in 2023. Since the implementation of the United States sanctions in 2019, number of sales had been showing a declining trend, and the development of Mate60pro, it lets Huawei mobile phone back to the top in China [1]. The reason why Huawei can back to the market top one which cannot leave from Huawei's strong independent research and development ability, marketing strategy and its innovative development strategy.

3. STP Analysis of Huawei’s Smartphone

3.1. Market Segmentation of Huawei Smartphone

3.1.1. Concept of marketing segmentation

Market segmentation is a concept proposed by Winders Smith in the United States in 1955 [1]. As the name suggests, market segmentation means that customers have different requirements on their demand, and each brand needs to segment consumers into two or more customer groups according to the needs and desires of different consumers [2].

3.1.2. Consumer segmentation by income

Market of Huawei smart phone can be roughly segment into four types: below 1000RMB, 2000RMB-4000RMB, and 4000RMB-8000RMB and above 8000RMB.

First of all, the main consumption group of low-end models below 1000 RMB is used by students and non-income groups, these phone models have a low configuration, usually a contract machine in cooperation with operators [2].

Secondly, 2000-4000RMB is the consumption range of the main customers, cost-effective, and it is also the area with the most cost investment of each brand.

In addition, the range of 4000-8000RMB is the high-end model market, which has a high configuration, and most of the company's flagship models are positioned here, mainly for the middle and high-end income groups and customers with high performance configuration [2,3].

Finally, the machine above 8000RMB is an ultra-high-end market, and the configuration is generally the best and top in Huawei mobile phones, with high-end design, and some luxury brands are co-branded. In short, Huawei mobile phones are aimed at all consumer groups [3]. This is one of the main reasons why sales of Huawei are ahead.

3.1.3. Market segmentation by different ages interval

On the users of Huawei mobile phones in the domestic market, the main consumer groups are between age 25 and age 47, and the users of this consumer group have reached 67%, among them, young people because of their high acceptance of new things and the pursuit of trends, the fashionable appearance and novel functions of Huawei mobile phones have attracted many young people to use [3]. And middle-aged people need a mobile phone with high efficiency and convenience at work, and they pursue quality and high-cost performance. Overall, this group has a stable income and a high income [3]. They are relatively stable users of Huawei mobile phones in the domestic consumer market.
3.2. Market Target

Huawei’s target groups are divided into four parts.

3.2.1. Middle- and high-income groups

Consumers in this group have a certain purchasing power, they pay attention to the quality and brand reputation of the brands they use, and they will cherish the products they buy more, so they are more inclined to 'national brand' Huawei mobile phones [3,4].

3.2.2. Technophile

This group mainly asks for the phone's features such as photography, video editing, and so on. Huawei's mobile phones are ahead of most mobile phone brands in China in terms of technology. Therefore, such groups will prefer Huawei when buying mobile phones [4].

3.2.3. Business people

In their daily work, they need to ensure that the tasks are very efficient during online work, and mobile phones with high performance configuration are essential, and Huawei smart phones also have very advanced business functions to meet the needs of this group [4].

3.2.4. Students

Because of the development of the Internet era, smart phones have become an indispensable tool for students in learning, such as online classes, online homework, etc. And students are looking for cost-effective mobile phones. The performance and price of Huawei smart phones can meet the needs of this group, which is an important goal of Huawei smart phones [5].

3.3. Market Positioning

The main factor of achieve market positioning is that building a good reputation and create a unique market image to attract customers and generate sales conversion. While, Huawei smart phone should also grasp the resources and customer needs to show a lot of advantages in market positioning at the same time. Huawei's biggest advantage is its strong R&D capabilities, which help Huawei mobile phones move towards the high-end market [5]. As a result, Huawei will market itself as a mid-to-high-end brand in the market, because Huawei occupies a major position in the domestic market, Huawei increases the research and development of high-end models in recent years, and further increased the competitive advantage and brand influence of products in the high-end market.

4. SWOT Analysis

4.1. Advantages of Huawei Smartphone

In 2023, chip of Huawei smartphone will return and will definitely develop in the 5G market and Huawei's 5G chip will have advantages in the following aspects.

