

Analysis of Huawei's Smartphone Marketing Strategies in Arab World

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ABSTRACT

With the technological progress and changes in consumer habits, smartphones have occupied the global mobile phone market with extraordinary speed. As a smartphone giant, Huawei, is actively expanding overseas markets, with its special marketing strategy in Arab World. Taking Huawei for example, this paper shows survey about its mobile phone market and consumers' behavior and psychology. By the use of 4P (Product, Price, Place and Promotion) marketing theory, this paper demonstrates a more comprehensive analysis about Huawei's smartphone marketing strategy in Arab World, aiming to provide a reference about marketing strategies for smartphone manufacturers in Arab World.

Keywords: Arab World, Marketing, Huawei's Smartphone, 4P marketing theory

INTRODUCTION

People's consumption habit has undergone enormous changes in this information age. To own a smartphone has become the mainstream nowadays. As for mobile phone manufacturers, to master a unique marketing strategy has become the key to success. Compared with Samsung and Apple, Huawei starts late, but develops fast. As to operating system, iOS of Apple, Android of Google and Microsoft windows phone have occupied most of the smartphone market. In addition, in spite of fierce competition, China Mobile Communications Corporation remains China's leading mobile communication operator. But the growth of China Unicom and China Telecom will undoubtedly undermine China Mobile's dominant status in the market.

Countries dominated by the Arab nation are generally referred to as Arab World. They have a common language --Arabic, the same culture and the same customs, with the vast majority of people believing in Islam.

LITERATURE REVIEW

Research about smartphone marketing at home and abroad includes independent research and development (Liao Zhongmao, 2002), OEM (Li Zhicheng, 2011), enterprise reform (Li Jiao, 2010), industry restructuring (Wang Xueqing, 2001), word of mouth marketing (MirjamA, Tuk, Peeter W. J. Verlegh, Ale Smidts, Daniel H. J. Wigboldus 2009), consumers perception (Aradhna Krishna, 2011), brand image (José I. Rojas - Méndez, Steven A. Murphy, Nicolas Papadopoulos, 2011), etc. However, the factors above are only some aspects of marketing, and smart phone marketing should be a combination of many more factors.

Therefore, emphasizing on the master in marketing Jerome McCarthy's 4P (product, price, place and promotion) marketing theory, this paper will systematically discuss the smartphone marketing strategies in Arab world on the product, price, distribution channel and promotion.

DATA AND CASE STUDIES

In the high-end market, Apple has been to maintain and consolidate its leading status in the industry and is unlikely to be surpassed in the short term. Adored by the public, with innovative technology and low price, Huawei has become the new favorite in the Android mobile phone market. This paper will proceed with Huawei to analyze its smartphone marketing strategy in Arab World.

Product

Data from Nielsen, a world-renowned market research company, shows that the most important factors consumers in Arab world consider when buying mobile phones are as follows (in descending order of importance): price, appearance, brand / previous experience, design, ease of use, size and weight, camera, battery life, storage capacity / memory, operating system, screen size and mobile wifi.

Among them, nearly half of consumers will give priority to the price. Of all mobile phone users (not limited to smartphone users), the male and female are of roughly the same proportion, 51% and 49% respectively. 25-44 year old users make up the main user group (46%). 54% use mobile phones for data processing like downloading software and using e-mailbox, while only 10% of them merely make calls with mobile phones. 45% of all mobile phone users are for business purpose and the rest 55% are individual users.

Specifically, configuration of iPhone 4S includes dual-core A5 processor chip, iSight camera, 1080p HD video, iOS 5 system, iCloud, Multi -Touch and so on. Huawei's smartphones are equipped with China's first dual-core 1.5GHz, 800 million pixels camera, 720p HD video recording, 1930mAh battery, no lock dual system partition and cloud services.

Price

All Arab world are developing countries with slow industrialization. Their economies lack structural diversity, with oil and gas, tourism, agriculture and animal husbandry as mainstays. And not all of Arab world have abundant oil storage, just a few do.

Arab world have generally enforced economic structural adjustment, actively promoted privatization and encouragingly attracted foreign investment. Coupled with the benefit of high oil prices, their economic growth has accelerated.

