



**RESEARCH ON MARKETING STRATEGY OF HUAWEI'S HIGH-END
SMARTPHONES**



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**RESEARCH ON MARKETING STRATEGY OF HUAWEI'S HIGH-END
SMARTPHONES**

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To
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ABSTRACT

According to third-party research data provided by Huawei, Apple Inc. occupied 83% shares in the domestic high-end smartphones market in 2017, the proportions of Huawei and Samsung were 10% and 5% respectively, and the other 20% market shares were taken up by OPPO and other manufacturers. In addition, the 2017 annual report of Huawei showed that sales revenue of its cellphone business grew by over 40%, but its profit ratio was declining. Under the above background, marketing strategies of Huawei's high-end smartphones were investigated in this paper; PEST analysis model was used to analyze external environment of the industry where Huawei was located; "Five-force model" was utilized to analyze competition strategies of Huawei, and competition strategies of its main competitors—Apple and OPPO—were analyzed based on the 4P marketing theory, so as to provide a reference for optimizing marketing strategies of Huawei. 4P marketing theory was used to analyze the current situation of marketing strategies of high-end smartphones, SWOT analysis model was used to analyze current strategies of Huawei, and advantages and disadvantages of Huawei as well as its development opportunities and threats were pointed out. Through an analysis of problems existing in marketing strategies of Huawei's high-end smartphones, suggestions that Huawei should optimize product orientation, brand cooperation, channel relationship and promotion means were proposed based on the 4Ps marketing theory in order to provide a favorable idea for

Huawei's high-end smartphones to expand their market shares in a market-oriented way. These suggestions will be of reference significance to marketing strategies of other domestic manufacturers for expanding their high-end market shares.

Keywords: 4p marketing strategy; High-end smartphone; Huawei smartphone

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标题：华为高端智能手机营销策略分析

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摘要

根据华为公司提供的第三方调研数据显示，2017 年国内高端智能手机市场苹果公司的份额为 83%，华为公司的份额为 10%，三星公司的份额为 5%，其它 20% 市场份额被 OPPO 等公司占据。另外，根据华为公司 2017 年年报显示，手机业务的销售收入增长 40% 以上，但是企业利润率却在下降。基于上述背景本文对华为高端智能手机的营销策略进行研究，利用 PEST 分析模型对华为公司所处的行业外部环境进行分析，提出国内智能手机市场处在消费升级的阶段。利用“五力模型”分析华为公司的企业竞争战略，并运用 4P 营销理论分析其主要竞争对苹果和欧拍公司的营销策略，对优化华为公司的营销策略提供借鉴。本文运用 4P 营销理论对华为高端智能手机的营销策略现状进行分析，使用 SWOT 分析模型对华为的企业战略现状进行分析，指出华为公司的优势和劣势以及企业发展的机会和威胁。通过分析华为高端智能手机营销策略存在的问题，基于 4Ps 营销理论提出华为公司要优化产品定位、品牌合作、渠道关系和促销手段的建议，为华为高端智能手机以市场为导向扩大市场份额提供有益的改善思路，这些建议对国内其他厂家扩大高端市场份额的营销策略也有借鉴意义。

关键词：4P 营销策略；高端智能手机；华为智能手机

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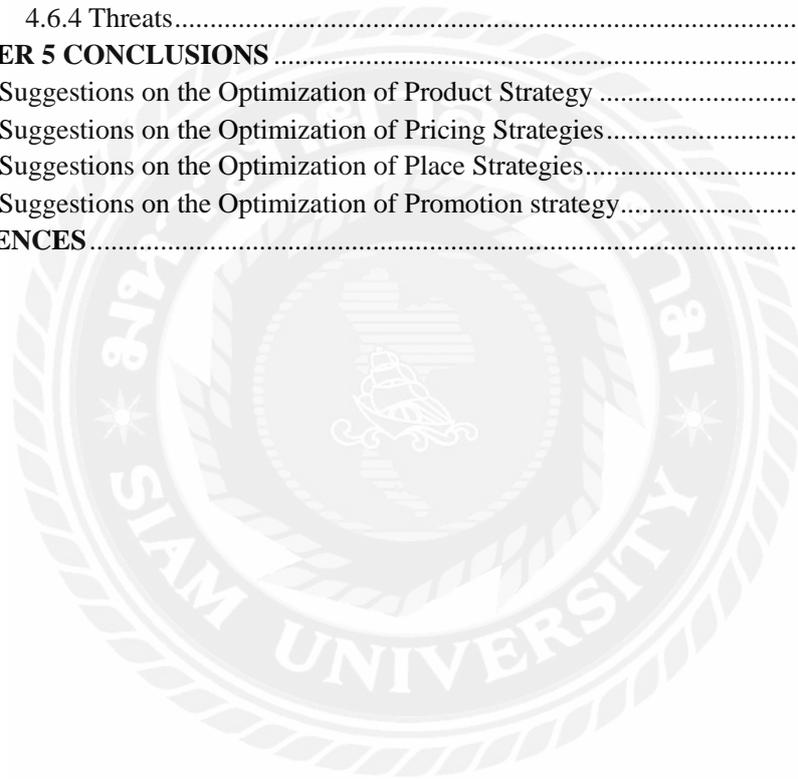
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CHAPTER 1 INTRODUCTION

1.1 Research background

With the improvement of people's quality of life, smart phones are showing explosive growth. The rapid rise of the mobile Internet, such as social, online shopping, games and other activities, can be completed through mobile phones, so smart phones have become an indispensable tool for people. While China has become the largest consumer market for smart phones, domestic manufacturers have also experienced the development from ODM to their own brands, from low-end to luxurious. HuaWei, XiaoMi, OPPO, VIVO and other companies have emerged in China. These companies enter the domestic and international middle and luxurious market with the strategy of abnormal configuration and low price, and occupy a place. But at the luxurious of the market, the share of domestic phones is still smaller than that of Apple and Samsung.

According to the formal release of the China Information Research Institute, 491 million units were shipped in the market in 2017, down 12.3% from the same period last year. In particular, shipments fell by more than 20% in the fourth quarter of 2017. Among them, foreign mobile phone brands collapsed, domestic mobile phone shipments of 436 million, accounting for 88.8%, domestic mobile phone manufacturers in the market share occupy an absolute advantage. As for the price of mobile phones that everyone is most worried about, 2017 is up nearly 20% from 2016. Among them, shipments worth 3,000 to 4000 RMB of domestic smart phones increased by 74.9% over the same period last year, and shipments of more than 4,000 RMB of domestic smart phones increased by 170.8% over the same period last year. In addition, the concentration of the domestic mobile phone market is becoming ever more alarming. At 2017, the total market share of TOP5 reached 71.3%, a sharp increase of 15.1% over the same period last year. The share of manufacturers in the second tier (6 to 10) was badly squeezed, falling to 9.3% in 2017.

IDC, an authority, released its 2017 global smartphone market report, which found total shipments of 1.462 billion units, down 0.5% from the previous year, for the first time in history. IDC points out that the Chinese smartphone market alone fell by almost 5% in 2017, an important reason for the global inflection point, while EMEA Europe, the Middle East and Africa fell 3.5%, while the US market was barely felt. The above data show that China has firmly ranked first in mobile phone

shipments, and the shipments of Chinese mobile phones have greatly exceeded those of foreign brands. Although the overall shipments have declined significantly, the market for luxurious mobile phones still has a broad space. Therefore, the search for a marketing strategy to increase the market share of Huawei's luxurious models are of great help to improve the company's performance.

1.2 Research purpose

Under the background of China's supply-side reform, more and more enterprises give up the low-end product market and turn to the luxurious market. In recent years, the smartphone industry has entered a more mature period, the market competition is becoming more and fiercer, the strategy of high configuration and low price has been unable to meet the needs of future consumption upgrading, and domestic mobile phones must go to the luxurious market. Huawei has launched two series of luxurious phones, the MATE series and the P series. Huawei's launch of the two products has been a huge success. But with the saturation of the market, coupled with the immobilization of Huawei users, resulting in a significant increase in market share. This paper takes the current situation on Huawei's luxurious model marketing as an example, through the analysis of Huawei's marketing strategy, combined with the characteristics of corporate culture to improve the strategy. Therefore, the main purpose of this paper is to improve the strategy to enhance the market share of Huawei's luxurious models.

1.3 Research objectives

This paper mainly studies the marketing strategy of high-end smartphone of Huawei Terminal Co., Ltd., according to its existing product system and marketing strategy, analyzes the market competition pattern that Huawei faces, and analyzes the marketing strategy of its competitors. The goal of the study is to identify the problems existing in Huawei's high-end mobile phone marketing strategy and put forward optimization suggestions, which can be used as a useful reference for the development of other domestic enterprises, which will be conducive to promoting the development trend of the transformation of the domestic mobile phone industry to the high-end market. Enhance the product competitiveness of domestic mobile phone enterprises and increase their market share.

1.4 Research framework

This paper is divided into five chapters. First, it discusses the research

background and purpose of the subject. Secondly, it introduces the relevant theories and models of strategic management and marketing, and describes the current research situation at home and abroad. Then, the development status of domestic smart phones and the external environment of Huawei are analyzed, and the marketing strategies of Huawei's main competitors are summarized. Then, it analyzes the current situation of Huawei's high-end smartphone marketing strategy and the opportunities and challenges it faces. Finally, through the analysis of the problems existing in Huawei's marketing strategy, and drawing lessons from the marketing strategy of competitors, this paper summarizes the optimization suggestions of Huawei's high-end smartphone marketing strategy.



CHAPTER 2 LITERATURE REVIEW

2.1 Research status in China

The domestic research selects the content related to the smartphone marketing of this paper, including Apple, Samsung, Huawei, OPPO, Xiaomi, Lenovo, Meizu and other major mobile phone manufacturers marketing strategy research. As well as consumer purchase behavior, big data analysis, network marketing, experience marketing and other aspects of the literature, Other literature research on the purchase behavior of luxurious smartphone consumers and improve the brand image of enterprises and suggest the flattening of channels is of great help to the topic of this paper. The main content of this chapter is the research on the marketing strategy of the main mobile phone manufacturers, through the help of some literature, so as to make the research of marketing strategy more in-depth and specific.

According to the literature consulted, Jiang Xiaolin, Qiu Jing, Zhang Yanju, Wu Fangyong, Wang long, Song Tao, Yu Jingrui, Ji Yongze and others took the marketing model and experience marketing of Apple phones as the research objects (Qiuliang,2015). This paper puts forward that enterprises should pay attention to the individualized needs of consumers, construct an efficient sales network and attach importance to experiential marketing (Hedan,2015), and think that experiential marketing can meet the psychological demands of customers for product differentiation(Wufangyong,2014), individualization and diversification. Based on the investigation and research of customers, this paper constructs the customer loyalty model of experiential marketing, analyzes the relevant influencing factors and the model of experiential marketing to shape the value of brand image, and gives the concrete methods of implementation based on experiential marketing. It provides help for other domestic enterprises to carry out similar marketing models.

Based on the background of the decline in demand in the domestic mobile phone market, the outbreak of e-commerce channels and the decline in Samsung mobile phone sales, Xu Zhaosheng studied the marketing strategy of Samsung mobile phones and pointed out Samsung's marketing problems and improvement measures(XuZhaosheng,2014).Luo Jiali, Liu Yun and Shi Yalei compare and analyze the marketing strategies of Samsung and Huawei and Samsung and Apple respectively, point out their differences and suggestions for improvement, and provide reference for Huawei's marketing strategy optimization. Through the study of Samsung's FD

channel model, Zhao Yi put forward the strategy of improving sales in the aspects of cost control(ZhaoYi,2016), brand monopoly, platform service and so on. It also points out that strict control of channeling, encouragement of channel customers, improvement of after-sales service, strengthening of terminal promotion and other safeguard measures.