First of all, Huawei can improve the product competitiveness. Huawei's 5G chip will have absolute advantages in performance, power consumption, cost and other aspects, which will bring stronger competitiveness to Huawei's smartphone [6].

Moreover, the company's lower product price due to the return of Huawei's chips, the supply of 5G mobile phones will increase, which will promote the price to reduce to increase the demand of customers so that more consumers can enjoy the convenience brought by 5G [6].

Finally, Huawei Company can accelerate product innovation. Due to the increase in customer demand, it can bring greatly improved profits to Huawei, therefore, can promote the internal manufacturers to accelerate the improvement of mobile phone functions and performance [6]. In addition, each product series of Huawei mobile phones will be updated every year, providing more types of models for consumers to choose. In recent years, Huawei mobile phones continue to cater to consumers, especially the design of the appearance is more and more advanced [7]. In the terms of quality, Huawei mobile phones are strictly controlled, compared with other brands in the industry, its
failure rate is significantly lower than most brands. In terms of sales, Huawei mobile phones have a wide range of sales channels, during which Huawei has accumulated physical stores all over China [7]. Because most domestic consumers have the ability to shop online now, Huawei has a very wide channel for online sales on major platforms. As shown in figure 1 (SWOT analysis) In terms of research and development and internal personnel, as a new high-tech company, Huawei has introduced a large number of high-end talents at home and abroad and is equipped with a top mobile phone research and development team [7]. In 2023, the shipment and revenue of Huawei mobile phones showed a steady increase trend. The salaries of its employees are very considerable in the job market. Therefore, it can attract more new employees to join while retaining old employees.

4.2. Disadvantages of Huawei Smartphone

It is worth mentioning that Huawei is good at relying on positive advertising. In recent years, the impression of ‘national brand’ has gone deep into the hearts of the people, and more and more consumers have begun to use Huawei mobile phones. However, the most of severe problem of Huawei is obvious -- the restriction of chips and operating systems. Although Huawei has high-end chip design ability, the domestic chip manufacturing level is limited. Because before the chip of Huawei mobile phone was all delivered to TSMC for production, but under the sanctions of the US government, TSMC cannot longer provide high-end chips to Huawei, and the business of Huawei mobile phone will be difficult to develop. At the same time, Android system cannot be used in Huawei mobile phones under the restrictions of the US government. Although Huawei launched Harmony OS, but the time is relatively short, some functional and adaptability problems still need to be improved [8]. Another big disadvantage of Huawei mobile phone is that it is not listed, and there are fewer financing methods. If the profit amount cannot reach the target under the sanctions of the US government, the research and development funds will be limited. If Huawei wants to break through the shackles of the US government, it must expand the investment in research and development.

4.3. About Opportunity

In the 5G age, the smartphone industry has a new opportunity for fast development. 5G technology has a higher transmission rate, which can make a greater number of documents or information transmission. Meanwhile, 5G is not just an upgrading from 4G which is a revolution of internet era. The development of 5G has more advanced technologies such as autonomous driving, smart glasses, VR technology and so on [8]. In order to stay ahead of the technology, it is necessary to carry out a comprehensive layout of 5G technology, they should adjust the research and development strategy as well as the research direction and objectives and gain the first right in the development of new products. Most mobile phone brands have realized this and have invested heavily in product research and development at all costs so as to occupy a favorable position in the future competition. Although China has a large population base, the 1.4 billion population in China cannot enough to satisfy a lot of brands. As a result, Huawei cannot become the maximum sale in China. However, with the rise of other poor countries like Africa and South America, Huawei can bring its market to overseas markets [8]. Compared with China, Africa has a large population base, so bringing the market to Africa or other developing regions not only provides development opportunities, but also attracts overseas consumers with its high-end advanced technology to make them feel good about products produced in China.

