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INTERNATIONAL JOURNAL OF ADVANCED RESEARCH (IJAR)

Article DOI:10.21474/IJAR01/10833
DOI URL: <http://dx.doi.org/10.21474/IJAR01/10833>



RESEARCH ARTICLE

THE MARKETING STRATEGY OF HUAWEI SMARTPHONE IN UZBEKISTAN

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Manuscript Info

Manuscript History

Received: 16 February 2020

Final Accepted: 18 March 2020

Published: April 2020

Key words:-

HUAWEI, Smart Phone, Marketing Strategy, STP Analysis

Abstract

Mobile devices have become an essential part of daily life last two decades. With this tendency, the Mobile manufacturing industry of China also showed high-speed development, expanding its share and role on the international mobile phone market. The study of mobile phone market related to an analysis of marketing theory of multinational companies that could provide a reference for mobile phone makers to develop and expand marketing strategies in the global stage. Huawei, as a mobile manufacturing huge company is dynamically moving to global market. The company's successful marketing strategy in Uzbekistan is also worth to evaluate Huawei's successful marketing strategy. Taking an example of this successful company, current research shows a survey about its mobile phone market and consumers' psychology and behavior. In addition, a well-made questionnaire was issued to 224 interviewers focused on marketing strategy and consumer behavior. The researcher gives a suggestion for Huawei's marketing strategy that focuses on information quality by STP analysis and according to theoretical analysis and results of research, and eventually explores a mix of marketing strategy aligned with the 4Ps theory. This research shows that formulating, advertising and foreign marketing approach of multinational smartphone company Huawei in Uzbekistan market, which introduces the advertising methods that could be implemented in a few similar mobile phone product characteristics. Furthermore, the case provides a very good reference on choice for making marketing strategy optimization. It also offers steering for the enhancement of the wide-ranging power of domestic smartphone enterprises for getting a sustainable competitive market advantage.

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Introduction:-

Consumption habit of People has experienced big changes in this high-technology period. To have a mobile phone has become common thing for everyone over last years. To own a unique marketing entry strategy is an important key to get success for smartphone industry manufacturers. Huawei has been experiencing late, but the company has been developing fast, compared with other global companies such as Samsung and Apple. If we go for an operating system, Android of Google, iOS of iPhone and Microsoft phone have covered the most business of the mobile industry market. On the other hand, competition with foreign mobile companies still has a good opportunity of doing business because of high quality and cheap products.

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Huawei Corporation is one of the largest Chinese mobile phone companies in the field of communications. Huawei was established in 1987 by the Zhen Zhenfei, who worked as an engineer of the Chinese PLA. (www.huawei.com) Currently, Huawei is doing business in Uzbekistan for over 16 years. Since Huawei started its business activities in Uzbekistan, The Company only had a small operating office with 10 people staff. Currently, Huawei has a subsidiary with more than 320 workers, 85% of whom are Uzbekistan`s citizens. Except for this, since 2012, Tashkent city was chosen as the regional headquarters in charge of Central Asian countries. (Huawei Uzbekistan, 2019)

Through good relations between Governments of China and Uzbekistan, great support and assistance of the Government of Uzbekistan, Huawei has become an important business partner of the top telecommunications operators of Uzbekistan. Nowadays, Huawei supplies telecommunication equipment and service solutions to domestic operators MobiuZ, Ucell, Beeline and Perfectum Mobile. (Agency of Telecommunications of Uzbekistan, 2019)