Lei Peng specially studied the example of "Happy Base Camp" sponsored by OPPO mobile phones(LeiPeng,2016), and pointed out that enterprises should attach importance to advertising investment in order to enhance users' association with publicizing brands; Cao Tianyi through the film and television advertising creation and practical research on OPPO mobile phones. It is pointed out that advertising should be creative, photography should have a sense of presence, picture should be aesthetic and other key requirements, which has a good reference significance for Huawei's mobile advertising creation.

Zhang Chenggang analyzed the importance of brand to mobile phone products, encouraged domestic manufacturers to launch luxurious smartphones, and opened differentiated; with foreign manufacturers in terms of products and services. Sun Shijie used Delphi method, quantitative analysis and qualitative analysis to combine the method of Delphi method, quantitative analysis and qualitative analysis. This paper puts forward a comprehensive evaluation system of domestic mobile phone brand value, which provides guidance for enterprises to enhance brand influence. Zhu Jing analyzed the motivation of mobile phone users and the influencing factors of purchase behavior from the perspective of consumer behavior; Jian Li Qingkun and Lin Zhijian specially studied the purchase behavior of luxurious smartphone users(JianLiQingkun & LinZhijian,2012).The user purchase behavior model and conspicuous consumer psychological demand given in this paper are very helpful to enhance Huawei's luxurious smartphone sales. Meng Huixia's analysis of Vs and 4Rs marketing mix theory provides a certain help for the writing ideas of this paper.

2.2 Research status abroad

There are great differences between foreign and domestic markets. foreign countries focus on social media, online and offline marketing, big data and user experience. It is pointed out that enterprises can use digital methods such as social media marketing to increase their interaction with users and let users participate in the marketing strategy of enterprises. And establish a long-term close relationship with enterprises, to explore the impact of new marketing models such as social media on customer perception of brand value. At the same time, this paper studies the use of big

data analysis and marketing to establish the relevant market strategy. The research hotspots in foreign countries focus on the digital direction of marketing model, but the research on traditional marketing model is less.

Anna S. Cui-Fang Wu points out three innovative models for customers to participate in customized products(Anna S. Cui-Fang Wu,2016), and TamillaMavlanova et al. point out that the credibility of internal and external evaluations of product experiences in the online consumer market can have an impact on seller sales. Increasing the credibility of the product experience helps online sellers refine their digital business strategies.

Peter S. H. LeeFlang, C. M. Sashi, Pierre R. Berthon, Bruno Godey et al.'s research points out that the digital direction of marketing can bring great opportunities to B2B/B2C marketing model. The adoption of digital innovation model can fill the cognitive gap between enterprises and customers, enhance the communication between the two and improve the relationship between the two, which is helpful to create value together. Their research shows that the use of social media marketing can enhance customers' interest in participating in enterprise marketing strategies(Peter S. H. LeeFlang,1992),help to enhance customers' cognitive value of corporate brands, and bring about the relationship between personal activities and corporate strategies. It provides effective guidance for enterprise managers to formulate marketing strategies, and links customers, enterprises, brands, prices, loyalty and other marketing elements through social media to form a new social media marketing strategy.

2.3 Marketing theory

2.3.1 Core theory of marketing-4PS

Marketing (Kotler, 2009), MBA, EMBA and other classical business management courses, marketing as an important module of management and education for managers included. Marketing is an activity, process and system that brings economic value to customers, partners and the whole society in the process of creating, communicating, disseminating and exchanging products. Mainly refers to the marketing personnel in the market to carry out business activities, sales behavior of the process.

The core of marketing theory is 4p theory, product, price, place and promotion.

4p concept is the basic theory frame of marketing. The theory holds that there are two factors leading to the final effect of marketing activities: one is the factors beyond the control of the enterprise, including political, legal, economic, social and cultural, technology and other environmental factors, called "uncontrollable factors", but also become an external factor; Another is the enterprise controllable factors, including production, pricing, channels, sales promotion and other factors of business activities, become enterprise controllable factors, that is, the internal environment.

Controllable factor	Uncontrollable factors
Product price promotion place	Natural environment politics law society culture population economy and technology
Internal environment	External environment

2.3.2 4P Theory-Product Strategy

A product is anything that is supplied to meet the needs and the needs of the market, including tangible and intangible products. According to the value of products to customers can be divided into five levels: core products, basic products, expected products, improved products, potential products. Each of these five levels adds customer value.

According to the 4p theory, every product includes five levels: (1) Core products: the most basic interests pursued by consumers when they buy a certain

product, which is also the core demand of customers when they buy this product; The core interest layer is also the most critical part in the customer value level. The basic need to go to the store to buy clothes is to keep warm. (2) Basic products: refers to the material forms that satisfy the core interests of consumers, for example: clothing is divided into top and bottom. (3) Expected product: it means that the consumer hopes to satisfy some conditions when buying the product. For example, when you buy clothes, you want them to look good on you. (4) Improved products: new benefits and services for consumers in addition to their core interests. The purpose of improving product is to realize product differentiation. (5) Potential product: a product that is likely to be improved or upgraded in the future to meet new requirements that may arise from future consumers.

Each enterprise's product will compete in five levels. When products, enter the market, the main goal is to meet the core interests of consumers; with the intensification of competition, enterprises begin to upgrade on the basis of the original products, so as to achieve product differentiation; with the excess capacity of products, the Enterprises have begun to tap the potential needs of consumers.

2.3.3 4P Theory--Price Strategy

Price is the only factor that generates revenue in marketing, and it is also the best factor to adjust. However, companies must consider some specific factors when pricing, including the company, consumers, competitors and the market environment. The pricing strategy consists of six steps: (1) pricing objectives (2) determining demand (3) estimating costs (4) analyzing competitors' products and costs (5) choosing pricing methods (6) choosing final prices.

When choosing the pricing, target, the company must ensure the maximum profit and the maximum share of the product. Therefore, only the choice of pricing objectives can ensure that the product price strategy is in line with the corporate strategy; there is a certain correlation between the price and demand of the product, usually the price and demand show a reverse relationship. Therefore, when determining the demand, we should comprehensively consider the customer demand and product characteristics, and estimate the elasticity of demand and price of the product; cost is one of the aspects that the enterprise must pay attention to, and the cost determines the lowest price. When the enterprise estimates the cost, it must pay attention to the possible cost of all the links, but also analyze the cost of competitors,

in order to ensure that their products get a reasonable profit and market share. Once the pricing method is clear, the scope for determining the final price can be narrowed, at which point the company also needs to consider other factors, such as policy, risk, etc.

2.3.4 4P Theory-Place

The channel is the way that connects the product and the consumer, the marketing channel can influence the product decision-making. Some companies often use a lot of money to use middlemen's channels to promote products, or use advertising, etc., to increase the visibility of the enterprise. In addition, the establishment of the enterprise value network is also very important, the company's supply chain forward or backward integration, can strengthen the company's control of the channel.

The establishment of channel strategy needs to solve four problems: (1) choosing middlemen; (2) the service level of the channel; (3) the management and control of the channel; (4) the support of manufacturer to dealer. Marketing channels on behalf of certain interest groups, often conflict and competition, the establishment of a long-term, mutually beneficial channel model for the development of enterprises is essential.

Table 2-2 Consumer product marketing channel

Channel level	Level 0	Level 1	Level 2	Level 3
Producer	Manufacturer	Manufacturer	Manufacturer	Manufacturer
Intermediary			Wholesaler	General wholesaler
				Wholesaler
		Retailers	Retailers	Retailers
End user	Consumers	Consumers	Consumers	Consumers

2.3.5 4P Theory-Promotion

Promotion strategy refers to the enterprise through advertising, personnel, sales, direct marketing and other means, so that consumers know about the company and products, so as to better guide consumers to buy products. There are eight common ways to promote sales: advertising, direct marketing, promotion, interactive marketing, word-of-mouth marketing, public relations, time and experience. Through the above method, can establish the good brand image of the product, improve the popularity of the enterprise.

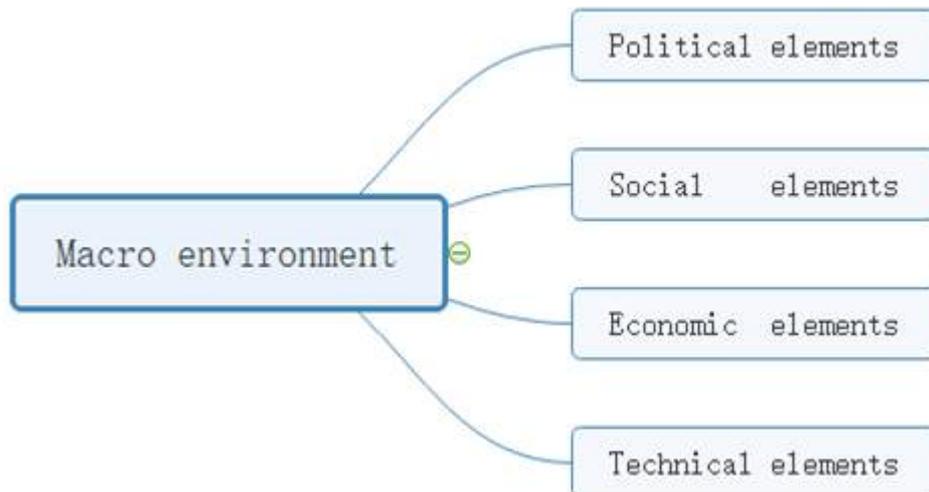
2.4 Marketing analysis tools

2.4.1 PEST analysis model

PEST model is not only the analysis of market macro-economy(,2016), but also the basic tool for enterprises to analyze the external environment. The model evaluates the impact of political, economic, social and technological factors on corporate strategy and marketing strategies.

The political environment includes a country's social system, the nature of the ruling party, and the principles, policies, and decrees of the government. Different countries have different social nature and different social systems have different restrictions and requirements of the organization of activities. Even in the same country where the social system remains the same, at different times and because of the differences of the ruling party, the attitude and influence of the principles, characteristics, and policy tendencies of the government on the organization and activities of the government are constantly changing. The economic environment, mainly includes the macroscopic and the microscopic two aspects content. The social and cultural environment includes the residents' education level and cultural level, religious belief, customs and habits, aesthetic views, values and so on. Technological factors include revolutionary inventions, new technological processes and technological trends, and businesses need to identify information that is useful to them.

Table 2-3 PEST analysis model



2.4.2 SWOT model

SWOT analysis enumerates all kinds of internal strengths, weaknesses and external opportunities related to the research object, lists the threats, arranges them according to the matrix, and analyzes the various factors with each other, from which a series of conclusions can be drawn. The analytical method of combining the development strategy of the enterprise with the internal and external environment of the enterprise.

Table 2-4 SWOT analysis matrix

Internal factors External factors	Strengths(S)	Weakness(W)
Opportunity(O)	Growth strategy(SO)	Reverse transformation strategy(WO)
Threats(T)	Diversified business strategy(ST)	Defensive strategy(WT)

The use of SWOT analysis can help enterprises to focus on resources and actions

in their own areas of advantage, seize market opportunities, so that the strategy of enterprises becomes clear, marketing plans and strategies more targeted.

2.4.3 Porter's five forces model

The Model of five Forces of Porter was put forward by Michael Porter (Porter, M. E,2008) in the early eighties of the 20th century. He believes that there are five forces in the industry that determine the scale and degree of competition, and these five forces combine to influence the attractiveness of the industry and the competitive strategic decisions of the existing enterprises. The five forces are the competitiveness of existing competitors in the same industry, the ability of potential competitors to enter, the substitution of substitutes, the bargaining power of suppliers and the bargaining power of buyers.

