AN ANALYSIS ON THE COMPETITIVE STRATEGY MANAGEMENT OF IFLYTEK IN NANNING

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This Independent Study Has Been Approved as a Partial Fulfillment of the Requirements for the Degree of Master of Business Administration

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ABSTRACT

As China's artificial intelligence (AI) industry rapidly expands, regional cities have become important centers for innovation and competition. This study focused on iFLYTEK, a leading AI enterprise, and analyzed its competitive strategy in Nanning under Porter's Generic Strategies framework of cost leadership, differentiation, and focus. The purpose of this research was to identify and analyze iFLYTEK's competitive strategy, examine how it contributed to regional competitive advantage, and provide recommendations for improvement based on SWOT analysis. The study adopted a documentary research method, using secondary data from government reports, company publications, and industry analyses from 2020 to 2025.

Findings show that iFLYTEK follows a differentiation–focus hybrid strategy, emphasizing technological innovation and regional specialization. The company has developed strengths in speech recognition, natural language processing, and multilingual AI, supported by high R&D investment and cooperation with local policies. However, challenges such as client concentration and reliance on imported computing hardware remain.

Based on the SWOT analysis, the study recommends enhancing localized R&D, expanding into commercial and ASEAN markets, and strengthening collaboration with universities and startups. Overall, iFLYTEK's sustainable growth depends on maintaining differentiation and focus while improving adaptability in China's evolving regional AI landscape.

Keywords: iFLYTEK, Nanning, artificial intelligence, competitive strategy, Porter's Generic Strategies, SWOT analysis

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Zhang Zhiwei

DECLARATION

I, Zhang Zhiwei , hereby declare that this Independent Study entitled "An Analysis on the Competitive Strategy Management of iFLYTEK in Nannin." is an original work and has never been submitted to any academic institution for a degree.

Zhang Zhiwei
Oct 8, 2025

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Chapter 1 Introduction

1.1 Background of the Study

In recent years, national initiatives such as Digital China and AI+ have accelerated the application of artificial intelligence (AI) across regional markets in China. This transformation has not only promoted industrial upgrading but also intensified competition among technology enterprises. As regional markets become increasingly strategic to national AI development, understanding how firms establish competitive strategies suited to local environments has gained both academic and practical importance (Porter, 1980; Grant, 2019).

Nanning, as the gateway city for China–ASEAN cooperation, has positioned itself as a regional center for digital innovation (People's Government of Nanning, 2023). The local government actively supports AI enterprises through policies and funding programs such as the Guangxi "AI + Manufacturing" Development Plan (2025–2027), providing an enabling environment for firms to expand and innovate (Guangxi Zhuang Autonomous Region People's Government, 2025)

As one of China's leading AI companies (CEIBS, 2025), iFLYTEK has progressively expanded into Nanning since the 2010s, establishing regional offices and engaging in projects related to smart education, e-government, and healthcare (iFLYTEK, 2024). Its regional business model reflects an integration of technological innovation and localization. However, challenges remain, including high customer concentration, reliance on external computing power, and limited regional R&D capability (Mordor Intelligence, 2025; People's Government of Nanning, 2023)

Given this context, analyzing iFLYTEK's competitive strategy in Nanning through Porter's Generic Strategies framework provides insight into how the firm positions itself among competitors and adapts to regional opportunities and challenges (Porter, 1980). The study also offers lessons for other AI enterprises seeking to balance national expansion with regional differentiation in China's evolving digital economy (Hill et al., 2014).

1.2 Questions of the Study

In order to systematically investigate iFLYTEK's competitive strategy in Nanning, this research adopted a problem-oriented approach. The formulation of precise research questions is essential, as it provides a framework for determining the study's overall design, methodological choices, and analytical scope (Yin, 2018). In strategic management research, defining the research problem carefully ensures that a study

addresses both practical managerial concerns and theoretical advancement (Eisenhardt, 1989).

Building upon Porter's (1980) Generic Strategies framework, which classifies competitive strategies into cost leadership, differentiation, and focus, this study examined how iFLYTEK develops and sustains competitive advantage in the regional AI industry. Porter's theory remains one of the most influential foundations in strategic management, emphasizing the importance of positioning and strategic distinctiveness in achieving long-term success (Grant, 2019; Hill et al., 2014).

Recent scholarship on China's AI industry suggests that firms' regional competitiveness increasingly depends on their ability to select and execute appropriate competitive strategies that align with local market dynamics and policy environments (Li & Liu, 2023; iFLYTEK, 2024). In Nanning, the intersection of government support for digital transformation and emerging AI demand creates a distinctive context for studying how firms design and adjust their competitive approaches.

Accordingly, this study focuses on iFLYTEK's competitive strategy in Nanning, seeking to identify the firm's strategic orientation, analyze how it contributes to regional competitive advantage, and develop improvement recommendations based on SWOT analysis.

The study therefore raises the following research questions:

1. How can iFLYTEK's competitive strategy in Nanning be effectively identified and analyzed under Porter's Generic Strategies framework?

2. How does the identified strategy contribute to achieving and maintaining regional competitive advantage?

3.What strategic adjustments can be made to strengthen iFLYTEK's long-term competitiveness in the Nanning AI market?

1.3 Objectives of the Study

The formulation of clear research objectives is a critical component of academic research, as it establishes the scope, methodological alignment, and evaluative criteria of the study (Saunders, et al., 2019). Within the discipline of strategic management, research objectives are designed to translate theoretical frameworks into empirical inquiries that advance understanding of firm behavior and performance (Eisenhardt, 1989; Yin, 2018).

In the context of competitive strategy, Porter's Generic Strategies framework，comprising cost leadership, differentiation, and focus，offers a systematic approach for analyzing how firms achieve and sustain competitive advantage (Porter, 1980; Grant,

2019; Hill et al., 2014). This framework emphasizes that enterprises must choose a coherent strategic position and align their resources and capabilities accordingly to maintain long-term success.

Given the rapidly evolving landscape of China's artificial intelligence (AI) industry, firms such as iFLYTEK must develop and execute competitive strategies that are adaptive to regional contexts while maintaining strategic coherence. This study therefore seeks to identify, analyze, and enhance iFLYTEK's competitive strategy in Nanning through the integration of Porter's Generic Strategies and SWOT analysis, ensuring both theoretical rigor and practical relevance (Li & Liu, 2023; iFLYTEK, 2024).

The main purpose of this study are:

1.To identify and analyze iFLYTEK's competitive strategy in Nanning based on Porter's Generic Strategies framework.

2.To examine how iFLYTEK's identified competitive strategy contributes to achieving and maintaining regional competitive advantage in Nanning.

3.To provide recommendations for iFLYTEK's competitive strategy using the SWOT analysis.