Literature Review:-

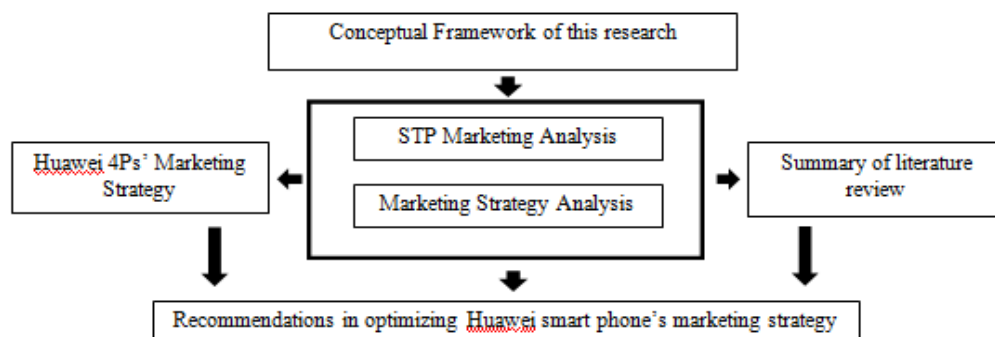
Research about mobile phone manufacturing industry at home and abroad consist of these studies: Smartphone performance (Samaha&Hawi, 2016), Smartphone ownership (Samaha&Hawi, 2016), enterprise reform (Li Jiao, 2010), Development of smartphone usage (Roberts et al, 2014), multitasking with Huawei mobile phones (Chen, Q., Yan, Z. 2016), Smartphone usage and performance (Felisoni, D. 2018) and other domestic and international smartphone industry researches. Smartphone addiction harmfully impacts work performance and life happiness. (Samaha&Hawi, 2016). Smartphone ownership is highest among people aged 16 to 32 (Pew Research Center, 2018), an age group in which students are highly represented.

In this literature review, some market research strategies are applied such as "Marketing-mix" marketing research strategy. The term "marketing-mix" was first used by Neil Borden in 1953. Nowadays it is still used to take essential conclusions that lead to the performance of a marketing plan. Different approaches that are used have developed over the years, particularly with the increased usage of modern devices. ("Marketing Mix Definition". Investopedia.com. April 2015). The marketing mix is also described a business tool which used in marketing strategy. The marketing mix is important when defining a product or brand's offer, and is often related to the four P's: price, product, promotion, and place.(McCarthy, Jerome E. (1964)

Therefore, emphasizing Jerome McCarthy's 4P (product, price, place, and promotion) marketing theory, current research will systematically discuss the smartphone marketing strategies in Uzbekistan on the product, price, distribution channel, and promotion.

Data Collection:

According to the data collection, to verify significant information, both primary and secondary data bases were applied. To collect secondary data, for instance, the academic articles, textbooks, journals, and company websites which was mostly used to study and analyze Huawei's smartphone marketing entry strategy in Uzbekistan by guiding a comprehensive analysis, such as STP strategy. Moreover, by using SPSS software, the first-hand data from the questionnaire was generated and the final survey was reviewed for the reliability and validity of the results. To increase the quality of research, 224 users who are using smartphones in Uzbekistan, performed the face-to-face interview. The questionnaire consisted of two parts, one part of demographic and second part of the marketing strategy of Huawei.



Data analysis Method:

In the global market, Samsung and Apple have been maintaining and increasing its leading status and unlikely it may last for a few years. Because of advanced technology and reasonable cost, Huawei as a multinational company has become a new competitive company in the global mobile phone industry. This study will proceed with Huawei Company to evaluate and analyze the company's smartphone marketing strategy in Uzbekistan.

Table1:- STP analysis of Huawei smart mobile phone.

Market Segmentation	Market targeting	Market positioning
Geographic - The capital of Uzbekistan, Tashkent - Different mobile devices for consumers aged 20 to 45 years Psychographic - Life style (included all types)	- Trendy young people and people who are irrational in some cases. - Businessmen - Professional users	- businessmen, executives and Students who aged 20 to 45 years -Group of people who want to have a mobile phone with all features

Source: Made by researcher

Data analysis:**Product:**

Data from Investment promotion agency, an Uzbek national market research agency, shows several important factors which most of people consider when they buy mobile phones (smartphones) are as follows (in descending order of importance): brand, appearance, price, design, size and weight, ease of use, front and back camera, storage capacity, battery use life, screen size and operating system.

Among these factors, most of consumers give consideration to the price of smartphones. Among all smartphone users, the male and female respectively are of approximately the same proportion percentage, 52%, and 48%. 20-45-year-old people make the main user group. 54% of users' aim for using a smartphone is for data processing, such as downloading apps and activating social sites, while only 25% of this group only does calls with mobile devices. 52% of all smartphone users' purpose is to do effective business and the other 48% are just individual users.