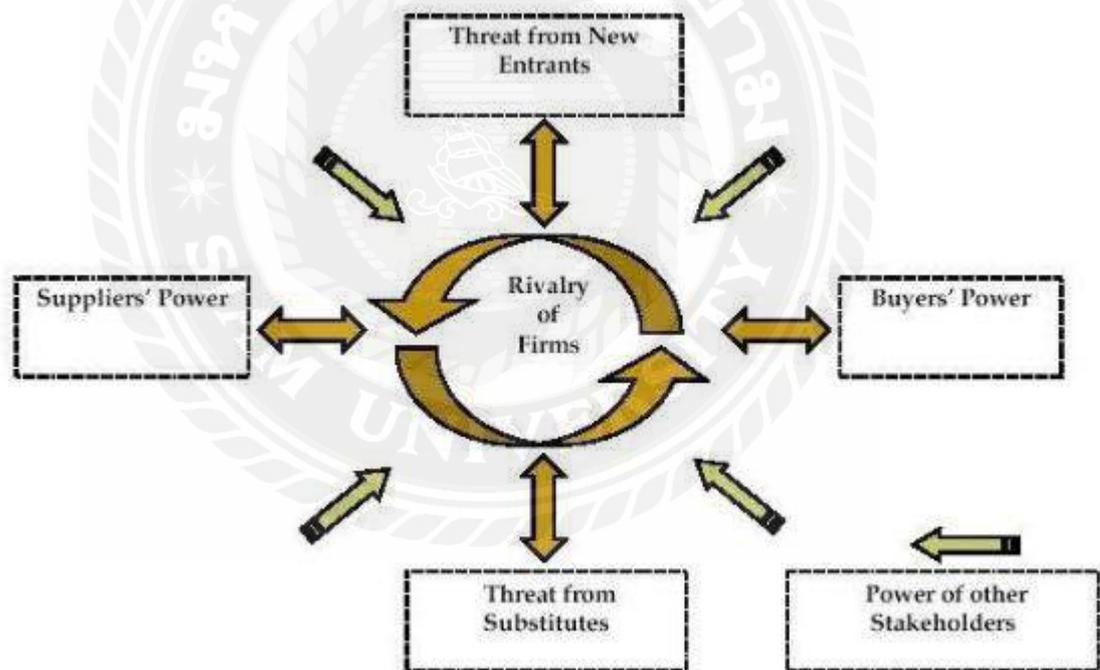


Fig2.1 Porter's five forces analysis model

Data sources: <https://baike.so.com/doc/2997674-3161439.html>

Porter's five forces analysis model

(1)The bargaining power of suppliers. The supplier mainly affects the profitability and product competitiveness of the existing enterprises in the industry through its ability to increase the input factor price and reduce the quality of the unit value. The strength of the supplier depends mainly on what inputs they provide to the buyer. When the value of the input factor provided by the supplier constitutes a large

proportion of the total cost of the buyer's product, is very important to the production process of the buyer's product, or seriously affects the quality of the buyer's product, The potential bargaining power of the supplier against the buyer is greatly enhanced.

(2)The bargaining power of buyers.Buyers affect the profitability of existing enterprises in the industry, mainly through their ability to lower prices and demand higher quality of products or services.

(3)Threats of new entrants.While bringing new production capacity and new resources to the industry, new entrants will hope to win a place in the market that has been carved up by existing enterprises, which may lead to competition in raw materials and market shares with existing enterprises. It will eventually lead to a decline in the profitability of the existing enterprises in the industry and, in a serious case, may endanger the survival of these enterprises.

(4)Threat of substitute products or substitutes.Two enterprises in the same industry or in different industries may compete with each other because the products they produce are substitutes for each other. This competition from alternatives can influence the competitive strategy of existing enterprises in the industry in various forms.

(5) Extent of competition among competitors in the same trade.Most of the enterprises in the industry, the interests of each other are closely linked, as part of the overall strategy of the enterprise competition strategy, the goal is to enable their own enterprises to gain advantages over competitors, so, In the implementation of the conflict and confrontation will inevitably occur, these conflicts and confrontations constitute the competition between the existing enterprises.

CHAPTER 3 METHODOLOGY

Based on the relevant theories of strategic management and marketing, this paper analyzes the present situation of Huawei's luxurious smartphone marketing strategy, collates, analyzes and sums up the collected data, and studies the existing marketing strategy problems in combination with charts. These data are interpreted and analyzed in the following ways:

3.1 Literature research

From the books, papers and news reports to collect relevant marketing materials for research, using collation, analysis, induction methods to extract their own views. For example, the disclosure of the annual report downloaded from Huawei's official website, the mobile phone shipment information downloaded from the mobile information authority website IDC, the Chinese DDP data downloaded from the Chinese government website, and so on. Is to ensure the accuracy of information, so as to ensure that their own research process is carried out under the correct premise.

3.2 Comparative analysis

By comparing the differences between Huawei and its competitors in the luxurious smartphone marketing strategy, this paper analyzes the advantages and disadvantages between them, and puts forward the improvement measures suitable for Huawei's luxurious smartphone marketing strategy.

3.3 Theoretical analysis

The "PEST" model and Porter five-force model is used to analyze the external environment of Huawei Company, and the "SWOT" analysis tool is used to point out the advantages and disadvantages, existing opportunities and challenges of Huawei Company, and to make the corresponding marketing strategic positioning. Using 4p theory and combined with its corporate strategy, the marketing strategy in line with Huawei is worked out.

CHAPTER 4 ANALYSIS OF HUAWEI MOBILE PHONE MARKETING STRATEGY

With the launch of its luxurious smartphone MATE line in 2014, Huawei is gradually gaining a foothold in the domestic smartphone market dominated by Apple and Samsung. With the upgrading of the domestic smartphone market, domestic enterprises are also undergoing dramatic changes. According to the Zhongguancun ZDC2017 annual mobile phone report, global smartphone sales were 1.673 billion in 2016, up only 3% from the same period last year. In 2017, global smartphone sales declined for the first time, to 1.472 billion units, down 0.07% from a year earlier. The mobile phone market continues to move closer to the head brand, with sales of the TOP6 brand accounting for nearly 90% of the market share, and the Matthew effect intensifies.

The mobile phone market in 2017 has several features: (1) Apple's dominance is no longer guaranteed, and the attention of the new model has broken away from the top three; (2) the market share of Samsung's medium and low end models is occupied by domestic mobile phones. (3) Most brands are moving toward luxurious devices; as can be seen in the chart above, the new models of Apple phones have been ranked 13th, indicating that Apple phones are regressing; and Huawei's luxurious model MATE series is ranked No. 9. It shows that Huawei needs to increase the market focus of luxurious models in order to have the opportunity to increase its market share.

Judging from the trend of users' attention, the trend of consumption escalation is further driving up the demand of consumers for luxurious mobile phones. From January to December 2017, the price band of 2001-3000 RMB on the Chinese mobile phone market showed a steady rise, and in December the attention of the model reached 12.61%, an increase of nearly 2% from January. And 3001-4000 RMB price segment of the model attention is also fluctuating upward trend, November and December rose to more than 19%, the lowest point when the rise more than 5%. From this perspective, 2018, the main luxurious market manufacturers will face unprecedented competitive pressure.

4.1 External Environment- PEST model

4.1.1 PEST-Political environment

(1) International political environment. Britain's Brexit in 2016, which triggered panic in European financial markets and the devaluation of the euro, has had the biggest impact on the US presidential election. The EU is divided and conflicts of interest between rich and poor countries are more acute. The conflict between Russia and the United States in Syria has caused a large influx of refugees into Europe, brought an impact on the culture and ethnic groups of Western countries, triggered a number of terrorist attacks, and dealt a major blow to the economic recovery of Europe. Later, Trump was elected president of the United States, imposing high tariffs on Chinese goods, increasing downward pressure on China. In addition, since the financial crisis in the United States in 2007, through quantitative easing, the economy has strongly recovered, the beginning of the cycle of interest rate increases the depreciation of the RMB.

(2) Domestic political environment. China's main policy of opening up to the second child in 2016 will help ease the country's aging trend and change the population structure in the future. In addition, the state puts forward supply-side reform to speed up the clearance of backward production capacity, so that the supply of resources in China has been stable development. China has set up the AIIB, with 57 members, and has made a good start. Along with the smooth advancement of the Belt and Road, China has provided financial support for infrastructure construction in coastal countries.

With the development of our economy, from 3G mobile network for 4G, China will realize the commercialization of 5G in 2019. With the rapid development of the Internet, online shopping, mobile payment and other people to provide a rich cultural life, but there are also some problems. For example, the weak ability of independent innovation, the unreasonable economic structure, the pressure of the environment and employment and other issues related to the interests of the masses still need to be resolved.

4.1.2 PEST-Economic environment

(1) International economic environment. According to the National Research

Network Economic Outlook report(Keqiang, L,2016),the IMF website released the latest edition of the Global Economic Outlook report. The report kept global economic growth at 3.9% this year and next, and for china at 6.6% and 6.4% this year and next, in line with the global economic outlook released in April. The IMF predicted that multiple rounds of tariffs imposed by the United States and retaliatory measures by its trading partners could slow the growth of international trade and inhibit economic growth in the medium term by directly affecting resource allocation and indirectly increasing economic uncertainty. The report cuts global trade growth forecasts for this year and next by 0.3 percentage points and 0.2 percentage points, respectively, and called on emerging economies to rebuild exchange rate buffers to adapt to more volatile economic conditions. The United States has entered a cycle of interest rate hikes, the European economy has been dragged down by Brexit and the debt crisis, and the Japanese economy continues to be in the doldrums; and in emerging market countries such as India, the economic environment has continued to improve, but the growth rate has slowed somewhat. Generally speaking, the international economic environment is in the recovery period of the financial crisis, affected by geopolitical conflicts and domestic livelihood issues, trade protectionism has emerged, which has brought a certain impact on globalization.

(2) Domestic economic environment. According to the 2017 report on the work of the Government, over the past year, we have mainly done the following work. First, it is necessary to continue to innovate and strengthen macroeconomic regulation and control, so as to keep the economic operation within a reasonable range. Last year, macroeconomic regulation and control faced a difficult choice. We insisted on not engaging in "flood irrigation" type of strong stimulus, but relying on reform and innovation to stabilize growth, adjust the structure, and guard against risks. On the basis of interval regulation and control, we strengthened targeted and contingent regulation and control. The proactive fiscal policy was intensified, and the increased fiscal deficit was mainly used to reduce taxes and fees. The pilot project of changing from operating with increasing was rolled out in an all-round way, and the enterprise tax burden was reduced by more than 570 billion yuan in the whole year, and the tax burden of all industries was reduced but not increased. Second, the supply structure has been improved. The iron and steel and coal industries were given priority in reducing production capacity, and more than 65 million tons of iron and steel production capacity and 290 million tons of coal production capacity were withdrawn in the whole year, exceeding the annual target, and the staff and workers were better placed. Third, we will vigorously deepen reform and opening up and further enhance our vitality in development. We will deepen reform in an all-round way and introduce a number of landmark and pillar reform measures. Focusing on how to properly

handle the relationship between the government and the market, which is the core issue in the reform of the economic system, we should continue to promote the reform of streamlining administration and decentralizing power, uniting management with management, and optimizing service reform. Fourth, strengthen the innovation lead, the new momentum of rapid growth. We will further promote the "Internet +" action and the national big data strategy, fully implement the "made in China 2025", and implement and improve the mass entrepreneurship and innovation policy and measures. Fifth, we will promote the coordinated development of urban and rural areas and speed up the formation of a new growth zone. We will thoroughly implement the three strategies of "Belt and Road" construction, Beijing-Tianjin-Hebei coordinated development, and the development of the Yangtze River Economic Belt, and start building a number of key projects. Sixth, we will strengthen the building of ecological civilization and make new progress in green development.

4.1.3 PEST-Social environment

The social and cultural environment is the most complex and important variable that affects the marketing of enterprises. The analysis of social culture includes four aspects: Educational status, religious beliefs, values, consumer customs.