1.4 Scope of the Study

This study focused exclusively on iFLYTEK's competitive strategy in Nanning, serving as a single-case analysis within the context of China's regional AI industry. The research relied primarily on secondary data collected between 2020 and 2025, including company annual reports, official policy documents, government publications, and peer-reviewed academic literature. Numerous sources were reviewed to provide a comprehensive understanding of iFLYTEK's regional operations and strategic direction

The analysis concentrated on identifying and evaluating iFLYTEK's competitive strategy using Porter's Generic Strategies framework—specifically the dimensions of cost leadership, differentiation, and focus. This theoretical lens allowed the study to assess how the company positions itself and sustains competitive advantage in the Nanning market. In addition, the SWOT analysis was employed to synthesize key internal and external factors that influence iFLYTEK's strategic performance and to support the development of actionable recommendations.

By narrowing the focus to a single firm and region, the study maintaind analytical depth while recognizing its contextual limitations. The findings and recommendations, therefore, are specific to iFLYTEK's operations in Nanning but may also provide

insights for other AI enterprises seeking to strengthen their competitive strategies in similar regional markets.

1.5 Significance of the Study

1.5.1 Theoretical significance

This study contributes to advancing the theoretical foundations of competitive strategy research. by applying Porter's Generic Strategies framework in a regional and industry-specific context. While Porter's model has been extensively examined in traditional manufacturing and service sectors (Porter, 1980; Grant, 2019), relatively few studies have explored how technology-driven enterprises in emerging markets implement differentiation or focus strategies within localized ecosystems. By analyzing iFLYTEK's operations in Nanning, this research extends existing theoretical discussions in two key ways. First, it provides an empirical example of how a leading AI firm aligns differentiation and focus strategies to sustain regional competitive advantage under China's digital transformation policies (Hill et al., 2014; Li & Liu, 2023). Second, it demonstrates how SWOT analysis can complement Porter's framework by generating context-specific insights into internal strengths and weaknesses as well as external opportunities and threats (Panagiotou, 2003). Collectively, these findings enrich academic understanding of how technology-intensive firms adapt classical competitive strategy models to the realities of regional markets in developing economies.

1.5.2 Practical significance

From a practical perspective, this study offers actionable implications for both enterprise managers and regional policymakers. For business practitioners, iFLYTEK's experience in Nanning underscores the importance of combining technological differentiation with regional focus to strengthen competitiveness. The analysis identifies several managerial priorities, including the enhancement of local R&D capacity, diversification of customer portfolios beyond government contracts, and improvement of cost efficiency through innovation-driven collaboration (iFLYTEK, 2024; Strider Intel SCSP, 2025). For local governments and industrial park administrators, the findings suggest specific policy measures to support the AI ecosystem, such as fostering university–industry partnerships, expanding digital infrastructure, and encouraging open innovation initiatives (People's Government of Nanning, 2023). By integrating insights from both corporate strategy and regional development, this research not only enhances firm-level competitiveness but also contributes to the sustainable digital transformation of China's emerging AI markets.

1.6 Definition of Key Terms

1.6.1 iFLYTEK

iFLYTEK is a leading Chinese artificial intelligence enterprise founded in 1999, specializing in speech recognition, natural language processing, and AI applications in education, healthcare, and government services. It has established a regional headquarters in Nanning to expand its influence in Southwest China and ASEAN markets (iFLYTEK, 2024; Reuters, 2025).

1.6.2 Nanning

Nanning is the capital city of Guangxi Zhuang Autonomous Region and a strategic hub for China–ASEAN cooperation. In recent years, it has actively promoted the digital economy and artificial intelligence industry through policies such as the "AI+ Manufacturing Action Plan (2025–2027)" to support local innovation and attract high-tech enterprises (People's Government of Nanning, 2023; Xinhua News Agency, 2025).

1.6.3 Artificial Intelligence

Artificial intelligence (AI) refers to computer systems that simulate human intelligence, including learning, reasoning, and speech recognition. In China, AI is recognized as a strategic emerging industry that drives digital transformation in education, healthcare, and governance (Tegmark, 2017; CEIBS, 2025).

1.6.4 Competitive Strategy

Competitive strategy refers to how a firm positions itself to gain and sustain competitive advantage through effective resource use, innovation, and market focus (Grant, 2019; Barney, 1991). In this research, it describes how iFLYTEK applies innovation and regional specialization to strengthen its market position in Nanning's AI industry (Grant, 2019; Barney, 1991).

1.6.5 Porter's Generic Strategies

Porter's Generic Strategies, proposed by Michael Porter (1980), outline three basic approaches for achieving competitive advantage: cost leadership, differentiation, and focus. Each strategy represents a distinct way for firms to compete and build sustainable advantage. In this study, the framework is applied to identify iFLYTEK's differentiation–focus hybrid strategy in Nanning (Porter, 1980; Hill et al., 2014).

1.6.6 SWOT Analysis

SWOT analysis is a strategic tool for evaluating a company's position by identifying S (Strengths), W (Weaknesses), O (Opportunities), and T (Threats). It helps organizations combine internal capabilities with external conditions to formulate practical strategies (Weihrich, 1982; Gürel & Tat, 2017).

Chapter 2 Literature Review

2.1 Overview of iFLYTEK's Development in Nanning

2.1.1 Introduction

In recent years, China's artificial intelligence (AI) industry has undergone rapid development under national initiatives such as Digital China and AI+, which have accelerated technological innovation and industrial upgrading. In this context, Nanning, the capital of the Guangxi Zhuang Autonomous Region, has emerged as a regional hub for AI growth—serving as both a strategic base for domestic innovation and a gateway for China–ASEAN cooperation. The local government has introduced policies such as the Artificial Intelligence + Manufacturing Action Plan (2025–2027), aiming to cultivate over 60 AI application scenarios and to attract high-value technology enterprises (People's Government of Nanning, 2023). According to Table 2.1, Nanning's AI industry is projected to exceed 500 billion RMB by 2027, supported by strong policy incentives and growing enterprise participation.

Within this landscape, iFLYTEK, founded in 1999, stands as one of China's leading AI enterprises, specializing in speech recognition, natural language processing, and smart application systems. Since establishing its regional headquarters in Nanning, the company has become an essential contributor to local AI ecosystem development. iFLYTEK's initiatives in smart education, e-government, and digital healthcare exemplify how firms adopt differentiation and focus strategies—two of Porter's (1980) Generic Strategies—to enhance regional competitiveness through technological specialization and localization (Grant, 2019; Hill et al, 2014).

At the same time, iFLYTEK faces several strategic challenges typical of technology enterprises in policy-driven markets, including product homogeneity, dependence on external computing infrastructure, and limited client diversification (Mordor Intelligence, 2025; Reuters, 2025). These conditions make iFLYTEK a valuable case for examining how AI firms align competitive strategy with regional policy environments to achieve sustainable advantage. Accordingly, this study adopts Porter's competitive strategy framework to analyze iFLYTEK's regional positioning in Nanning and to provide strategy-based recommendations for strengthening its long-term competitiveness.