Price:

Uzbekistan economically is a developing country. Since 1992 year, the economy of Uzbekistan still has a lack of modernization and diversification of oil and gas, agricultural structure, tourism like these main economic drivers.

Uzbekistan is a doubly landlocked country. 52% of the population of the country lives in urban areas. After independence in 1991 year, the country has principally maintained its former Soviet-style command economy with tight controls and subsidies on prices, production and access to foreign currency, Uzbek agriculture system remains mostly centered on cotton production; Uzbekistan as a having rich resources country is the world's sixth-largest producer and fourth-largest cotton exporter. The country's economic growth has been driven mostly by state-led investments, and export of gold, agricultural products, cotton, and natural gas provides a major share of foreign exchange incomes. (Reuters, 2019)

According to the statistics of WORLD FACTBOOK CIA 2020, The Gross Domestic Product (GDP) of Uzbekistan was equal to 50.50 billion US dollars in 2019. The GDP value of the country is 0.08 percent of the world GDP.

In 2017, the Uzbek government officially announced a deep-seated transformation and opening of the economy of country following 26 years of a moderately state-dominated and closed economic model. Uzbekistan's target is to transform Uzbekistan into an upper-middle-income and more industrialized country next ten years. Reaching this target requires continuous reforms such as increase the resource allocation efficiency in the national economy and takes advantage of high-potential and updated sources of economic development and creating job.

iPhone and Samsung have relatively smaller price elasticity in the smartphone market. Smartphone performance is satisfied by consumers, but the price would no extensive in the market. Huawei's target is to produce devices for moderate-income users. Huawei with higher price elasticity, the company is trying to keep the price at around 2,000 Chinese RMB since competing with other mobile phone companies in the market few years ago.

Place:

Apple and Samsung's sales system and structure in Uzbekistan mostly consist of mobile communication operators and retailers. Huawei plans to have set up off-line smartphone store chains in 2020. Its sales volume of 2019 amounted to less than half million, with this volume, the company ranked third in Uzbekistan with a 25.8% market share among all mobile phone companies. (Huawei Uzbekistan 2019) Huawei has absolutely become a rising star company.

Promotion:

Advertising :

Samsung and Apple like these global companies, with its economic power and high reputation on the market can easily implant advertising in popular serials and top TV shows. As a result, smartphone fans try to purchase the same smartphones that their idols own. Huawei has invested deeply in the online sphere, where the most active people are young generation.

Viral marketing :

In fact, Through consumers, good reputation of the company's product spreads faster. Users of Apple and Huawei are mostly active users of the Internet. That's why announced or posted blog, tweet and post on social sites will efficiently guide public opinion within the circle, therefore getting additional potential smartphone users.

Conclusion and Discussion:-

Product:

Product differentiation:

Occupation: The author used previous envision classifying smartphones to divide into two categories. Among these, personal use (mainly for students) is described as one category and the other one for commercial use, but then 72% of respondents of the survey that division is not needed. Because most of people are of multiple identities, mobile phones should also be multi-functional for users. In this way, all requirements could be satisfied.

Gender: 65% of respondents of the survey consider that changing smartphone cases and apps may meet both gender mobile device users' different needs. It shows that it is not necessary to produce specifically well-designed smartphones for males or females, by adding extra price to the final product. On the other hand, the promotion of specially designed smartphones for a group of couples can improve a new area of the mobile phone market.

Hardware and software :

72% of respondents believe that the elimination rate and high update rate are the most important features of mobile phones. Additionally, the strategy to the success of the company is to maintain sustainable innovation and processor sensitive response, screen, operating system, apps, and front and back camera.

New environmental friendly products :

39% of correspondents consider that mobile device performance safety of mobile device can affect their spending decision in the future. Particularly for pregnant women, lower radiation mobile devices will be choosier.