According to the statistics bureau, the total population of the mainland at the end of 2017 was 1.39008 billion, an increase of 7.37 million compared with the end of the previous year, of which 813.47 million were permanent residents of cities and towns, accounting for 58.52% of the total population (the urbanization rate of the permanent population). This was 1.17 percentage points higher than at the end of the previous year. The urbanization rate of the registered population was 42.35%, 1.15 percentage points higher than at the end of the previous year. The annual birth rate was 17.23 million, with a birth rate of 12.43 per thousand; the death rate was 9.86 million, with a mortality rate of 7.11 per thousand; and the natural growth rate was 5.32 per thousand. There are 291 million people living in separate households across the country, of whom 244 million are floating people. According to the Genuine statistics bureau, the proportion of the labor force has been declining since 2011, and the population is becoming more and more concentrated in the big cities. In addition, with the popularity of 4G and the explosive growth of smart phones, the information gap is getting smaller and smaller, and the quality of the people is getting higher and higher. With the continuous improvement of people's living standards, people's values and consumption concepts are also maturing. In terms of the number of luxury goods consumed in China in recent years, China is becoming the largest consumer of luxury goods. In addition, with the rapid development of e-commerce, people from the

beginning of the physical store shopping to the current online shopping mall, the payment model has the previous cash into Alipay, WeChat electronic payment methods. That Internet + 's development is unstoppable will have a profound impact on the future of social and cultural patterns.

4.1.4 PEST-Technological environment

Development status of domestic communication industry. Key research results for 2016 are published according to the "White Paper on ICT In-depth observations" released by the China Academy of Communications[31]: (1) The introduction of the National Cyber Security Law, Put forward a clear basic legal framework; (2) the comprehensive management of telecommunications network fraud harm has achieved initial results; (3) Internet + to promote the development of government information; (4) Internet drives the development of digital culture and entertainment industry (5) China leads the global 4G market. Field, 5G communications international standards fully launched (6) Industrial big data to help manufacturing transformation and upgrading (7) the popularity of VR/AR applications.

Development trend of domestic smartphone industry. According to the report of Aimian consultation, there will be these trends in the development of domestic mobile phone industry in the future: (1) there is still room for development of smart phone, but the high speed growth dividend disappears; (2) the distribution of 5G market, the industry is faced with reshuffle; (3) AI boosts the intelligent upgrading of mobile phones. (4) the brand core competitiveness is still an important strategy for the sustainable development of enterprises.

4.2 External Environment-Porter's five Forces model

Based on the theory of Porter's five Forces, this paper analyzes the smartphone market of Huawei from five aspects. They are market suppliers, purchasers, potential entrants, existing competitors and substitutes.

4.2.1 The bargaining power of suppliers

According to the theory of Porter's five Forces analysis, when the input factors

provided by the supplier account for a larger proportion of the finished product of the buyer, the bargaining power of the supplier against the buyer will increase, and vice versa. In the smart phone market, enterprises will use different specifications and configurations to distinguish the gear of the mobile phone according to the product positioning. Luxurious smart phones will usually adopt the latest technology or technology to improve the competitiveness of products. From the perspective of the availability of industry resources, smartphone components can be divided into two categories: core and non-core. Mobile phone core components such as: central processing unit, flash memory, display screen, camera, and non-core components such as: circuit boards, connectors, batteries, etc. Enterprises rely on gaining market share to obtain industry status; for example, Foxconn profits by taking over the assembly of Apple and Samsung machines, and has strong dependence on manufacturers and weak bargaining power of suppliers. For the core components, part of the suppliers in the industry oligopoly position, the number of companies mastering these core technologies is small, the intensity of competition is low. In the case of CPU chips, the two most famous companies are Qualcomm and MediaTek. These companies mainly supply goods to companies such as Xiaomi, Meizu and OPPO, while Apple, Samsung and Huawei have their own processor chips. From this point of view, Huawei has bargaining power. For screens, Samsung has 90 per cent of the market by 2017. As China's BOE and LG production capacity increases, after 2017, these conditions only slowly ease, for these core components, suppliers have strong bargaining power.

3.3.2 bargaining power of purchasers.

According to the theory of the five-force model, the number of buyers in the industry is small, and when a single buyer is large, the buyer's bargaining power will be enhanced, otherwise the bargaining power will be reduced. For Huawei's luxurious smartphones, buyers are mainly channel agents and final consumers. Huawei's marketing channels are divided into: proprietary stores agents retail stores online malls and e-commerce flagship stores. Huawei has strong control over these channels, so for these dealers, their bargaining power against Huawei will be weakened.

4.2.2 Bargaining power of buyers

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4.2.3 Threat capacity of potential new competitors

According to the theory of five-force model, the ability of new competitors depends on the threshold of entry and the reaction of the existing firms to the entrants. The higher the threshold and the stronger the reaction of existing firms, the stronger the threat of new entrants. Potential competitors for Huawei's luxurious smartphones are analyzed in the following ways: (1) economy of scale: the market scale of smartphone industry is large, the demand is strong, it is easy to form the advantage of scale economy, the larger the sales volume, the more obvious the economies of scale, but for new entrants, it is difficult to generate economies of scale when initial sales volume is small. (2) Product differences: in the luxurious mobile phone market, the brand influence is large, the major manufacturers have a high degree of product identification, the product differences are obvious, there are different emphasis on the appearance design, hardware configuration and so on, and the new entrants need to provide differentiated products. At the same time, the R & D ability of enterprises is required very high. (3) Capital requirements: new entrants need to have a high level of technology and human resources. At the same time, there is sufficient capital for enterprise research and development and sales. (4) sales channel development: enterprises have their own different sales channels, new entrants must establish their own controllable channel resources, the difficulty and investment of development is very big, the threshold is very high. (5) switching cost: if new entrants want to enter the market, they must compete for customer resources from other enterprises, and the marketing cost of getting new customers is very high. In the case of brand is not dominant, the user switching cost is higher. In short, luxurious smart phone products are high technology content, high consumer requirements for new entrants in all aspects of the requirements are very high, so the impact of new entrants on Huawei is relatively weak.

4.2.4 Threat capacity of alternatives

According to the conclusion of Porter's five Forces model, substitute refers to other products which have the same or similar function with the products of this

industry. The current development of smartphones has successfully replaced landlines, libraries, mail, wallets and other functions; landline phones can no longer threaten smartphones, and currently threatening devices such as AR,VR can not replace it. The main considerations are as follows:(1) the price of substitute: the cost of AR,VR equipment is too high, the market demand has not broken out, and the price can not be compared with the mobile phone; (2) the function of the substitute: the wearable product function is limited, many functions can only be accomplished through the smart phone. (3) user switching costs: wearable devices are still in the early stage of market development, and the popularity of wearables is relatively low, while wearable users will also buy smartphones, so the cost is too high for users. Therefore, the AR/VR, wearable devices to replace the role of smart phones is relatively weak.

4.2.5 Competitiveness of competitors in the industry

Porter's five Forces Model points out that the purpose of every enterprise's competitive strategy is to make its own enterprise obtain relative competitive advantage. This paper analyzes the threat ability of the competitors in Huawei's luxurious handset industry from the following aspects: (1) number of competitors and scope of participation: smartphone brands are numerous, at the high end of the market are Apple, Huawei and Samsung. Each manufacturer's product model is many, the market competition is intense, the threat to the luxurious machine is very big. (2) Market maturity and product demand: after years of development, the domestic smartphone market has been saturated with market maturity, the overall demand is declining, and the industry is in the stock market of product renewal. (3) exit barriers: high specialization of luxurious smart phones, short product life cycle, high cost of a single component, high inventory costs; enterprise exit has a greater impact on the downstream, it is difficult to re-enter after exit, the cost of enterprises is very high. So the luxurious smartphone industry competition is fierce, the market maturity is high, the withdrawal barrier is big.

4.3 Internal Environment Analysis-4p Theory

According to the current situation of the domestic smartphone market in 2016, the market share rankings TOP5 are: OPPO, Huawei, VIVO, Apple, Xiaomi, But Apple, Huawei and Samsung have most of the market share in the luxurious smartphone market; OPPO phones have worked hard in the mid-market in the past

two years, won the love of young consumers, and will enter the luxurious mobile phone market in the future. Huawei is a strong potential competitor to luxurious phones. Based on the 4Ps marketing theory of marketing, this paper analyzes Huawei's direct competitors Apple, Samsung and potential competitor OPPO on luxurious smartphones.

Huawei Terminal Co., Ltd., established in December 2003, belongs to Huawei Technology Co., Ltd., and is one of the three core businesses of Huawei operators, enterprise networks and consumers. Huawei Terminal's products cover smartphones, personal computers and tablets, wearable devices, mobile broadband terminals, home terminals and terminal clouds. The enterprise defines the target audience of communication as the ideal action school, that is, a challenger with a vision, a group of people who are enterprising, have dreams and pursue, and firmly believe that dreams can be realized through hard work, hoping that everyone can enjoy the new technology.

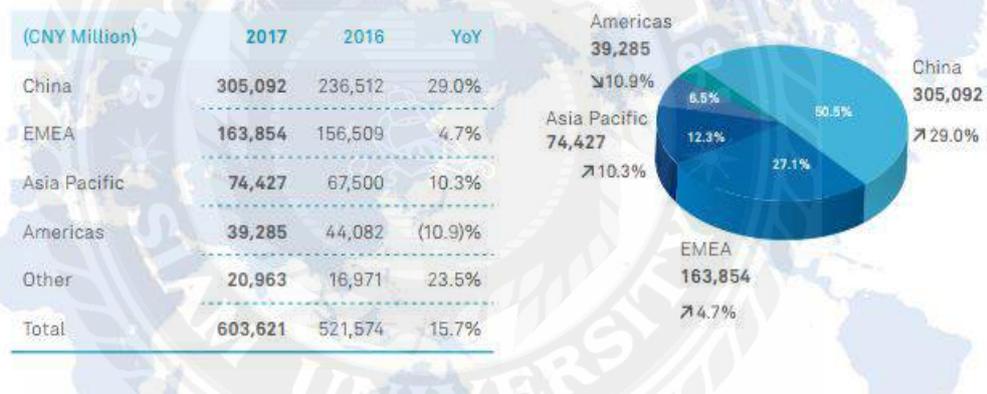


Fig4.1 Sales revenue of Huawei Co., Ltd. 2017

Data sources:<https://www.huawei.com/cn/press-events/annual-report>

In terms of products, Huawei Terminal adheres to the high-quality strategy, differentiates and innovates, bravely breaks the technological limits, allows people all over the world to enjoy the joy of technological progress, and works with consumers all over the world to live up to their words and realize their dreams. The specific embodiment on the mobile phone product line is: the extreme technology of the Mate series, the extreme fashion of the P series, the extreme performance-price ratio of the G series and the extreme price ratio of the Y series. In short, Huawei Terminal strives to provide the best products for consumers around the world. Huawei Terminal products and services in more than 170 countries, serving 1 to 3 of the world's population, its 2016 global smartphone shipments ranked third, after Samsung and

Apple, second only to OPPO in domestic market share. In second place. The company has set up 16 R & D centers around the world, such as the United States, Germany, Sweden, Russia, India and China, with more than 10,000 employees by the end of 2016. According to Huawei's 2017 annual report, Huawei's terminal business shipped 1.1% of smartphones for the whole of 2016. 3.9 billion units, with sales revenue of 179.8 billion, an increase of 43.6% over the same period last year.