Table 2.1 Nanning AI Development & Market Outlook (2022–2027)

Year	Industry Scale (Billion RMB)	Number of Enterprises	Key ApplicationScenarios
2022	~200	~1000	Education Al,Smart Governance
2024	~300	1552	Education, Government, Healthcare,Smart City
2025	350+	>1600	Manufacturing Al, Smart Healthcare Al
2027	500+	>2000	60+ Industry Scenarioss

Data sources: Nanning Municipal Bureau of Industry and Information Technology (2025); People's Government of Nanning (2023); Xinhua News Agency (2025);

2.1.2 Analysis of the Current Strategic Situation

The current strategic situation of iFLYTEK in Nanning reflects the interplay between policy incentives, market expansion, and the company's competitive positioning. At the national level, initiatives such as the East Data–West Computing project have established a new digital infrastructure that enables regional AI enterprises to reduce dependence on coastal data centers and expand localized computing capacity (Strider Intel SCSP, 2025). Concurrently, Nanning's municipal government has implemented talent cultivation programs, fiscal subsidies, and university–industry collaboration platforms to promote AI adoption across education, healthcare, and public services (Xinhua News Agency, 2025). These external conditions provide an enabling environment that aligns well with iFLYTEK's regional development objectives.

From a strategic perspective, iFLYTEK's operations in Nanning align with a differentiation-focused strategy under Porter's (1980) framework. The company leverages its technological expertise in speech recognition, natural language processing, and AI-powered education systems to create specialized products that address local needs. Its success in sectors such as smart education and e-government demonstrates how differentiation through product innovation and policy alignment can generate strong regional competitiveness (iFLYTEK, 2024). At the same time, iFLYTEK's localized partnerships with schools and administrative departments have enhanced customer loyalty and reinforced its brand reputation.

However, iFLYTEK's strategic configuration also reveals several constraints that limit its scalability. The firm remains heavily reliant on public-sector clients, exposing

it to policy fluctuations and procurement cycles. In addition, its late entry into large-model AI development has intensified competition from major technology players such as Baidu and other emerging AI startups that possess greater computing resources and data ecosystems (Reportify, 2024; NBR, 2024).

Overall, iFLYTEK's competitive position in Nanning reflects a strong differentiation-and-focus strategic orientation, consistent with Porter's (1980) Generic Strategies framework. To sustain its growth, the company needs to complement this strategy by broadening its customer base, strengthening regional R&D capacity, and building independent computing infrastructure to reduce external dependencies. These strategic adjustments would enhance its long-term resilience and consolidate its leadership in the regional AI industry.

2.2 iFLYTEK in Nanning

2.2.1 Introduction

Founded in 1999, iFLYTEK Co., Ltd. is one of China's leading artificial intelligence (AI) enterprises, specializing in intelligent speech, natural language processing, and AI-enabled applications. Listed on the Shenzhen Stock Exchange (SZ:002230), the company consistently allocates more than 15% of its annual revenue to research and development and holds over 3,000 patents worldwide (iFLYTEK, 2024; China Securities Journal, 2024). As a core participant in China's national AI innovation strategy, iFLYTEK has built strong competitive capabilities in speech synthesis, cognitive computing, and human–computer interaction, gaining recognition as a key enterprise under the "AI+" initiative (Lu et al., 2022; Reuters, 2025).

From a strategic management perspective, iFLYTEK's regional expansion follows a differentiation and focus strategy, consistent with Porter's (1980) Generic Strategies framework, which emphasizes the creation of unique value propositions for targeted market segments. Through this approach, the company leverages technological advantages to establish regional footholds across China, with the Southwest China headquarters located in Nanning, Guangxi, serving both domestic and ASEAN-oriented markets (Grant, 2019; Hill et al., 2014).

This expansion coincides with supportive regional policies such as the Artificial Intelligence + Manufacturing Action Plan (2025–2027), which seeks to develop more than 60 AI application scenarios and strengthen China–ASEAN digital integration (People's Government of Nanning, 2023). Nanning's AI development strategy aligns closely with iFLYTEK's core business strengths—smart education, digital governance, and medical AI—illustrating how firms can align corporate strategies with regional

policy priorities to achieve competitive advantage (Xinhua News Agency, 2025; Li & Liu, 2023; Strider Intel SCSP, 2025).

The case of iFLYTEK thus provides an empirical basis for analyzing how technology-oriented enterprises adapt Porter's differentiation–focus strategy to policy-driven regional markets. It also reflects broader trends in China's AI sector, where firms must balance innovation, cost efficiency, and policy alignment to sustain long-term growth (He & Sun, 2023; OECD, 2024).

Table 2.2 iFLYTEK's Major AI Application Scenarios in Nanning

Category	Key Application	Example Project	Partner / Client
Smart Education	Al-powered classrooms,evaluation tools	Intelligentclassroom system in Nanning schools	Guangxi University, Nanning Education Bureau
E-Government	Smart governance platforms, speech-to-text	Al-based legal service assistant, voice recognition system	Nanning Municipal Government
Healthcare Al	Al-assisted diagnosis, medical cloud	Al radiology image recognition in local hospitals	Guangxi Medical University
Manufacturing Al	Al+ manufacturing pilot projects	Speech-Vision AI for Industrial Inspection	Nanning High-tech Zone enterprises

Data source: iFLYTEK (2024); Xinhua News Agency (2025); People's Government of Nanning (2023).

2.2.2 Current Strategic Status of iFLYTEK in Nanning

IiFLYTEK's current competitive position in Nanning reflects the implementation of a differentiation–focus strategy consistent with Porter's (1980) Generic Strategies framework. The company's business model emphasizes technological innovation and specialization within key public sectors, particularly education, governance, and

healthcare. Over the past few years, iFLYTEK has achieved notable market penetration in these fields. Its Smart Education solutions—such as AI-powered classrooms, intelligent evaluation systems, and speech-interaction learning platforms—have been adopted across local schools and universities, consolidating its leadership in the educational AI domain (iFLYTEK, 2024; Chen & Zhang, 2022). In the public sector, iFLYTEK's voice recognition and large language model (LLM) technologies underpin a variety of smart governance platforms, supporting digital administration and public service efficiency (Xinhua News Agency, 2025). Similarly, in the healthcare sector, AI-assisted diagnostic systems and medical imaging tools developed by iFLYTEK have been piloted in major Guangxi hospitals, contributing to the ongoing digital transformation of regional healthcare (Mordor Intelligence, 2025).

While these achievements highlight strong differentiation capabilities, the company still faces several strategic challenges. These challenges can be summarized as follows. First, iFLYTEK's client portfolio remains highly concentrated in public sector contracts—especially in education and e-government—creating a structural dependence on local procurement budgets (People's Government of Nanning, 2023). Second, the company relies heavily on external suppliers for advanced computing chips and hardware, exposing it to supply-chain vulnerabilities and cost fluctuations (MERICS, 2025; OECD, 2024). Third, despite its early strengths in speech technology, iFLYTEK entered the large-model AI race relatively late, facing competitive pressure from both established players such as Baidu and Tencent, and emerging startups including MiniMax and Zhipu AI (Reportify, 2024; Lua et al., 2022).