Price:

Android :

Android smartphones are preferred by many and many mobile phone consumers, Due to lower price and good quality. Even with the largest market share in Uzbekistan's mobile market, a lot of mobile phone makers still cause very strong competition. 78% of correspondents believe that the price of a product should be relatively moderate to attract and satisfy people.

iOS :

When Apple introduced the first generation of iPhone series, it was expensive to consumers. But the company's simple and innovative design keeps attractiveness to people. On the assumption that the company has been increasing surprises meet consumers' satisfaction. That's why the Company would not try to change the pricing strategy.

Price gap:**High price products:**

Smartphones are mostly used by young generation who have willing to be trendy and fashionable and irrational in most cases. When introducing a competitive high-tech device, producers could keep the cost more expensive in the short period of the term to keep its scarcity and increase revenue. If we go for GALAXY X11, made by Samsung in 2019, for instance, the cost was not lower than iPhone X, but with a stunning screen and dual-core processors, thinner and lighter body; it gained people's attraction same with iPhone X.

Lower price products:

Most smartphone manufacturers, after launching a new product, they decrease the price of the earlier widely-sold product to keep its market share in the smartphone industry. As well as when Huawei was first launched in China, Huawei only selected one telecommunication operator over China to get dividends from the post-service profits of operators. The company's this policy for other selected operators has changed step by step. When in demand happens changes, it would be a good countermeasure to gain dividends or have an opportunity for the introduction of contract phones with more mobile phone operators.

Place:**Lower-tier places:**

Economic conditions of places and people definitely cause differences in People's product consumption. 76 % of Correspondents consider that the better way is to increase the supply of high price smartphone products in first-tier places than in the lower tier place where there are cheaper ones.

First-tier places:

According to research, the first-tier cities in Uzbekistan such as Tashkent and Samarkand have higher consuming ability and more sensitive responses towards electronic devices. The innovation of products in first-tier places would generate huge market activity when new products come into the market and directly influence sales in the beginning.

Promotion:**Retail channels:****Contract with operators :**

Contracts with mobile phone operators provide new marketing channels for contract mobile phones. The support of operators can expand the wireless signal coverage and give more stability and speed to the internet connection. 65 people from the survey believe that data traffic package discount advantage can also improve the attractiveness of smartphones.

Online shopping:

Nowadays mostly smartphone makers have set up an online smartphone selling store. According to this research, it should guarantee a transparent shopping process, well-organized delivery and after-sale guaranteed service. These factors can maintain the interests of people and gain their loyalty to the company.

Retail stores:

The survey shows that 69% of correspondents still prefer going to electronic malls to experience real shopping. Thus, it is very necessary for employee well-trained sales assistants and well-designed display. These strategies directly affect the psychology of consumers and hugely improve attractiveness.

Recommendations:-

Conducted with the 4P theory, current research has given some suggestions about Huawei's smartphone marketing entry strategy in Uzbekistan. In addition, this study is based on a survey of customer's demands and needs about smartphone market. In the future, it is expected to provide some useful references for the company's marketing strategy in Uzbekistan.

Product aspect: Huawei should more consider about the design of smartphones in order to be more competitive with other companies such as especially Apple. Furthermore, Huawei should maintain to introduce own-brand smartphones with innovative features, as well as aftersales service is significant to be successful in consumer's smartphone using experience.

Price aspect: The Company should fix a price gap between high-costly smartphones and lower price smartphones. Especially, when introducing a new smartphone to the market, Huawei can use a high price for an advanced smartphone in order to keep up its scarcity and grow up income. If Company's products meet discontinuance at some point, Huawei can decrease the cost of the previous widely-sold device to remain its market share.

Place aspect: Huawei should have mobile phone distribution channels and numerous home appliance stores to service to consumers and fulfill their demands. Importantly, the company should also have progress of online shopping and E-commerce by using the online platform for marketing promotion.

Promotion aspect: Huawei should demonstrate and advertise company's smartphones by offline and online promotion resources according to various products and consumer groups targeted. Furthermore, Huawei as a creating good brand image company should more consider future innovations for gaining a better smartphone market reputation.

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