After Huawei was licensed to produce and sell mobile phones in China in 2005, the mobile phone business entered a stage of rapid development. In 2010, the retail number of Huawei's C8500 handsets exceeded 1 million in 100 days. By the end of 2010, Huawei had shipped more than 20 million Tianyi handsets for China Telecom. At the WMC exhibition in Barcelona in 2012, Huawei released the first mobile phone with a self-developed quad-core processor and a K3V2 chip, becoming the first mobile phone manufacturer in China to launch a self-developed CPU. In the same year, Huawei released the Emotion UI operating system. This is Huawei combined with its own product characteristics, based on the Android system deep customization of the operating system. The Ascend P1, Ascend D1 quad-core and Glory products launched that year are selling well in developed countries. In 2013, it pushed out the world's thinnest smartphone, the P6, with a thickness of just 6.5mm, in the same year, the smartphone business made a historic breakthrough, and the Mate product for business people, which was launched in 2014 by TOP3 all over the world, has become a popular style in China. Established the image of Mate high-end flagship aircraft, Huawei terminal officially entered the high-end mobile phone club, with the Mate8, Mate9 and P9, P10 two generations of products on the market, With the help of the Leica brand, Huawei has successfully established its brand image of high-end smartphones in the world, ranking third in sales in the high-end market in 2016 after Apple and Samsung. Huawei has always adhered to the principle of customer-centered, product design based on customer needs as the starting point, with its technical advantages and low-cost strategy, has achieved business success. As a private enterprise, Huawei has established a standardized and transparent corporate governance structure, which provides an institutional framework for Huawei's sustainable growth.

The analysis of Huawei phones in this paper focuses on the Mate series and P-series products, which belong to Huawei's flagship product line. Global smartphone sales in 2017, released by IDC, an international data company, showed that global smartphone sales reached 1.47 billion in 2017, up 2.3% from the previous year. Its Chinese market has performed well, with sales of 467 million mobile phones. The top five brands in the world by sales are Samsung, Apple, Huawei, OPPO and VIVO,

which together account for nearly 20% of the world's market share. Huawei ranks third in the world with a market share of nearly 10%, maintaining steady growth against the backdrop of slowing growth in the mobile phone industry, up 30.2% year-on-year and 139.3 million shipments for the whole year. Huawei shipped 76.6 million handsets in China in 2017, up 21.13% from 62.9 million units a year earlier, according to IDC, ranking second with a market share of 16.4%.

Huawei's two heavyweight flagship products, P9 and Mate9, released in 2016, continue Huawei's high-end mobile phone strategy-high-performance boutique, winning the recognition of global consumers for product configuration, functional design and product experience. P9 series products sold more than 10 million units in the world for the first time, the first time in Huawei's history of high-end products. However, according to Huawei's internal disclosure, Huawei's high-end smartphones have a domestic market share of only about 10%, while Apple has 83% of the market share; Huawei's high-end market share is only 3% in the international market. Therefore, the analysis of Huawei's high-end smartphone marketing strategy has a very practical reference significance for other domestic manufacturers to move towards the high-end market.

4.3.1 Product Strategy

With the reduction of subsidies for mobile phone ODM brands by mobile operators, Huawei terminals have been transformed into their own brands since 2012. The initial product lines are Ascend D (Diamond), P (Platinum), G (Gold) and Y (Youth). Corresponding to high-end people, fashion people, concerned about performance-to-price ratio groups and young low-income groups, after years of market competition, Huawei mobile phones have broken through the high-end market monopolized by Apple and Samsung, and the high-end smartphone series has become the Mate and P series. Huawei attaches great importance to product development, and annual R & D investment accounts for more than 10% of sales. In the early days of entering the mobile phone field, market demand exploded at that time, and users did not attach importance to product quality. Huawei's product strategy is to sell whatever it does based on technology and products. In the past two years, as the capacity of the domestic mobile phone market has gradually become saturated, the speed of upgrading people using mobile phones has slowed down, and the level of market consumption has begun to transform and upgrade. Consumers pay more attention to product quality, Huawei's product strategy has also changed to market and

customer-oriented, customers can do what they need. Huawei's product strategy has a principle, that is, customer-centric, create value for customers, and establish a customer-centric product system.

(1) Product brand strategy-Huawei mobile phones adopt a dual-brand strategy: HUAWEI and Honor, in which the HUAWEI brand is oriented to both online and offline channels. And the product line covers the end market of high (Mate and P series), medium (Nova and G series), and low (Y series), while the Honor brand mainly runs through the online e-commerce channel, mainly focusing on the mid-end market of 1000 to 3000 RMB, and the consumer groups of the two brands overlap to a certain extent. The difference lies in the different focus of the channel. Huawei high-end mobile phone through the annual foreign and domestic press conferences and television, Weibo and online video placement advertising and other forms, gradually establish an international brand image, brand influence is growing year by year.

(2) the product portfolio strategy one mate series is designed for domestic businessmen and politicians, with the strongest CPU, 6 inch large screen, long 4000mAh battery life, GSM and business style U design, etc., and so on. (2) the product portfolio strategy one mate series is specially designed for domestic politicians and businessmen, with the strongest Zisheng inch large screen, long battery life, GSM and business style U design, etc. Deep love for male users between the ages of 25 and 39. P series is designed for stylish white-collar and female users, product appearance is compact and stylish, P series and Mate series are very different in product form and specification. Through market segmentation of different groups, Huawei's high-end mobile phones capture the needs of both business and fashion consumers.

(3) differentiation strategy-Huawei high-end models use self-developed Kirin chip, on the one hand, it can define and optimize hardware parameters according to product demand, on the other hand, it highlights the brand image of Huawei as a national high-tech enterprise. Through the cooperation with Leica in the field of photography, the unique photo-taking features of Leica dual cameras have been introduced, which have attracted the attention of photography-loving users and become a bright spot different from Apple and Samsung phones. Through the cooperation with Porsche Design Company, the launch of luxury brand customized version of mobile phones, in the ultra-high-end market to establish a benchmark, enhance the brand image, achieve differentiated brand strategy. In addition, Huawei's high-end models are equipped with large batteries above 3000mAh, which is significantly different from Apple and Samsung in product life experience.

(4) Product life cycle strategy-Huawei high-end mobile phones maintain the rapid iterative rhythm of the annual generation, releasing P series in spring and Mate series in autumn; Huawei high-end models are packaged in a calm atmosphere, in line with product positioning, and rich in accessories. For this reason, the accessories department has been specially set up to design related accessories for consumers, and has provided users with online software upgrade, V-worker-P hotline consultation, broken screen insurance and other sales and after-sales service, and the company has set up a Voc consumer sound department within the company. Huawei continues to improve the user experience throughout the product life cycle by advising products on behalf of consumers.

4.3.2 Price Strategy

Product price is the only factor that can generate income in marketing mix, other marketing factors are regarded as cost, price is also one of the most important factors to determine the market share and profit of enterprise products. Huawei terminal is in the manufacturing industry, strict control of product cost, because its equipment and plant is less, fixed cost is relatively low, variable cost of human resources, R & D and operation, raw material cost accounts for a very high proportion, therefore, effective control of variable costs can reduce the cost of Huawei terminals.

There are usually three types of product pricing methods: cost-oriented pricing, competition-oriented pricing and customer-oriented pricing. New product pricing includes skimming pricing and penetration pricing.

Huawei's pricing strategy for high-end models is a combination of multiple pricing types, with different pricing methods at different times of the life cycle of the new product. Huawei's high-end models are mainly divided into three categories: Mate series, P-series and Porsche plate-making. In order to increase product sales, they are priced according to cost-oriented pricing. In order to improve product sales, Huawei's high-end models are mainly divided into three categories: Huawei series, P-series, Porsche plate-making, mass market-oriented products, such as standard and high-end versions of Huawei and P-series. The target income pricing method is adopted to set the price according to the investment cost, expected sales volume and investment income of the enterprise. At the same time, prices refer to the competitive environment, with Apple, Samsung price gap, in the domestic and foreign markets

have also formulated a differential pricing, domestic cheaper than abroad strategy, in order to affect domestic important consumer groups, improve product sales.

In 2016, Huawei launched a customized version of Mate9 Pro Porsche, which sold for an astonishing 8999 yuan, which has become a hot topic of social discussion. The price obviously far exceeds the cost of the product itself. Huawei's pricing strategy with high-end luxury brands uses a customer-oriented pricing strategy, pricing according to consumers' understanding of the value of the product, and working with luxury brands makes it easy to connect customers to Porsche cars. Thus affecting the judgment of consumers on the value of goods, Porsche customized version of the listing catered to the pursuit of a different part of the consumer mentality, to meet the special needs of customers. The combination of pricing strategies makes Huawei's high-end smartphone prices meet the needs of different consumers and become a powerful weapon for Huawei to gain a foothold in the high-end market.

Smartphone sales 2017 vs. 2016	Units sold (in million)			Sales value (in billion USD)		
	2017 sales	2016 sales	Y/Y % change	2017 sales	2016 sales	Y/Y % change
Western Europe	126.7	131.0	-3%	56.6	53.5	6%
Central and Eastern Europe	85.2	78.0	9%	21.0	16.8	25%
North America	201.1	198.5	1%	80.6	77.5	4%
Latin America	115.4	105.9	9%	36.2	30.9	17%
Middle East & Africa	176.8	166.9	5%	41.9	42.1	0%
China	464.3	448.5	4%	154.3	133.1	16%
Developed Asia	70.1	72.9	-4%	44.7	46.1	-3%
Emerging Asia	238.6	214.5	11%	43.0	34.5	25%
GLOBAL	1,478.2	1,418.2	4%	478.3	434.5	10%

Source: GfK Point of Sales (POS) Measurement data in 75+ markets, monthly data to the end of August 2017, plus weekly data to 30 September 2017. Percentages are rounded.

Fig 4.2 Chart of Mobile phone Price increase in various countries

Data sources: <https://www.idc.com>

4.3.3 Place Strategy

The development of domestic mobile phone marketing channels has gone

through three stages, the first stage: the operator underwriting period-mobile phone manufacturers according to the needs of operators to customize products, in the operator terminal store sales; The second stage: the distributor controls the sales channel stage, the mobile phone manufacturer and the agent cooperate, sells the product in the agent's channel: the third stage: the multi-channel mixed mode stage, the operator channel, the regional agent and the PD mode self-built channel. The direct retail channels of mobile phone manufacturers have also been developed in an all-round way. The marketing channel of Huawei's high-end model adopts multi-channel mixed mode.

In 2012, Huawei Terminal put forward three major changes in brands, products and channels, firmly implemented the strategy of refined products, and opened up the middle and high-end mobile phone market. In the marketing channel, it has weakened the dependence on the domestic agent (Tianyin, Aishde, etc.) and the three major domestic operators, and gradually introduced the FD model (provincial direct control distributor), large retailers and so on, so that the marketing channel has become flat. Weakens the agent link, realizes the multi-channel direct supply, has strengthened the control to the product distribution and the price.

While cooperating with traditional sales channel operators, Huawei Terminal Company has established an Vmall online mall to cooperate with large e-commerce companies such as Tmall and JD.com in order to comply with the development trend of the domestic Internet and learn from the direct store model of Apple, Samsung and other companies. And in the Yangtze River Delta, Pearl River Delta and Bohai Rim regional business circle to set up direct brand stores, through the expansion of channel cooperation gradually formed from single to multi-element, online and offline linkage, provincial generation regional superposition, chain retail stores and other multi-level marketing channels. Huawei has continuously broadened its marketing channels in the marketing of high-end machines, done a lot of work to improve product sales and enhance channel control, and shared the profits of high-end models with channel vendors, which has also enhanced the stickiness of cooperation between manufacturers and channels.

4.3.4 Promotion Strategy

Through the promotion means of advertising, personnel promotion, public relations and marketing promotion, the enterprise promotion strategy conveys product

information to the target users, arouses people's desire to buy and realizes the purpose of expanding sales volume. In order to transform to the high end, Huawei has made great progress in its marketing strategy compared with the customized stage of operators. It has gradually formed its own unique style in brand image publicity, advertising design and delivery, public relations management and marketing promotion. The promotion strategy for high-end flagship phones can be reflected in the following aspects. International exhibition release, star endorsement advertising, network promotion, e-commerce special festival promotion, gift promotion, cross-border brand cooperation, provide characteristic after-sales service and other means.