According to the statistics of CIA WORLD FACTBOOK 2008, GDP of 22 Arab world combined was \$2.4304 trillion in 2007, increased by 5%. Per capita was up to \$7,169, but within them there existed a large gap. As to the six Persian Gulf nations, Lebanon and Libya, the per capita GDP was over \$10,000. Among them, Qatar had the highest per capita GDP of as much as \$75,900, ranking high in the world. While Yemen, Sudan, Mauritania and some other countries were the least developed countries, WTO.

The Gulf region in Middle East has been known as the world's energy base, with proven oil reserves of 100 billion tons, accounting for about two thirds of the world's total oil reserves; annual production of 3.3 billion tons, about one third of world 's total oil production; and export volume of 1.2 billion tons, about two thirds of the world's total oil exports.

The major Arabic oil producers are all OPEC members. The six Gulf nations and Lebanon, Libya have the best consuming ability, follow by less developed countries like Yemen, Sudan and Mauritania.

Apple's iPhone has relatively smaller price elasticity. As long as expected performance is satisfied, price would no longer be in consideration.

The target users for Huawei are mainly of moderate income. With larger price elasticity, its phones remain at around 2,000 Chinese yuan since coming into the market a year ago.

Place

Apple's sales system in Arab world consists of retailers, mobile communication operators and e-commerce. Huawei has set up off-line mobile phone stores. Its sales volume in the first three quarters of 2013 amounted to 12.7 million, ranking third in the world with 4.8% market share. Huawei has undoubtedly become a rising star.

Promotion

Planned obsolescence

This is one of the classic principles of industrial design, featuring in rapid upgrade of products. Apple products undergo sometimes very subversive changes in design quite frequently. When the latest-designed iPhone is launched, rabid fans will hurry to buy the newest version and abandon their old ones even they are still running completely fine.

Viral marketing

As the name suggests, through consumers, a product's good reputation will go viral and spread quickly. Consumers of Apple and Huawei are frequent users of the Internet. To post a tweet, post, or blog will effectively guide public opinion within the circle, thus gaining more potential users.

Advertising

Apple, with its reputation and economic power, can easily implant advertising in Hollywood movies and TV series, luring fans to buy the same phones or computers that their idols use. Huawei has invested heavily in the Internet, where the young are the most active. Micro-film advertisement, coupled with witty lines can inspire strong resonance of the young consumers.

CONCLUSIONS AND DISCUSSION

Product

Product differentiation

(i) Occupation

Previous envisage was to classify smartphones into two categories. One for personal use (mainly for students) and the other for commercial use, but 83% of respondents saw no need for the division. Because usually consumers are of multiple identities, smartphones should also be multi-functional so that all kinds of needs could be satisfied.

(ii) Gender

72% respondents believe that changing mobile phone cases, pendants and apps can effectively meet different needs of male and female users. So there is no need to produce specifically designed mobile phones for different genders, not to mention the extra cost. However, the promotion of phones specially designed for couples may cultivate a new area of the market.

Hardware and software

High update rate and elimination rate are the most distinctive features of smartphones. The key to success is to keep sensitive response and sustainable innovation of the processor, operating system, screen, camera and apps.

New healthful products

29% of consumers believe that safety performance could affect their spending decision in the future. Especially for pregnant women, smartphones with lower radiation will become more preferable.

Value user experience

Humanized design and marketing with considerate after-sale service can help provide customers remarkable user experience, thus assuring customer loyalty.

Maintain public image

A brand's public image could be undermined by problems like sweatshops and environmental issues, which to some extent may affect consumers' purchasing decisions. But 91% of the respondents admit that they only concern the phone itself when buying it. The social problems behind it are usually ignored.

Price

Operating system

(i) iOS

Since Apple launched the first generation of iPhone, it has been high-priced. With simple but innovative design, its popularity continues to rise. As long as consumers are to be satisfied with increasing surprises, Apple's pricing strategy would not change.

(ii) Android

With high quality and low price, Android smartphones are favored by quite many consumers. Even with the largest market share in China's smartphone market, too many manufacturers still cause very intense competition. Given its popularity, the price should be relatively moderate to attract consumers.