Nevertheless, the company continues to benefit from favorable policy and infrastructural conditions. The East Data–West Computing initiative has expanded western China's computing capacity, directly supporting iFLYTEK's efforts to enhance localized R&D and reduce dependence on external cloud providers (Strider Intel SCSP, 2025). Moreover, Nanning's municipal programs on talent recruitment, industrial clustering, and cross-border digital cooperation have further reinforced the regional ecosystem. As shown in Table 2.3, the number of AI-related firms in Nanning exceeded 1,552 by 2024, reflecting a rapidly expanding innovation environment (Xinhua News Agency, 2025; Grant, 2019).

Overall, iFLYTEK's strategic position in Nanning demonstrates how a differentiation-driven and focus-based approach can align with regional policy support to reinforce local market leadership. However, sustaining long-term competitiveness will require the company to diversify its client base, strengthen independent computing capabilities, and accelerate its large-model AI innovation pipeline. These steps are

essential for maintaining strategic coherence and achieving a sustainable regional advantage.

2.3 Literature Review

2.3.1 Competitive Strategy Framework

The concept of competitive strategy was first systematized by Porter (1980) in Competitive Strategy: Techniques for Analyzing Industries and Competitors. The work, Porter argued that firms can attain superior performance by adopting one of three generic strategies—cost leadership, differentiation, or focus. These strategic options outline distinct mechanisms through which firms position themselves against competitors and create sustainable competitive advantages.

The cost leadership strategy seeks to achieve the lowest cost structure within an industry by leveraging economies of scale, streamlining internal processes, optimizing the supply chain, and implementing rigorous cost-control mechanisms. Firms that follow this strategy typically compete through price, offering standardized products or services while maintaining profitability through operational efficiency and large-scale production (Porter, 1980).

The differentiation strategy aims to deliver products or services perceived as unique or superior by customers. Such differentiation may arise from technological innovation, product quality, design, brand reputation, or enhanced user experience. Differentiation strategies are especially relevant in high-technology sectors, where innovation capacity, proprietary knowledge, and rapid product iteration constitute primary sources of customer value and competitive advantage (Grant, 2019).

The focus strategy centers on serving a specific market segment, customer group, or geographic area more effectively than competitors targeting broader markets. Firms adopting this approach tailor their offerings to the specialized needs of the selected niche. Porter (1980) further distinguished between cost focus—competing on price within a narrow segment—and differentiation focus—providing unique value to a clearly defined market niche.

According to Grant (2019), differentiation strategies are especially suitable for technology-intensive sectors, where innovation and intellectual property play a dominant role in value creation. Similarly, Hitt, Ireland, and Hoskisson (2017) noted that firms in high-tech industries often adopt hybrid approaches—combining differentiation and focus strategies—to balance innovation costs and market specificity. In addition, Barney (1991) and Teece (2018) highlighted that sustainable advantage

depends on firms' capabilities to integrate resources, innovate, and adapt within the chosen strategic orientation.

Building on these perspectives, this study applied Porter's Generic Strategies framework to analyze iFLYTEK's competitive positioning in Nanning, focusing on how the company combines differentiation and focus strategies to strengthen its regional competitiveness.

2.3.2 SWOT Analysis

In strategic management theory, the SWOT analysis was initially proposed by the Stanford Research Institute and later systematically expounded by Heinz Weihrich in 1982 to obtain a standardized matrix form (TOWS). Weihrich transformed SWOT variables into actionable strategic tools and efficiently generated strategic recommendations through cross-matching (SO, ST, WO, WT) (Weihrich, 1982). In the SWOT framework, "S" stands for the enterprise's strengths, "W" for its weaknesses, "O" for external opportunities, and "T" for external threats. These four elements together form a complete perspective for evaluating the strategic position of an enterprise. Barichello et al. (1997) pointed out that traditional SWOT analysis often has a disorganized list, lacks hierarchy and verification mechanisms. Many companies fail to effectively apply the SWOT output to subsequent strategic execution and need more standardized and quantitative methods to support it. With the deepening of application, SWOT analysis has gradually evolved into an operational strategic formulation tool. Combined with forms such as the TOWS matrix, it enhances its empirical and situational adaptability (Panagiotou, 2003). In addition, the SWOT analysis helps enterprises identify internal potential and external opportunities, optimize resource allocation, and promote sustainable development. In this study, the general matrix analysis method was adopted to sort out the WO (Turnaround type), SO (Growth type), WT (defensive type), and ST (Diversified Integrated type) strategies. Through this process, the most suitable future strategic direction for the enterprise's development can be clearly defined (Xiao,2021; Weng,2020). Gurel & Tat (2017) pointed out in their review that SWOT analysis is still widely used in strategic planning, especially in the fields of marketing and resource allocation. It can clearly identify the strengths of an enterprise and the gaps between its rivals, but it needs to be combined with specific contexts and evaluation mechanisms to avoid generalization. Fuertes et al. (2020) emphasized that SWOT is an indispensable guiding tool for business strategists in the process of forming strategies, implementing and evaluating, but pointed out that its history is rather mysterious and requires in-depth understanding and systematic application in combination with empirical research.

The SWOT analysis provides a comprehensive evaluation of an enterprise's internal and external resources. For iFLYTEK, several studies have applied this model to assess its strategic position. An Atlantis Press conference paper analyzed its business model, highlighting strengths such as diversified revenue streams in education, open platforms, and smart cities, as well as a robust ecosystem. However, high R&D costs and unclear commercialization paths remain challenges.Wang (2024) emphasized the company's use of the quadruple-helix model to integrate resources from government, enterprises, academia, and users, strengthening its local implementation capabilities. The "AI+" partnership with Sinosoft further reflects its ecosystem expansion (iFLYTEK News, 2024), while the acquisition of Japan's Sinewave signals a strategic shift toward market-driven internationalization (Redalyc Journal). Zou (2020) recommended a growth-oriented WO strategy, combining opportunity leverage with internal improvement, supported by human resources, marketing, and financial systems to ensure sustainable development. Song (2020), focusing on educational product marketing, proposed an ST strategy to enhance influence through program-based growth and targeted channel expansion.