(1) Public relations management-early Huawei marketing model is through Weibo to create public opinion focus and media interaction, press conference and other forms to carry out less; with the continuous improvement of brand influence. Through the professional international exhibition in the communications and electronics industry-Barcelona Communication Exhibition in Spain and the International Consumer Electronics Exhibition in the United States to launch new products, communicate separately with the media after the meeting, maintain public relations and enhance the transparency of enterprises.

(2) in the early marketing of star endorsement advertising, due to the lack of experience in consumer marketing, there appeared a difficult and easy to understand advertisement such as "Old Man and Horse" in the promotion of Ascend P1 flagship products, which did not attract attention in the market. After constant attempts, in order to attract the attention of women and white-collar workers, In the P9 advertising campaign, two Hollywood superstars, "Superman" Henry Cavell and "Black Widow" Johnson Scarlett, were invited to cooperate with Leica's dual-photo products to upgrade their products to international standards. The advertising creativity of the P10 series goes a step further, using the super-large avatar of the Dutch supermodel Sanne Vloet with the slogan of "every shot is a blockbuster," highlighting the combination of science and technology and the humanities. The propaganda film uses the angle of "artistic expression" to explore the soft and sexy style of mobile phone photography, invites local stars to endorse in the world, and obtains great market response combined with the channels of Huawei brand stores. The advertising campaign of the Mate series focuses on calm, business style, focusing on performance and technology.

(3) Media promotion one by one in media publicity channels, on the one hand, by placing advertisements on online video channels such as Youku, Tencent Video and iqiyi, and on CCTV, local satellite TV and other television media,

And in the film and television series implanted products for publicity, such as "Little Times" and "Ode to Joy 2" and so on. In addition, Huawei through cooperation with cooperative e-commerce companies JD.com, Tmall, Su Ning and other cooperation, in the special promotion day "double 11" and other activities to promote products.

(4) Cross-border cooperation to enhance brand image-Leica, a well-known brand in Huawei's high-end mobile phone and card camera field, has partnered to create Leica dual cameras; Huawei has launched Mate9Pro products in cooperation with Porsche, a well-known German design company. In line with the balance and symmetry of the visual aesthetic, won the if Design Award, Huawei and CCTV's national brand plan to carry out brand promotion; In the software sector, Huawei has formed the Android Green Alliance by integrating influential domestic Internet companies Alibaba, Tencent, Baidu and NetEase.

(5) gifts and after-sales service-Huawei high-end mobile phones pay attention to product packaging design, noble and elegant style, complete with gifts, Purchase in the Internet or physical stores will provide protective film, protective paraphernalia, as well as price extension insurance, broken screen insurance and other services.

4.4 Analysis on the Marketing Strategy of competitor-iPhone

Apple, based in Silicon Valley, changed its name from Apple computer in 2007. Its core business is the production of high-tech consumer electronics, headquartered in Cupertino, California. Steve Jobs, Steve Wozniak and Ron Wayne founded Apple on April 1, 1976. they are known for their innovation in the consumer electronics industry, including Macintosh computers, iPod music players, iPhone phones and iPad tablets. Apple went public on December 12, 1980, and as of June 2014, it had become the world's largest company by market capitalization for three years in a row, surpassing Exxon Mobil and Google. On Sept. 30, 2013, Apple overtook Coca-Cola as the world's most valuable brand in Omnicom's "Global Best Brand." In September 2016, Apple's first R & D center in China was located in Zhongguancun, Beijing. Apple launched its iPhone smartphone for the first time in 2007 and has since launched its sixth generation of products. Apple's accurate grasp of the user experience and its ability to launch industry-leading products have captured the hearts of countless consumers. Become the absolute supremacy of the luxurious smartphone market.

Rank	Vendor	Unit shipments	Growth	Share
#1	SAMSUNG	82.8 million	+8.2%	22.0%
#2	Apple	46.7 million	+2.6%	12.4%
#3	HUAWEI	39.1 million	+17.0%	10.4%
#4	OPPO	30.0 million	+7.4%	8.0%
#5	Xiaomi	28.0 million	+86.9%	7.4%

Source: Canalys estimates, Smartphone Analysis, November 2017

Fig 4.3 Sales ranking for the third quarter of 2017

Data sources: <https://www.idc.com>

4.4.1 Product Strategy

Apple has adopted a differentiated product strategy. Apple pioneered smartphones and has the ability to brand premium among consumers, product design fashion, good quality experience, it is the leader of the smartphone trend, there is no doubt that Apple phones have obvious differentiation characteristics. Apple has a rich product line, including smartphones, tablets, iMAC computers and other products, using its huge product system to cultivate a large number of users with high brand loyalty, through the iOS operating system to form a complete ecosystem. It is easy for users to switch data, data and other personal information between different platforms, with a strong user stickiness, iOS operating system has become the core element of Apple's product differentiation strategy.

Apple's users are positioned as people in pursuit of a high quality of life. In the product design, the iPhone mobile phone uses the latest technology and the craft to create the fashionable appearance, the product shape and the color use is ingenious, often can lead the industry trend, the apple mobile phone operation is easy to learn and easy to use. It reflects the design concept that Apple products are simple and beautiful. Apple's mobile phone consumer base covers a wide range of consumers, from young people to the elderly, from students to business people, men and women, old and young, have become loyal customers of Apple phones; Apple product designs are neutral and highly recognizable. Usually the product strategy with consistent shape design and different screen size is used to cater to the consumers who have different needs for the screen.

4.4.2 Price Strategy

The main contents are as follows: (1) the pricing strategy of Apple phone is oriented by market demand. Apple is famous for its innovation, has great brand influence, has high technical strength, and its product quality has reached the leading level in the industry. The user experience of Apple products is deeply rooted in the hearts of the people, and the brand awareness is high. The psychological needs of identity that consumers can obtain from it. (2) Apple's price strategy adopts skimming pricing strategy. From the point of view of market demand, the number of users is large, customers have a strong dependence on the brand and use experience, and consumers' demand for iPhone phones is inelastic. At the beginning of the product life cycle, the product is priced very high in order to maximize profits, and as the new product goes on the market, the old product is treated at a lower price.

4.4.3 Place Strategy

Apple mobile phone domestic sales places can be divided into online shopping mall and retail store agency places. Among them, the sales volume of Apple e-commerce is not optimistic. According to the statistics of third-party research institutions, sales volume is rarely negligible; on the one hand, Apple is not strong among online authorized dealers in China, such as SUNING, and so on. JingDong Mall and Tmall, which have the strength of e-commerce, have not been authorized. On the other hand, it comes from the impact of physical store channels. Apple's physical store channels can be divided into three levels:

The first level is the direct channel, run by Apple itself and marked Store. Most of the stores will be built in the core business circle of first- and second-tier cities, as a flagship store form of publicity, can attract popularity and improve Apple's brand image.

The second level is the direct supply channel, which is supplied directly by Apple and identified as Premium and Shop. The Apple Premium Reseller marked Premium belongs to Apple's high-quality dealers. Its members mainly include Yinglong Huachen, Cool, iSpace, one, Honghua Century and so on. The logo for Shop has Gome, Su Ning and other household appliances chain enterprises. Direct supply

stores mainly cover the non-core business circle of first-and second-tier cities, with the aim of expanding the coverage of channels.

The third level is the distribution channel. there are 13 distributors authorized by Apple, which are distributed to the whole country, of which 10 are traditional distributors, mainly national agents such as China Post Putai, Tianyin, Aixide, and so on. The other three refer to the operator's terminal sales companies, including mobile terminals, telecommunications Tianyi terminals and Unicom Huasheng, where Apple phones sold in the operator's business hall are supplied by their terminal companies.

Apple's domestic sales channel strategy has the following main features: (1) Apple mobile phone is mainly physical channels, the layout strategy is layered coverage, direct stores cover key first-tier cities, direct supply stores cover first-tier and second-tier hot cities, and third-tier and below markets are mainly distributed through distributors. (2) Apple's management of channel merchants is fine to the level of store setting, and the store is classified as four levels. there are differences in store management norms, training level, product supply and system extension at each level. (3) Apple phones sell about 80% of their sales through authorized distribution, with almost half distributed through traditional distributors and almost half distributed through carrier terminal companies.

4.4.4 Promotion Strategy

Apple's promotion strategy is representative, iPhone phones continue to sell well in the market, become the object of people's pursuit, become a classic in the marketing world. The reason for this is, on the one hand, the excellent experience of Apple's mobile phone, on the other hand, the success of Apple's marketing strategy. In the luxurious smartphone market manufacturers need to rely on the brand to win, in order to stand out in many brands, only by functional characteristics can not impress consumers; enterprises should give products more humanized factors in order to produce great attractiveness. Apple's marketing method is not technology-oriented, but based on a profound understanding of human nature, grasp the desire of people and the excavation of potential needs, human marketing to the extreme. The main features of Apple's phone promotion are as follows:(1) publicity to build momentum before listing on the market. As far as humanity is concerned, the more you can't get or unknown something, the more people want to get it or know the truth. Apple uses people to watch and watch, so that the cost of publicity becomes very low and the

effect is very good.

It has become the most valuable marketing tool in product promotion and brand promotion. (2) experiential marketing of press conferences and direct stores. Apple promotes its products through press conferences, arousing people's strong curiosity, and allowing Apple fans to witness the birth of a new generation of products for people to get a special experience. In addition, Apple's flagship stores from design to layout of a sense of technology and fashion, greatly meet the customer's pursuit of fashion mentality, so that Apple's buying experience is different. (3) word-of-mouth marketing. Word-of-mouth marketing, also known as "viral marketing", is a form of promotion in which product information or brands are disseminated through mutual communication among users. Word-of-mouth is the goal, marketing is the means, and products are the cornerstone. "Apple fans" chase Apple phones, often show off to people around them, personally demonstrate the operation, exchange experience, display personality accessories, and become a toy for fruit fans to show off in all kinds of life and work places. (4) Advertising highlights the concept of products: the combination of science and technology and humanities. From the original Phone slogan: "Apple redefined the phone," to iPhone4's slogan, "this changes everything again," to the iPhone4S series's "ahead," Unprecedented "and" born colorful ", iPhone6 series" more than big "; advertising only focuses on the changes brought about by products, highlighting the humanistic concept of products serving people. In addition, advertising shows the experience of the product by promoting the photographic, musical and communication experiences it brings, implying that people can get some kind of experience from using Apple phones and pay attention to how people feel.

To sum up, the success of Apple's marketing strategy stems from a variety of differentiated mix marketing, including product design, key features, operating system, channel layout and promotion methods. The product strategy and promotion strategy of Apple's marketing are very worthy of Huawei terminal learning. the product should take the user's demand as the starting point, consider the function of the product from the humanized point of view, rather than define the product concept according to the technology orientation, and pay attention to human nature. Abandon the technical plot; word-of-mouth marketing and advertising in the promotion strategy, we should start from the user perception and experience, reduce the boring technical parameters of publicity.

4.5 Analysis on the Marketing Strategy of competitor-OPPO

OPPO Co., Ltd. is a large high-tech enterprise mainly engaged in the design, development and production of fashionable digital products. The main products are smart phones and Blu-ray DVD. The slogan of the company is "the most beautiful, the products are extraordinary". Launched the OPPO Real series in 2008, officially entered the mobile phone field. In May 2008, the release of the first "smiley face mobile phone" A103, invited South Korean popular actress Ju Zhiyan endorsement, advertising film has become a classic. In 2009, OPPO launched a new series of OPPO Ulike, and named Hunan Satellite TV "Happy Camp" exclusively for "OPPO Real Music Mobile phone". In the same year, OPPO mobile phone business entered the overseas market.