(iii) Symbian - windows phone

Nokia's choice over Saipan system resulted in catastrophic market performance. Therefore, the most realistic approach was to finally abandon Symbian. As to the new, windows phone system that Microsoft has launched with Nokia, respondents think highly of its potential. This new system is applicable in personal computer, mobile phone and XBOX, and its applications and games can be ported from one device to another. It also has simple and beautiful interactive interface, simple with smooth and efficient operation. It is believed to gain popularity in the market and support from its longtime fans.

Price gap

(i) High-priced products

Consumers for smartphones are mainly young people who are trendy and irrational in some cases. When introducing a competitive high-tech product, manufacturers can keep price high in the short term to maintain its scarcity and expand revenue. If we Take GALAXY i9100, launched by Samsung in 2009, for example, the price was not lower than iPhone4, but with thinner and lighter body, stunning screen and dual-core processors Exynos4210, it gained rapid popularity.

(ii) Reduced price products

After the introduction of a new product, manufacturers can reduce the price of the previous popular product to maintain its market share.

(iii) Contract phones

When iPhone was first launched in the United States, Apple only selected one telecommunication operator to gain dividends from the operator's post-service profits. Its policy for exclusive operator has changed gradually. To meet the change in demands, it would be a good countermeasure to gain dividends, or launch contract phones with several more operators.

Place

First-tier cities

As the first-tier cities in China has the strongest consuming ability and the most sensitive response towards digital products. Making a breakthrough in first-tier cities would generate enormous publicity whenever new product goes on sale in the very beginning.

Lower-tier cities

The objective economic conditions cause the differences in consumption. It is a better way to increase the supply of high-priced products in first-tier cities while cheaper ones in the lower-tier cities.

Promotion

Retail channels

(i) Retail stores

Research shows that 78% of consumers still prefer going to the mall to experience the real shopping. Therefore, for a shopping mall, it is of particular importance to have well-trained salesperson as well as well-designed display that conforms to customer psychology and ergonomics attraction.

(ii) Online shopping

Now almost every major smartphone manufacturer has set up an online store. It should guarantee a clear shopping process (with invoice instruction), efficient logistics and perfect after-sale service. Only on this premise it can safeguard consumer's interests and gain their loyalty for the brand.

(iii) Contract with operators

To sign contracts with operators provides new sales channels for contract phones. The cooperation expands the wireless signal coverage and improves the speed and stability to connect the Internet. Advantages like discount for data traffic packages can also enhance the attractiveness of the product.

Marketing Strategies

There has been more detailed explanation about marketing strategies in the third part of this article, "Data and case studies", not repeat them.

(i) Planned obsolescence

(ii) Viral marketing

(iii) Hunger marketing

Marketing scheme

(i) Advertising and sales channel

Entertainment industry (including television and movies) has a huge impact on the market. Research shows that a considerable number (25%) of consumers become loyal to a certain brand because of idol worship or personal interest. For example, some female consumers buy Samsung phones because actors use them in Korean drama shows, as for the Arab world same thing can be applied as well. Outdoor print ads and design manual with strong visual impact and high appearance rate imperceptibly influence consumption concept. So does micro-blogs, logs and video ads in the internet. In addition, the professional qualities (like sincerity, patience and smiles) of a salesman may also directly affect consumers' purchasing decisions.

(ii) Combination method

This method mainly means when a customer buy some certain product, he/she will get some accessories for free. For example, you will probably get a battery or phone case for free if you buy a mobile phone. It might not work for male consumers; but for female consumers, limited editions of exquisite gifts are quite attractive indeed.

Sale and related products

(i) Humanized service

(ii) Post-sale service Improvement

(iii) Related products Development

For smartphone marketing, good peripheral products are of great importance. They can inspire customers' desire to purchase and enhance their loyalty after sale. Peripheral products can be things like mobile phone case, protective cover, earphones, ornaments, theme T-shirts, mobile phone postures, card reader, quiet sweep alarm clock and sleep sensor.

CONCLUSIONS

Guided by the 4P theory, this paper has put forward some suggestions about Huawei's marketing strategy for smartphones in Arab World, based on a survey about the market and customer's needs and demands. It is hoped to provide some useful reference for its marketing in Arab World.

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