2.4 Conceptual Framework

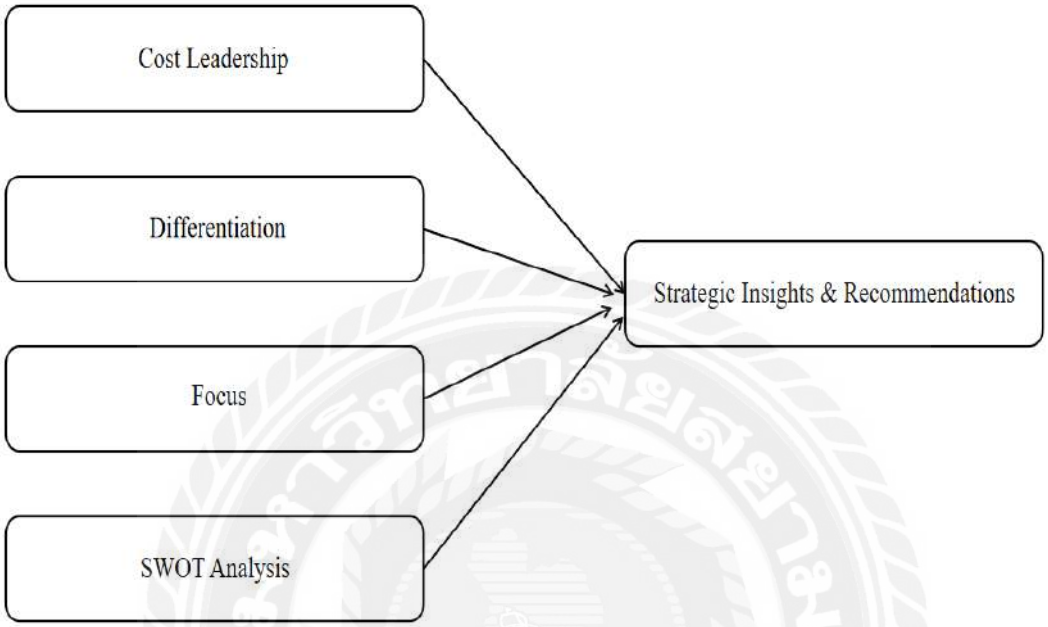
This study constructed its conceptual framework based on Porter's Generic Strategies and the SWOT analysis. The framework integrates theoretical and practical perspectives to examine how iFLYTEK develops and sustains its competitive advantage in Nanning's AI industry.

At the theoretical level, Porter's Generic Strategies model (Porter, 1980) serves as the primary analytical foundation. The model proposes that firms achieve competitive advantage through one of three strategic orientations: cost leadership, differentiation, or focus. In the case of iFLYTEK, the framework is used to identify which strategic orientation—particularly differentiation or focus—best characterizes its operations in Nanning and how these strategies are implemented to achieve regional competitiveness (Grant, 2019; Hill et al., 2014).

At the analytical level, the SWOT analysis is used as a complementary tool to assess iFLYTEK's internal strengths and weaknesses and its external opportunities and threats. This dual approach allows for a comprehensive understanding of the company's strategic environment, ensuring that both theoretical positioning and empirical evidence are incorporated (Panagiotou, 2003; Gürel & Tat, 2017).

The integration of these two analytical dimensions forms a conceptual model that links strategic identification, implementation, and evaluation, as illustrated in Figure 2.1,

Figure 2.1 Theoretical Framework



Chapter 3 Research Methodology

3.1 Research Design

This study adopted a qualitative research design, combining a documentary analysis and a case study approach to examine the competitive strategy of iFLYTEK in Nanning. The analysis was guided primarily by Porter's (1980) Generic Strategies framework, which identifies three routes to competitive advantage—cost leadership, differentiation, and focus. This model was applied to determine iFLYTEK's current strategic orientation and its effectiveness in the regional AI market.

In addition, the SWOT analysis was used as a complementary analytical tool to assess iFLYTEK's internal strengths and weaknesses and its external opportunities and threats. Integrating these two analytical perspectives allowed for both theoretical depth and practical applicability. The study ultimately aimed to identify iFLYTEK's competitive positioning, evaluate its strategic performance, and propose actionable recommendations for strengthening its long-term competitiveness in Nanning.

3.2 Source of Data

The research focuses on China's regional artificial intelligence (AI) industry, with particular attention to Nanning and the Guangxi Zhuang Autonomous Region. The selected observation period spanned from 2020 to 2025, a critical phase marked by the implementation of Digital China and AI+ initiatives, as well as iFLYTEK's expansion in western China.

This study relied exclusively on secondary data sources, including official government documents, corporate reports, academic journal articles, and industry analyses. All materials were selected based on relevance, reliability, and recency. A substantial number of valid documents were screened and analyzed, ensuring coverage of policy frameworks, market dynamics, and firm-level strategies.

3.3 Analytical Instrument

This study employed two primary analytical instruments: Porter's Generic Strategies framework and the SWOT analysis model. The Porter framework serves as the core theoretical tool for identifying iFLYTEK's competitive strategy type—cost leadership, differentiation, or focus—and for analyzing how the company achieves regional advantage through this strategic orientation. In contrast, the SWOT model functions as a complementary diagnostic tool, integrating both internal and external factors to evaluate the effectiveness of iFLYTEK's chosen strategy and to formulate

practical recommendations for improvement.Together, these two analytical instruments provide a balanced approach that combines theoretical rigor with applied insight, allowing the study to capture both the strategic positioning and operational realities of iFLYTEK's competitive strategy in Nanning. All references and supporting materials were managed using EndNote, which ensured proper organization, citation accuracy, and bibliographic consistency throughout the research process.

3.4 Data Collection

Data for this study were collected from a variety of secondary sources to ensure analytical reliability and accuracy. These sources included official government documents and reports from the Nanning Municipal Government and the Guangxi Bureau of Industry and Information Technology; corporate publications such as iFLYTEK's annual reports and official statements; academic databases including CNKI, Wanfang, and Google Scholar; as well as industry research and media reports from platforms such as Reuters, MERICS, and Strider Intel SCSP. The data collection process emphasized the credibility, authenticity, and relevance of materials. Keywords used during the search included "iFLYTEK," "Nanning," "AI industry," "Porter's Generic Strategies," "competitive strategy," and "SWOT analysis." Only publications released between 2020 and 2025 were retained to ensure both timeliness and contextual relevance to China's AI policy environment and iFLYTEK's regional development. All selected documents were cross-checked for consistency and reliability through comparison of multiple independent sources, ensuring the accuracy of information used in this research.

3.5 Data Analysis

The study applied a two-stage analytical approach that integrated Porter's Generic Strategies with SWOT analysis to evaluate iFLYTEK's regional competitive strategy in Nanning. In the first stage, Porter's framework served as the theoretical foundation for identifying iFLYTEK's strategic orientation—whether it aligns more closely with cost leadership, differentiation, or focus. This stage assessed indicators such as product innovation, target market segmentation, and the consistency between strategic goals and organizational structure. In the second stage, the SWOT analysis was employed to examine how iFLYTEK's internal strengths and weaknesses interact with external opportunities and threats, providing a comprehensive evaluation of its strategic fit and identifying potential improvement areas. By combining these two analytical perspectives, the study ensured theoretical rigor and practical insight, offering a multidimensional understanding of iFLYTEK's competitive position and strategy effectiveness in the Nanning market.