In June 2012, the company released the world's thinnest smartphone, the OPPO Finder, with a thickness of just 6.5 mm. And in April 2013, launched ColorOS based on Android in-depth customization. In March 2016, OPPO released R9, which features photography and flash charging in Beijing. The R9 Plus, sold 8 million units in 88 days on the market, marking a milestone in the company's growth; in the third quarter of 2016, OPPO shipped 20.1 million units, with a market share of 17.5%, according to Counterpoint Research and IDC, a market-research firm. 5%, ranking first in domestic sales. In just 12 years, OPPO phones focused on the user experience, gained a foothold in the mid-market with beauty selfies and VOOC flash charging, and won the 2017 ranking of China's "millennials" brand loyalty.

While the sales performance of OPPO mobile phones is amazing, its unique product positioning model, sales model and promotion model are worth pondering throughout the industry. In the context of slowing sales in the mobile phone industry, OPPO's marketing model is the key to its success, is the OPPO brand from obscurity to household name magic weapon. In recent years, with the help of consumption upgrading, the cooling of network hunger marketing model, the frustration of foreign brands such as Samsung / Sony, and the outbreak of demand in third-and fourth-tier cities, OPPO mobile phones have adopted the channel strategy of giving priority to offline and supplemented by online. Using the offline scale of 200000 retail stores, the strategy of "rural encirclement of the city" has been realized in one fell swoop, and great market success has been achieved.

4.5.1 Product Strategy

The design slogan of OPPO mobile phone is "to the United States, what is extraordinary", the product positioning 16~28-year-old young group, OPPO mobile phone series will launch the main model as a hero product, the pursuit of product specifications and appearance to the extreme.

OPPO's phones are mainly divided into Find N and R series, which are popular through powerful feature configuration, good photo experience and exquisite product design. (1) OPPO's R series is a product for the general public, focusing on those who pursue fashion trends, focusing on the ultimate thin design and the most beautiful appearance. (2) the future flagship phone of the N-Series Product Positioning Company, representing unlimited possibilities to focus on photography and photo-taking experience, is the most differentiated product line in the OPPO product family, as well as innovation and differentiated user experience. (3) OPPO's Find family of products is aimed at imaginative and exploratory young consumer groups, which can provide consumers with more creative and strong performance, higher quality of the ultimate experience.

OPPO's products are positioned at the young group, focusing on breakthroughs in mid-range models. facts have proved that in the past two years, with the upgrading of consumption, the demand for low-end models has declined, and the mid-end mobile phone market has sprung up. the product strategy of OPPO mobile phones is in line with the direction of social development. The product strategy is undoubtedly correct.

4.5.2 Price Strategy

Product price is the most important factor affecting market demand and purchase behavior, especially in the competitive mid-range mobile phone market, the determinants of price become more obvious. OPPO mobile phone locates in the middle end market, the income of the target user is generally not high, the main market is distributed in the non-core area of the third and fourth tier cities and the first and second tier cities. therefore, in the face of a large number of competing manufacturers, consumers are sensitive to prices. In the case of high elasticity of consumer demand, it is wise to adopt the value pricing strategy, which refers to the

company to sell high-quality products at a lower price, so as to win the loyalty of customers, similar to Ikea, Southwest Airlines and Wal-Mart and so on.

4.5.3 Place Strategy

On the one hand, the growth of OPPO mobile phone sales is due to the environment of consumption upgrading, on the other hand, it is the competitive advantage of offline channels. According to Baidu's 100 publicly available data, the number of OPPO retail terminal stores has expanded from less than 50,000 in the first half of 2013 to about 200,000 in 2016, the largest number of offline retail stores among domestic mobile phone manufacturers.

Judging from the market performance, the brand influence of OPPO phones is not as good as that of Huawei and Xiaomi, and the pricing of 2000 to 3000 yuan is not low among their domestic counterparts, and the user base is neither enthusiasts nor wealthy people. Only rely on the huge number of offline agents and promoters of the personnel promotion means. OPPO in the long-term channel practice, condensed their own channel strategy, the online market has its own mall and e-commerce cooperation platform, physical sales channels to brand stores to join the form of the main. OPPO's channel model has the following characteristics: (1) to build common values: OPPO selects first-level agents, evaluates values first, requires cash spot for purchase, puts distribution and brand promotion in the first place, the purpose is to serve consumers well, and put interests after service. (2) Equity binding, benefit sharing: OPPO Company always adheres to the strategy of benefit sharing with channel partners. On the one hand, online sales share is less than 100% because of the downturn on the online sales side; on the other hand, OPPO is closely related to agents and the benefits are easy to share. OPPO agents are divided into three categories: the first is a former employee of OPPO; the second is a former supplier and partner of OPPO; and the last is a long-term OPPO exclusive channel. (3) to improve the profit space of the promotion, and the profits are tilted to the first-line market: the salary level provided by OPPO Company to the first-line promoters is 2 to 3 times the industry average, and the salary is mainly composed of: basic salary, 10 sales commission, 10 task reward, The sales commission accounts for the majority. As a result, front-line salespeople are driven by interests and are very motivated to work. Let the salesman who knows the most about consumers become a bridge between the company and customers. On the one hand, it can promote the product positively, on the other hand, it can also get useful information from the market and feedback to OPPO to provide guidance for the

development of new products.

4.5.4 Promotion Strategy

OPPO's target users are young, not necessarily rich, stylish and female-heavy, and its promotion strategy has the following characteristics:

(1)the promotion strategy of OPPO mobile phone is mainly through traditional TV advertising and new media network advertising, and the TV advertising publicity mode is to integrate all the local satellite TV stations with music and entertainment related program resources, and the TV advertising publicity mode is to integrate the program resources related to music and entertainment in all local satellite TV stations. New media advertising is the placement of ads on online videos such as youth hit dramas, which are clearly targeted at young people and the main customer group of OPPO phones.

(2)OPPO advertising makes good use of the strategy of stars, especially likes to use Korean youth idols, which has something to do with the trend of young people in China. The majority of OPPO users are students in second-and third-tier cities and young people in small cities who work in big cities. their monthly income is not high, and this group is the most vulnerable to star advertising and impulsive consumption.

(3)OPPO brand packaging is very skillful, from the brand name to brand design are partial to the Korean style, suggesting that young people OPPO is a Korean brand, easy to arouse the interest of the target population.

Finally, OPPO used VOOC flash charging technology as a slogan, "charging for five minutes, talking for two hours," has become a well-known and well-known advertising slogan, powerfully touching the pain points of most users, that is, mobile phone batteries are not durable and charging speed is slow. This phenomenon is particularly prominent on Apple phones; therefore, the use of easy-to-understand advertising language to directly hit the psychological needs of users is also a magic weapon for the success of OPPO advertising.

4.6 SWOT Analysis of Huawei's Luxurious smartphone

The SWOT analysis method is the situation analysis method, including the analysis of Strengths, Weaknesses, Opportunities and Threats. It is widely used in enterprise strategy formulation and competition analysis; the analysis of advantages and disadvantages is mainly concerned with the situation of the enterprise itself and the comparison with the competitors. The analysis of opportunity and threat focuses on the change of the external environment and its potential impact on the enterprise. The following for the current Huawei luxurious smartphone facing internal and external competitive environment factors analysis, identify the luxurious models of Huawei favorable and unfavorable conditions for development, summed up in the SWOT matrix analysis chart.

4.6.1 Strengths

Huawei luxurious mobile phone internal environment advantages can be divided into several aspects: communications technology capabilities, product differentiation, product quality, cost advantage, size and market share, local enterprises, corporate culture and execution, employee shareholding. (1) strong R & D capability in communication technology: Huawei Terminal's parent company is Huawei Technologies Co., Ltd., a global provider of CT solutions for TOP1, and has accumulated 30 years of R & D strength in communications technology. In the smart phone communications technology has been in the forefront of peers, is 4G, 5G communications standard one of the framers. (2) the product has the remarkable difference: Huawei's luxurious model Mate and the P series product use the Kirin chip which own research and development may customize the processor chip specification independently, realizes the product performance difference. (3) excellent product quality: the excellent quality of Huawei's mobile phones is an important factor in winning a large number of customer groups. In terms of FFR (Field failure rate), an important parameter for evaluating product quality within the industry, the failure rate of luxurious products has dropped to FFR 0.1-0.5%, which is equivalent to the flagship phones of Apple and Samsung. (4) cost advantage: in the luxurious mobile phone market, Huawei's supply chain is in China, so compared with its main competitors, Huawei has a great cost advantage. (5) domestic leading in scale and Market share: according to the domestic Smart hand published by research firm GFK in April, 2017. According to the ranking of mobile phone sales, Huawei's mobile phone ranks first with 22.8% of the market share. Huawei has accumulated a huge user base in China and has a huge market influence.(6) advantages of local enterprises:

Huawei is a home-grown enterprise. For the domestic market, which is the largest mobile phone market in the world, it can deeply understand the needs of domestic customers and better adapt to the specific domestic political and economic environment. Communication with upstream and downstream supply chains and channels is smoother and easier to reach consumers.

4.6.2 Weaknesses

The analysis of enterprise inferiority means that from the perspective of consumers, in every link of the whole value chain, the enterprise and its competitors are compared. Make a detailed comparison to confirm the competitiveness of the enterprise products, key technologies, equipment, management, channels, funds and industries. Adverse factors such as chain management. Huawei's luxurious handsets can be compared with Apple, Samsung and OPPO products. Weaknesses were found in the following areas: (1) weak brand influence: in terms of brand awareness and brand value, Apple is second only to Google, Samsung is sixth, and Huawei is 40th, ranking ninth among Chinese companies. It can be seen that Huawei's brand awareness is still at a disadvantage. (2) weak marketing channels: the market share of Huawei's luxurious mobile phones in first- and second-tier cities is far behind that of Apple, with a national share of only about 10 percent in the luxurious market; the market share in first- and second-tier cities is low; The shortage of physical stores and retail stores in the third and fourth tier cities and county level directly affected the sales of luxurious machines. (3) weak ability of product innovation: currently, the development of smart phones has encountered a bottleneck period, competitors Apple and Samsung have had many years of mobile phone R & D technology, and Huawei has only begun to transform its own brand in recent years. This is a disadvantage that Huawei cannot compensate for in the short term. (4) weak control ability of industrial chain: mobile phone is divided into core components and non-core components. The core components are generally controlled in the hands of large companies, production is limited. For example, the screen, the main technology in the hands of Samsung, Samsung must first meet its own products in order to sell the excess share. It is also an inevitable disadvantage for Huawei.

4.6.3 Opportunities

To the enterprise external environment, (1) the domestic handset market gradually saturates, the handset competition will also change from the increment market to the stock market; Users' demand for the quality of smart phones is improving, and users are paying more attention to the quality of products and the services they provide. These are luxurious. The shift in consumer demand is a big opportunity for Huawei's luxurious handsets. (2) Samsung has been affected by the explosion of Note 7 batteries, and the attitude of consumers towards its products has undergone a fundamental change, resulting in Samsung's market share in the domestic market has dropped to less than 5%. Apple has ranked fourth in market share due to lack of product innovation, and the mistakes of competitors and declining competitiveness have provided favorable factors for Huawei to further enhance sales of luxurious machines. (3) Huawei has a strong R & D capability in some luxurious areas (AI, chips, etc.), and has a large amount of R & D cost support, Huawei has a great opportunity to seize the space.

4.6.4 Threats

The main threats to Huawei's luxurious smartphones are falling demand at home, competition between Apple and the OPPO, a shortage of core components, and global protectionism. (1) The domestic market total demand drops: the handset homogenization is more and more serious, the technical renewal speed slows down, the product life cycle prolongs. (2) OPPO's luxurious models are not competitive enough, and Apple's share of sales is declining, but the key marketing factors such as the channels and technological strength of these enterprises have not changed, once a new product causes a substantial increase in market demand. (3) Shortage of core component resources: Huawei only has its own chip "Kirin", other components need to be outsourced, procurement of core components is often restricted by suppliers and competitors, and the production capacity of products is limited. (4) Global trade protection: telecommunications equipment is generally political protection or exclusion, Huawei in the telecommunications field often subject to foreign trade protection, so mobile phones will also be greatly affected.