4.4. About Threat

4.4.1. Credibility declining

Data security has become a paid much attention topic in society nowadays, because data security touches everyone’s core benefit. General consumers will choose brands which has a higher data security in order to protect their personal privacy [8, 9]. However, in recent years, due to the pressure of the US government, Huawei has been blacklisted and prohibited from accessing some software and browsing information, which leads to Huawei's consumers starting to doubt the security of
Huawei. Therefore, the data security of Huawei has been challenged, and it is faced with the responsibility of data privacy and security issues. If the brand wants to gain a large number of stable customers in the market, gaining their believed is the first [9]. However, due to the restriction of macro-control, consumers' trust in the brand has decreased.

4.4.2. Other strong competitors

The competition from Samsung and iPhone is also one of the major threats to market of Huawei. In the 5G era, Samsung has occupied a large part of the market share with their advanced screen and global market advantages. Apple not only through the US government's sanctions on Huawei phones, but also rely on its strong chip technology to compete [9, 10]. As a result, Huawei just has a very limited space on the market competition.

5. Suggestions

5.1. About Market Segmentation and Market Target of Huawei Smartphone

Huawei smart phone need segment more detailed in age segment, because the customers in the 25-47 years old are young and middle-aged, it is a very big range of different customer groups. Two customer groups have significant differences in their needs for smart phone. In the two targets, Huawei should develop more targeted needs, so that diversified products can attract more consumers who benefit from them.

5.2. About Advantages of Huawei Smartphone

Although Huawei mobile phones also have a number of customers in foreign markets, compared with the domestic market, the marketing of foreign markets is not very stable. Huawei mobile phones should cooperate with more foreign high-end brands and invest in advertising to increase marketing efforts in foreign markets, and by increasing sales areas and channel resources to obtain greater sales. At the same time, it relies on strong productivity of Huawei to ensure their supply of Huawei smart phone to prevent shortages.

5.3. About Threat of Huawei Smartphone

Although Huawei's mobile phones have dominated the country in recent years, they are still being prohibited by lots of policies of the U.S. government due to the backwardness of chip research and development technology and weakness smart phone systems. Therefore, Huawei smart phone should rely on their own strong scientific research ability and error correction capabilities, and put the main goal on the Harmony OS system creation, which needs to be continuously improved and innovated in order to compete with Android and Apple, so as to further accelerate the escape from the restrictions of the US government.

6. Conclusion

This dissertation uses STP and SWOT analysis methods to make some comprehensive evaluations of the current domestic and foreign markets of smart phones, and clarifies the situation of Huawei smart phones in today's Internet era, including competitive advantages, competitive disadvantages, opportunities and threats posed by certain factors to Huawei smart phones. In today's society, smart phones play a great role in people's daily life, but with the fierce competition of different brands and the change of consumer demand, Huawei mobile phones should put the main scientific research resources on products closer to consumer needs. Therefore, Huawei smartphone should work towards different goals, and increase the promotion of national brands in China to ensure sales. Moreover, Huawei should increase its strategic innovation in smartphone marketing. We will further strengthen the marketing strategy and innovation, grasp the trends of the consumer market and the changes of consumer groups, and carry out targeted marketing activities to ensure that Huawei's smartphone
meet the new needs of the ever-changing market and are widely recognized by consumer groups. At the same time, it continues to strengthen the guarantee of marketing measures, and provides marketing auxiliary support in terms of organization, technology, personnel, funds, and resources, which further increases the market share of Huawei's smartphone.

On the other hand, although Huawei's smartphone chips are lagging behind, it is suffering from sanctions from some foreign companies, which is the biggest challenge Huawei is facing now. Therefore, it should send corresponding scientific researchers to make up for this large disadvantage, so as to get out of this haze as soon as possible, and at the same time ensure the sales of existing products, but also learn from each other's strengths. Furthermore, Under the influence of external factors, Huawei smartphone needs to maintain its existing advantages in R&D, technology, and resource integration in the industry from within the company, choose the SO combination model, give full play to its brand advantages, have the courage to innovate and upgrade, and enrich its product lineup, so as to improve its competitiveness again.

Finally, the end of this article also gives some of the author's own future prospects for Huawei's smartphone market and a little advice on Hua Wei smartphone company's marketing strategy, but due to age restrictions and too little experience, the dissertation does not primary surveys were conducted, and future studies could be based on more literature or articles. In the future, author will be able to study more aspects of marketing.

References