Chapter 4 Findings and Discussion

4.1 Findings

4.1.1 Competitive Strategy Identification

Verdict: Based on corporate disclosures, industry data, and regional policy reports, it is evident that iFLYTEK's competitive strategy in Nanning follows a differentiation–focus orientation rather than a cost-leadership approach. This section identifies and validates the company's competitive position under Porter's Generic Strategies framework, directly addressing Research Question 1 and fulfilling Objective 1, which seek to determine iFLYTEK's strategic orientation and analyze how it contributes to regional competitive advantage.

iFLYTEK is not aligned with cost leadership: Cost leadership in the AI industry typically depends on economies of scale, standardized production, and minimal R&D expenses—conditions that are not aligned with iFLYTEK's operational profile. According to the 2022 China AI Industry Development Report, Chinese AI enterprises generally maintain R&D intensities far above the national industrial average, indicating that the AI sector is inherently unsuited to cost-leadership strategies based on low R&D spending.

In contrast, iFLYTEK's R&D intensity is much higher. In 2023, the company's R&D spending reached RMB 3.84 billion, equivalent to 19.5 percent of total revenue, and in 2024, despite a revenue increase of 18.8 percent (RMB 23.34 billion), net profit fell by 14.8 percent (RMB 0.56 billion) (Equal Ocean, 2024; Filing Reader, 2025; Market Screener, 2025).

Such figures confirm that iFLYTEK operates in a high-investment, knowledge-intensive mode inconsistent with a cost-leadership model. Moreover, the entire AI industry relies heavily on advanced chips, cloud computing, and high-skilled labor, which limits large-scale cost optimization.

Overall, the data demonstrate that iFLYTEK's strategy is not based on cost minimization or price competition but rather on technological capability and innovation differentiation.

Table 4.1 iFLYTEK's Key Financial and Strategic Indicators (2022–2024)

Indicator	2022	2023	2024
Total Revenue (Billion RMB)	20.3	22.1	23.34 (+18.8%)
Net Profit (Billion RMB)	0.72	0.65	0.56 (–14.8%)
R&D Expenditure (Billion RMB)	2.93	3.84	3.84 (19.5% of Revenue)
Number of Patents (Accumulated)	3200	3400	3616
B-to-B Revenue Growth			+100%

Note: Data compiled from public reports (iFLYTEK, 2024; Filingreader, 2025; EqualOcean, 2024; AInvest, 2025).

Differentiation is the foundation of iFLYTEK's strategy: Differentiation emphasizes product uniqueness, innovation, and value creation rather than price advantage. iFLYTEK's strategic direction clearly aligns with this orientation. The company has continuously invested in its core AI technologies—speech recognition, natural-language processing, and multilingual large-language models—supported by more than 3,600 global patents, of which around 2,000 have been granted (GreyB Analytics, 2023). Such sustained investment reflects a long-term commitment to technological advancement as the foundation of its competitive positioning.

In terms of R&D intensity, iFLYTEK's R&D-to-revenue ratio of 19–20 percent far exceeds that of major competitors such as Baidu (14.2 percent) and SenseTime (16.1 percent) (EqualOcean，2024), confirming a stronger technology-driven differentiation. At the 2025 China–ASEAN Expo in Nanning, the company introduced an ASEAN-oriented multilingual foundation model supporting more than ten regional languages—an innovation that none of its domestic peers have yet achieved in cross-border AI communication. These initiatives demonstrate how iFLYTEK differentiates itself not

only through technical capacity but also through its regional adaptation and forward-looking innovation agenda.

The company's product portfolio—including smart classrooms, adaptive learning systems, and intelligent evaluation platforms—has been widely implemented across schools and government departments in Guangxi. These applications reveal a high level of product integration and localized customization, underscoring iFLYTEK's ability to translate its technological edge into practical, high-value solutions. Taken together, these advantages demonstrate that iFLYTEK's competitive strength lies in sustained technological innovation, intellectual-property accumulation, and solution-based differentiation. Such evidence fully supports Porter's definition of differentiation—achieving superior performance through uniqueness rather than cost (Porter, 1980; Grant, 2019).

Table 4.2 Comparison of Key Competitive Indicators among Leading Chinese AI Firms (2024)

Company	R&D / Revenue Ratio (%)	No. of Patents (approx.)	Core Market Focus	Primary Strategic Orientation
iFLYTEK	19.5	3600+	Education, GovTech, Healthcare, China–ASEAN	Differentiation + Focus
Baidu AI Cloud	14.2	2900+	General Cloud Services, LLMs	Cost–Differentiation Hybrid
Sense Time	16.1	2400+	Smart City, Security, Retail	Differentiation
Megvii	15.3	1800+	Smart Security, Industrial AI	Differentiation
Hikvision AI Lab	8.7	1200+	Surveillance Hardware	Cost Leadership

Note: Data compiled from company annual reports, EqualOcean (2024), and GreyB Analytics (2023).

Focus is a supporting dimension of iFLYTEK's strategy: The focus component of iFLYTEK's strategy is demonstrated through its deliberate concentration on regional and sectoral niches. The firm's Southwest China regional headquarters in Nanning primarily targets public-sector clients, including educational institutions, administrative agencies, and healthcare organizations, rather than mass-consumer markets. This strategic concentration reflects Porter's (1980) concept of the focus strategy, in which a company gains advantage by serving a specific segment with tailored offerings. By narrowing its operational scope, iFLYTEK is able to provide highly customized, data-secure, and policy-compliant AI solutions that strengthen its position within regional institutional networks.

This focused orientation aligns closely with Nanning's role as a policy-driven innovation hub. The city's Artificial Intelligence + Manufacturing Action Plan (2025–2027) aims to establish over 60 AI application scenarios and develop five nationally recognized leading enterprises, with iFLYTEK identified as one of the key participants (Nanning Municipal Government, 2025). Supporting infrastructure projects—such as the China–ASEAN AI Innovation Cooperation Center and the Wuxiang Cloud Valley Computing Industrial Park—have further reinforced this ecosystem (China Daily, 2025). Such initiatives provide localized incentives, technical platforms, and collaborative opportunities, all of which enable iFLYTEK to embed its services deeply within the regional industrial framework.

Across all three verification dimensions, the evidence consistently supports the classification of iFLYTEK's strategy in Nanning as a differentiation–focus hybrid. The company rejects cost competition, outperforms peers in technological intensity and product specialization, and anchors its market activities within a clearly defined regional niche supported by government initiatives.

4.1.2 SWOT Analysis

Strengths: iFLYTEK has built strong capabilities in core AI fields such as speech recognition and natural language processing, backed by R&D investment exceeding 15% of revenue and over 3,000 patents (iFLYTEK, 2024). In Nanning, it is recognized as a key supported enterprise, with initiatives like "Smart Education" and "Smart Governance" enhancing local market stickiness (People's Government of Nanning, 2023). Its "Starfire Large Model" integrates large language models with voice recognition to support multi-modal interaction and expand product flexibility (iFLYTEK White Paper, 2024). Holding over 40% share of the domestic voice market and educational AI coverage in 20+ provinces, the company enjoys clear advantages in customer resources, brand influence, and talent acquisition (iiMedia Research, 2024).