In the process of analyzing the competitive environment, through the combination of strengths, weaknesses, opportunities and threats, enterprises can have a more intuitive understanding of their competitive environment.

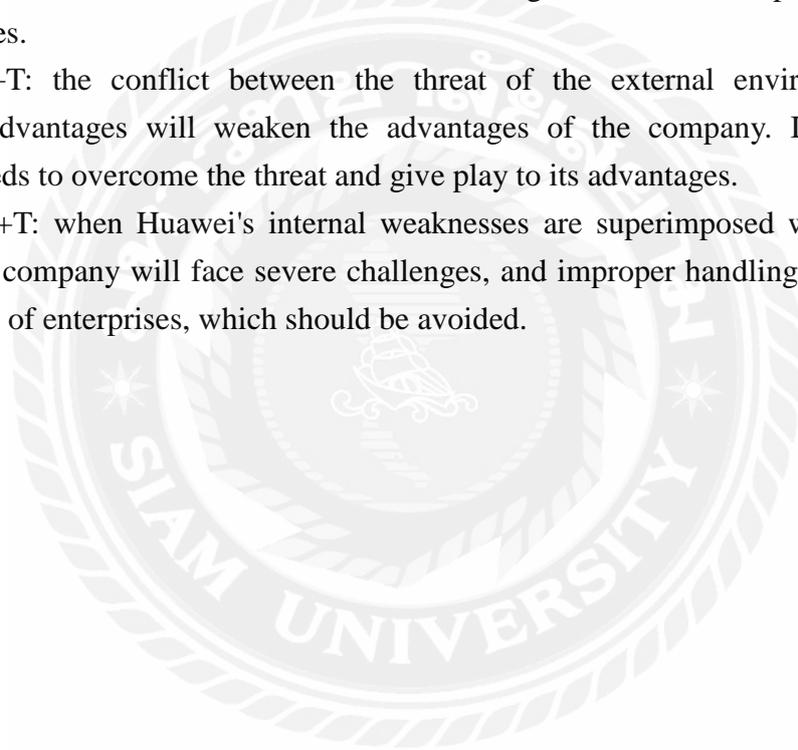
In marketing, we should adopt four basic models: advantages and disadvantages + opportunities, advantages + threats and weaknesses + threats, so that enterprises can give full play to their advantages and avoid risks.

(1) S+W: when Huawei's internal advantages and external opportunities are consistent with each other, Huawei should combine its own internal advantages with external opportunities, so that the advantages and opportunities can be superimposed, and the enterprises will seize the opportunities and develop smoothly.

(2) W+O: the external environment does not match the internal resource advantages of Huawei, and the advantages of enterprises cannot be brought into full play. Therefore, China needs to increase the corresponding resources to promote the transformation of internal weaknesses to advantages, so as to adapt to external opportunities.

(3) S+T: the conflict between the threat of the external environment and Huawei's advantages will weaken the advantages of the company. In this case, Huawei needs to overcome the threat and give play to its advantages.

(4) W+T: when Huawei's internal weaknesses are superimposed with external threats, the company will face severe challenges, and improper handling may lead to the survival of enterprises, which should be avoided.



CHAPTER 5 CONCLUSIONS

5.1 Suggestions on the Optimization of Product Strategy

According to data from Huawei's internal research report, the ratio of Mate9 mobile phone users to men and women is about 8:2. Huawei's luxurious phones are aimed at business people and have a strong design style, leading to a lack of interest on the part of women who love the United States and a weak appeal to women consumers. Huawei needs to pay more attention to women in positioning, while some models can be specifically targeted at female users, design to abandon the tough style, into a small and delicate design.

Take the model launched in 2016 as an example. Huawei luxurious models Mate series has three versions: Mate9, Mate9Pro and Mate 9 Pro Porsche design version, P series has 2: P9 and P9 Plus, product specifications according to user segment design, Mate series positioning business crowd, P series positioning fashion crowd. The main differences in hardware are screen size and battery capacity. From the user experience, the size of the large screen mobile phone is too large, not convenient to use, in the entire industry, the proportion of sales volume is very low, competitors do not have the size of the product. It is perfectly possible to combine several screen sizes into a mainstream product in the market, increasing sales of a single model, reducing research and development and marketing costs, and helping to increase corporate profits.

According to the analysis of Huawei's internal user research report, there are several main problems that Huawei users complain about luxurious models: machine cotton, photo speed, standby time, and so on: for Huawei, it is necessary to analyze the characteristics of competing products. Find out the product gap, gradually improve the product experience, service good users, only to improve user satisfaction, in order to obtain user recognition, bring further increase in sales volume.

5.2 Suggestions on the Optimization of pricing Strategies

Huawei has no clear pricing target for its luxurious handsets, pursuing both profit and sales. Causes the pricing goal to be unable to control the cost accurately, thus affects the product price. At present, the market share of luxurious machines in the country is: Apple holds 83% share, while Huawei's luxurious models only have a

market share of about 10%, and the prices are far lower than those of the same type of products from Apple. According to the basic logic of marketing, an enterprise entering an area where it does not have an advantage needs to gain market share at the expense of others, and gain profits by increasing sales volume. Huawei's luxurious models are not yet capable of competing with Apple in their current position, so they do not have the ability to do so. The goal of pricing is to expand market share.

As can be seen from Huawei's 2016 annual report, the company's gross profit margin on sales for the year was 40.3%, but its operating profit margin was only 9.5%. 1%, indicating that Huawei's operating costs are very high; Huawei's luxurious smartphones are priced according to the current target revenue strategy. In order to maintain a relatively high profit target, coupled with the rising prices of the industry's core components, the prices of new products on the market are constantly increasing. Under the elastic demand, this is bound to affect the company's pricing objectives. Huawei's pricing strategy for luxurious models needs to be based on a competitive market environment by controlling operating costs within the company to increase product sales to earn a corresponding profit.

5.3 Suggestions on the Optimization of Place Strategies

Entering the new era of the market, marketing theory has also undergone great changes, more emphasis on relationship marketing. Huawei luxurious products from the focus on channel partners to focus on customers to establish a long-term and stable close relationship with customers. Big data through the establishment of customer databases, database marketing, reduce marketing costs. By paying attention to the customers, the company will strengthen the close ties with the final consumers, increase the customer's carnage, and expand the market sales through word-of-mouth communication. Huawei's channel strategy should be changed from "operating channel" to "operating end user".

Huawei's bricks-and-mortar outlets still use the traditional pyramid model of cooperation among national agents, regional agents, home appliance and mobile phone chain retailers, whose stores are mainly located in the core areas of big cities. The coverage of small and medium-sized cities, especially the county-level market is weak; and e-commerce marketing in these areas is restricted by geographical convenience, online marketing in small cities and county-level market development is slow. To expand the sales of Huawei's luxurious mobile phones in the domestic market, it is necessary to flatten physical channels, shorten the length of channels, increase sales outlets, and focus on the construction of retail stores in small and

medium-sized cities and county-level markets in the future. Let more customers who can afford to consume experience Huawei's products.

According to the China convenience Store Development report 2017, released at the 2017 China convenience Store Conference in Shanghai, the number of chain stores in China is close to 100000, according to Chinanews.com. The average annual growth rate has reached 13%. The growth rate of specialty stores, shopping centers, and large supermarkets is in the single digits, while that of department stores is negative. Among them, the first-and second-tier cities in the country are the hot spots for growth. These changes occur during the period of rapid development of e-commerce. This shows that the functions of large shopping malls are gradually replaced by convenience stores and online shopping near residential areas. It is suggested that Huawei, in partnership with major convenience store chain brands in China, display and sell the latest luxurious mobile phones in its stores, which can become a new channel for consumers to experience and buy mobile phones.

With the transformation and upgrading of the traditional manufacturing industry, the trend of industrial Internetization is obvious. Smart phones are commodities in large demand, extensive distribution, large production, and large amount of information. Establish a sales platform for product big data, and affix each product with a QR code. Control every link from production to sales, will be able to effectively eliminate the problem of channeling sales channels, and the first line of the latest sales feedback to the enterprise, guide the factory's production materials and channel distribution of goods. Huawei company in enterprise data processing has an absolute advantage, can fully benefit its own technical advantage to establish big data platform, improve the efficiency and effectiveness of sales channels.

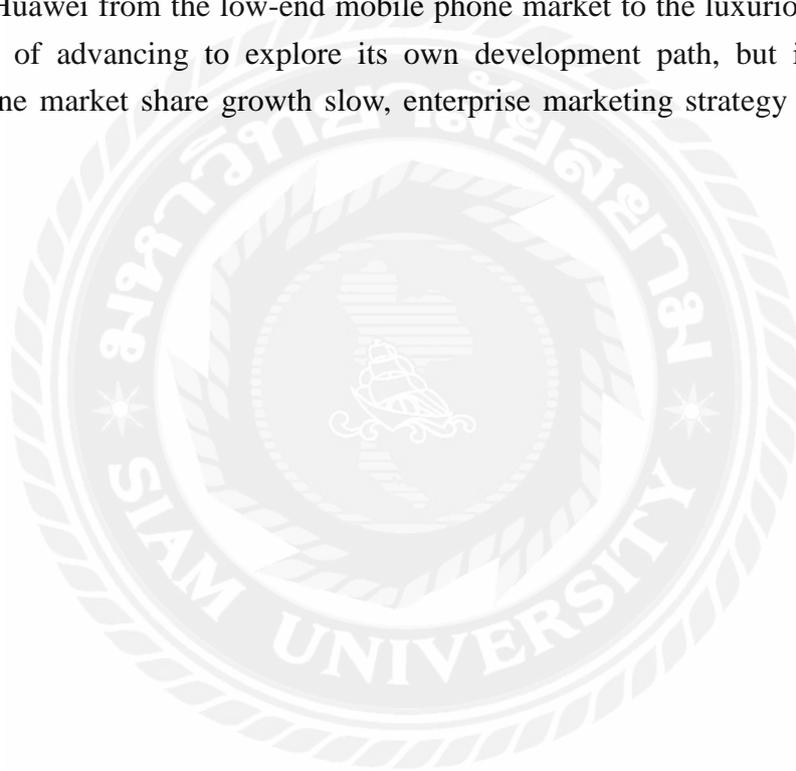
5.4 Suggestions on the Optimization of promotion strategy

The advertising mode of Huawei's luxurious mobile phones is relatively single, mainly in print advertising and television advertising. Huawei can adapt to the times, try to insert ads in hot TV, try to sponsor webcast platforms, try to insert ads in popular APP applications and so on, in order to expand the visibility of the product more comprehensively.

Huawei's maintenance services are now outsourced to professional maintenance companies, and for luxurious users, the maintenance process is not a good experience. After-sales service is often ignored by various manufacturers, Huawei can refer to the Xiaomi house model to create a special service system for luxurious smart phones,

enhance the after-sale experience of users, and form a unique service bright spot in the luxurious mobile phone market. Build a good reputation among users.

After more than two decades of growth in China's mobile phone industry, domestic companies have established a foothold in the industry, the former leader Nokia has been acquired. The iPhone smartphone, introduced by Apple in 2007, has fundamentally changed the landscape of the mobile phone industry. With the emergence of the iOS and Android camps in the smartphone industry, Apple is now relying on its popularity and the ultimate in its experience. In the domestic luxurious smartphone market share of 83%; Android camp and Samsung and domestic Huawei, OPPO, VIVO, Xiaomi and other companies dominated by the market share of less than 17%. Huawei from the low-end mobile phone market to the luxurious market in the process of advancing to explore its own development path, but its luxurious mobile phone market share growth slow, enterprise marketing strategy facing some problems.



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