Weaknesses: Although iFLYTEK has rich AI experience, it entered large model development relatively late and still lags behind emerging firms like MiniMax and Zhipu AI in model architecture and ecosystem (Reportify, 2024). Its client base is overly concentrated in government and education, making it vulnerable to policy shifts and budget fluctuations (Nanning Municipal Government, 2023). In addition, the company relies heavily on external suppliers for high-performance GPUs and computing platforms, limiting product iteration speed and posing supply chain risks (Mordor Intelligence, 2025)

Opportunities: Nanning and the Guangxi Autonomous Region have introduced supportive policies such as subsidies, tax incentives, and talent programs, creating a favorable environment for iFLYTEK (Nanning Municipal Government, 2023). The national "East Data West Computing" strategy promotes data center and infrastructure development, easing model training pressure and accelerating iteration (Strider Intel SCSP, 2025). As digital transformation advances in sectors like education, governance, and healthcare, demand for AI solutions continues to rise. With strong industry experience and client resources, iFLYTEK is well-positioned to expand into smart cities and intelligent manufacturing (iiMedia Research, 2024).

Threats: As large models and generative AI evolve, tech giants like Baidu, Alibaba, and Tencent have ramped up investment, while agile startups such as MiniMax, Zhipu AI, and Moonshot are rapidly emerging with strong capital and flexibility (NBR, 2024; Reportify, 2024). Global chip shortages and geopolitical tensions continue to constrain high-end computing hardware supply, potentially slowing iFLYTEK's R&D and deployment (Mordor Intelligence, 2025; MERICS, 2025). At the same time, tightening AI regulations bring growing risks in data security and privacy compliance, which could raise costs or hinder market access if not addressed effectively (CEIBS, 2025; People's Government of Nanning, 2023)

Table 4.3 iFLYTEK SWOT Analysis

External / Interior	Opportunities (O)	Threats (T)
	Policy support, digital transformation, and computing power improvement	Fierce competition, rapid technology iteration, and unstable supply chain
Strengths (S)	**SO-strategy**	**ST-strategy**
Leading AI technology, stable customer base, and stable government-enterprise relationship	(1) Accelerate the implementation of "Spark" and penetrate multiple industries (2) Use policies to support the creation of regional benchmark projects (3) Expand ecological cooperation and enhance market adaptability	(1) Strengthen the brand + customer relationship and stabilize the existing position (2) Strengthen data and compliance construction to respond to policy risks (3) Build a technology moat to resist the impact of emerging enterprises
Weaknesses (W)	**WO-strategy**	**WT-strategy**
Late entry, customer concentration, and supply chain dependence	(1) Use policies and computing power infrastructure to make up for shortcomings, (2) Expand customers in non-political and educational industries, optimize revenue structure, and (3) Accelerate the construction of large model capabilities and improve the ecological closed loop	(1) Improve independent and controllable capabilities and reduce external dependence (2) Establish a local talent reserve mechanism (3) Control R&D risks and steadily promote product upgrades

4.2 Discussion

4.2.1 Discussion of iFLYTEK's Differentiation–Focus Strategy

The findings confirm that iFLYTEK's behavior fits Porter's differentiation–focus model. Porter (1980) argued that firms can achieve competitive advantage either by being the lowest-cost producer or by being unique within a targeted segment. iFLYTEK's competitive advantage is rooted in uniqueness rather than cost reduction:

its patent portfolio, language technologies, and AI applications offer differentiated value to a narrow set of institutional clients.

The combination of technological exclusivity and targeted customer relationships reflects a strategic choice to avoid direct price competition with general-purpose AI platforms and instead dominate regional and sectoral niches such as education and governance. This aligns with Grant's (2019) view that firms operating in innovation-intensive sectors achieve sustainability through continuous knowledge reinvestment and customer integration.

4.2.2 Effectiveness of Differentiation-Focus Strategy in the Regional Context

The differentiation–focus strategy is particularly effective within Nanning's regional conditions. The city's policy environment—featuring subsidies, talent programs, and AI-oriented infrastructure—creates stable public-sector demand and lowers entry risk. These institutional clients value quality and customization over price, enabling iFLYTEK to maintain premium positioning.

Moreover, Nanning's role as the China–ASEAN gateway expands the relevance of iFLYTEK's multilingual AI products for cross-border education and commerce. Regional competition is less intense than in first-tier cities, allowing the firm to consolidate its brand before replicating its model elsewhere. Thus, the regional context enhances the effectiveness of iFLYTEK's strategy by providing both policy support and a natural fit between differentiation and market structure.

4.2.3 Strategic Limitations and Risks

Despite its advantages, the differentiation–focus strategy entails limitations. High R&D expenditure (≈ 20 percent of revenue) reduces short-term profitability, and overreliance on public clients exposes the firm to fiscal volatility. Late entry into large-model AI has allowed competitors such as Zhipu and MiniMax to gain mind-share and developer ecosystems. Furthermore, dependence on foreign GPUs and external cloud services poses supply-chain and security risks. These factors illustrate what Porter (1980) described as the "vulnerability of focus"—when a firm's niche is too narrow or technologically constrained. Therefore, sustaining regional leadership requires diversifying customer segments and strengthening domestic infrastructure autonomy.

4.2.4 Theoretical and Managerial Implications

The findings of this study contribute to a broader understanding of how Porter's Generic Strategies can be applied in emerging and policy-driven regional markets. They show that differentiation and focus are complementary in creating sustainable competitive advantage for technology-oriented firms. For iFLYTEK, this hybrid strategy effectively aligns its technological strengths with Nanning's institutional

environment. The evidence supports the views of Grant (2019) and Hill et al. (2014), who argue that lasting advantage depends on the synergy between firm-specific resources and external conditions. This case extends Porter's framework to the context of regional innovation ecosystems, where government collaboration and localized adaptation play decisive roles in competitive success.

From a managerial perspective, this study identifies several actionable implications for iFLYTEK's strategic development. To begin with, diversifying the customer portfolio beyond public-sector contracts would help reduce policy dependence and create more stable revenue streams. Expanding into commercial and industrial markets—such as healthcare, finance, or manufacturing—would allow iFLYTEK to mitigate risks linked to government projects while maintaining its differentiation advantage. Furthermore, localizing computing and R&D capacity is essential to enhance technological autonomy and minimize vulnerabilities in global supply chains. Establishing regional data centers, joint research labs, and innovation partnerships in Nanning would strengthen the firm's ability to manage its core technologies independently and accelerate product iteration.

In addition, iFLYTEK should leverage Nanning's ASEAN connectivity to expand its multilingual AI services and explore cross-border opportunities in education, trade, and cultural exchange. Such initiatives would not only extend market reach but also reinforce the company's differentiation advantage through linguistic and cultural specialization. At the same time, collaboration with local universities and startups could foster open innovation, promote knowledge sharing, and enhance ecosystem resilience. Taken together, these strategic measures highlight that iFLYTEK's long-term competitiveness will depend on balancing its focused regional strengths with continuous innovation and organizational flexibility. In essence, the company's experience illustrates how a well-calibrated differentiation–focus strategy can generate and sustain regional competitive advantage when technological capabilities, market segmentation, and institutional support evolve in harmony.

Chapter 5 Conclusion and Recommendation

5.1 Conclusion

This study set out to examine how iFLYTEK has developed and implemented its competitive strategy in Nanning within the framework of Porter's Generic Strategies—cost leadership, differentiation, and focus. Drawing on secondary sources including company reports, government publications, and industry analyses, the analysis identifies iFLYTEK's strategic orientation and assess how it contributes to achieving and maintaining regional competitive advantage. The results indicate that iFLYTEK pursues a differentiation–focus hybrid strategy, characterized by technological specialization and targeted market positioning. By combining these two strategic dimensions, the company has successfully aligned its innovation strengths with the specific institutional and policy conditions of Nanning's AI ecosystem.

iFLYTEK's competitive strength lies primarily in its core technologies, including speech recognition, natural language processing, and multilingual large-language models, all supported by sustained R&D investment and a substantial patent portfolio. Rather than competing on cost, the firm differentiates itself through high-quality, customized AI solutions, particularly in education, government, and healthcare, where long-term partnerships and data security are highly valued. At the same time, the focus dimension of its strategy reflects a deliberate decision to deepen its presence in Nanning—a regional hub that bridges China and ASEAN. This regional concentration enables iFLYTEK to align its technological capabilities with policy-driven opportunities such as the AI + Manufacturing Action Plan (2025–2027) and the East Data West Computing Initiative, thereby strengthening its competitive position and reinforcing its reputation as a leading AI innovator in Southwest China.

Despite these achievements, several challenges remain. Overreliance on government and education clients limits diversification, while late participation in large-model development has slowed innovation compared with emerging competitors. Dependence on imported computing hardware also creates supply-chain and cost vulnerabilities. These issues suggest that although the differentiation–focus strategy fits iFLYTEK's regional environment well, its long-term sustainability will depend on greater market diversification, localized R&D capacity, and enhanced operational autonomy. Overall, the analysis shows that Porter's framework provides a useful lens for examining competitive strategy in China's AI industry, especially within policy-driven regional markets. By effectively integrating differentiation and focus, iFLYTEK has established a defensible and adaptive regional position, but sustaining this

advantage will require continued innovation and strategic flexibility as the AI landscape evolves.

5.2 Recommendation

In view of the findings, iFLYTEK's future strategy in Nanning should aim to consolidate its differentiation – focus orientation while addressing structural constraints that limit long-term growth. Rather than relying primarily on policy-driven opportunities, the company needs to reinforce the internal capabilities and market diversity that sustain technological uniqueness and regional specialization. A key priority is to deepen specialization within education and public service while gradually broadening into new segments. iFLYTEK has already built a strong foundation in smart education through products such as intelligent classrooms and AI-based evaluation systems. Building on this success, the company could refine its offerings for vocational and adult learning markets to enhance customer loyalty and expand its reach within the broader education ecosystem. At the same time, selective entry into adjacent sectors—such as healthcare, finance, and industrial AI—would reduce overdependence on public-sector projects while extending the scope of differentiated applications.

To strengthen its competitive position, iFLYTEK should continue investing in internal R&D and computing autonomy as a way to consolidate its technological differentiation. Substantial resources should be allocated to in-house large-model development, data integration, and cloud infrastructure. Establishing regional research partnerships with universities and technical institutes in Nanning would promote localized innovation and talent retention, ensuring a sustainable base for technological advancement. Equally important is the need to enhance collaborative networks that reinforce focused differentiation. By partnering with local startups, software developers, and public institutions, iFLYTEK can cultivate an open innovation ecosystem that accelerates product iteration and expands the practical application of its technologies. Such cooperation would further embed the company in Nanning's growing AI cluster, aligning with the cooperative and adaptive nature of regional focus strategies.

Looking beyond the domestic market, iFLYTEK should leverage Nanning's strategic position as China's bridge to ASEAN to extend its differentiation advantage through multilingual and cross-border innovation. Developing AI services that support education, trade, and cultural communication across ASEAN would deepen regional engagement while enhancing global visibility. Finally, the company must safeguard its long-term differentiation through ethical and regulatory leadership. Upholding transparent governance, strong data protection, and compliance with evolving AI

regulations will be essential for maintaining credibility and public trust. In an increasingly competitive and scrutinized industry, reputation and responsible innovation have become as critical to sustained advantage as technological excellence. Overall, iFLYTEK's long-term competitiveness will depend on balancing its focused regional strengths with broader differentiation in technology, markets, and partnerships—preserving the essence of its strategy while remaining adaptive to future changes in China's AI landscape.

5.3 Further Study

Although this study provides meaningful insights into iFLYTEK's differentiation – focus strategy in Nanning, several limitations remain that future research could address.

First, this study is primarily based on secondary data drawn from corporate reports, government publications, and industry analyses. While these materials offer valuable information, they do not capture the perspectives of key stakeholders — such as policymakers, educators, local entrepreneurs, or end users of AI technologies. Future research could therefore incorporate qualitative interviews or survey-based methods to gather first-hand insights into how different groups perceive iFLYTEK's strategic behavior and regional impact.

Second, this investigation centers on a single case—iFLYTEK's operations in Nanning—from 2020 to 2025, which allows for depth but limits generalizability. Comparative studies across other policy-oriented AI hubs, such as Chengdu, Hefei, or Guiyang, could determine whether the differentiation – focus strategy observed here is typical of firms in similar regional contexts. Such cross-case comparisons would enrich understanding of how Porter's framework applies to China's technology-driven regional markets and identify variations in competitive adaptation.

Third, future research could adopt a longitudinal approach to track how national initiatives—such as East Data West Computing and Digital China—influence firms' strategic evolution over time. Investigating how local – national policy interactions affect the sustainability of competitive advantage would provide a deeper view of how differentiation and focus strategies evolve in dynamic environments.

Finally, the international dimension warrants further exploration. As Nanning continues to develop as China's bridge to ASEAN, examining how AI enterprises like iFLYTEK adjust their differentiation – focus strategies in cross-border and multilingual settings (e.g., Vietnam, Thailand, or Singapore) could offer valuable comparative insights. International studies could also assess how regulatory diversity, cultural

factors, and market maturity influence the transferability of competitive strategies across regions.

In summary, future research should aim to broaden the empirical base, extend the temporal scope, and incorporate international comparison. Such efforts would refine the current findings and contribute to a more comprehensive understanding of how differentiation – focus strategies operate in policy-driven and globally connected AI ecosystems.

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