

# Analyses on Strategies of Enhancing Brand Competitiveness of HUAWEI Company

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**Abstract**—This article analysis and evaluates the current brand competitiveness of Huawei company through combing the theory of brand competitiveness combined with the company brand growth process of Huawei. Then it specifically analysis the origin of its competitiveness and explores how to build a well-known brand. On this basis, the paper puts forward countermeasures and suggestions of promoting the brand competitiveness of Huawei Company, hoping to offer reference value to domestic multinational companies in the aspect of promoting enterprise brand competitiveness.

**Keywords**—Huawei company; brand competitiveness; globalization; opportunities

## I. INTRODUCTION

After China's entry into the world trade organization, Chinese enterprises have more opportunities to go to global market, at the same time, many strong enterprises of other countries in the world come to China to further develop, economic globalization has become a fact. <sup>[1]</sup> In the "introducing and going out" process, what kind of competition ability with Chinese companies, is the common concern of author, entrepreneurs, and government agencies. The study showed that enterprise's brand competitiveness has a fundamental contribution to enterprise's participation in a wider range of market competition. As a result of the competition being the essence of the modern market economy, the content of the competition in the market is constantly changing: from the price competition -- quality first- service foremost to the present brand competition. In the new century, Brand has become a kind of language, can be in every corner of the world. Its function is also constantly enhanced; brand competition will be an inevitable trend.

Under the background of global economic recession, communications equipment industry growth is strong. In a deep sense, on the one hand, under the Internet business impact, the transformation growth of telecom operators is weak for the last ten years; equipment investment ability was seriously restricted. Communication equipment investment industry was seriously restricted. On the other hand, industry revenue growth and profit levels drop due to the intensifying competition. Therefore, in order to obtain more long-term development and hold a strong position in the international market, the only way is to continuously

manage well their strong brand, one differentiates from other companies in the same industry.

## II. PRESENT SITUATION OF HUAWEI COMPANY BRAND COMPETITIVENESS

Huawei Company is a private communication equipment manufacturing enterprises founded in Shenzhen in 1988. It committed to become a leading global telecommunications solutions provider, focusing on building long-term partnerships with domestic and foreign operators. After 20 years of development, it developed into a worldwide well-known enterprise from an unknown company began by a few energetic young people. And it was named "China's silicon valley" by the British magazine "The Economist". The Sales increased from \$2.7 billion in 2002 to \$39.5 billion in 2013, and its overseas sales reached more than 70%. <sup>[2]</sup> Its products have entered more than 100 countries or regions, its profits maintained rapid growth accompanied with high-speed sales growth. In 2013, the profits reached \$3.47 billion. What is the business strategy that helped Huawei develop so fast? This is to be analyzed below. In recent years, Huawei's sales situation is as follows: in 2013, Huawei achieved stable and healthy development in the fields of operators' networks, business and consumer. In 2013, Huawei sales income from carrier network business reached RMB 66.5 billion, increased by 4% from last year. Enterprise business sales income reached RMB 15.2 billion, increased by around 32.4% from last year; Consumer business sales revenue reached RMB 57 billion, increased by about 17.8% from last year. In 2013, the annual net sales revenue of Ericsson reached 227.4 billion Swedish kronor, which was basically flat compared with 2012. Among them, the net sales revenue from the network sales department was 117.7 billion Swedish kronor, flat compared to the same; Net sales revenue from global services reached 97.4 billion Swedish kronor, flat compared to the same; net sales income from support solutions business is 12.2 billion Swedish kronor, fell by 9% year compared to the same. Huawei's 2013 annual report showed, in Europe Middle East Africa region (EMEA), benefit from the basic network, professional services, and the growth of smart phones, Huawei's sales income reached RMB 84.7 billion, increased by 9.4% from last year there; in the Asia-Pacific region, Benefit from the development of southeast Asia emerging markets, sales income maintained a good momentum of growth, reached RMB 38.9 billion, increased by 4.2%; in America, Latin American countries, basic networks growth

is strong consumer business continues to grow, but affected by the north American market downturn, sales income was RMB31.4 billion, fell by 1.3%.<sup>[3]</sup> Chinese market sales income was RMB 84 billion, increased by 14.2% from last year.

### III. THE DEFICIENCY EXISTING IN HUAWEI COMPANY BRAND COMPETITIVENESS

#### A. *Huawei's Current Property Right Configuration is too Traditional*

Property rights are too much concentrated on the company insider's hands. Ren Zhengfei, the chairman, is the center of Huawei Company; he has full rights to operate the enterprise. The highly unified operation right and ownership, the uniqueness and oneness of property right, the high equity concentration and the main investor's absolute advantage cause serious overlapping operation right and ownership. But today is an era of economic globalization, if an enterprise wants to be bigger and stronger; its capital alone is not enough to build a world famous brand. Now, it is necessary for Huawei to begin Property rights, to gain further development.

#### B. *The Cognitive Level is Relatively Low in The World*

To get consumers to buy a product, you must let them know this brand. Brand awareness is an important part of brand competition; it is a measure of consumer's understanding and the understanding in the brand connotation and value of a standard. Huawei low brand awareness is a reflection of its international competitiveness, especially in some famous brand competition with other international competition, if the product and service quality difference is not big, so it would be at a disadvantage.

#### C. *Excessive Concentration of Decision-Making Power*

Nepotism, highly-centralized control is two important characteristics of the man-rule enterprise. This leads to the management of companies like Huawei have great secrecy, randomness and unpredictability. Enterprises run by popularity, relationship, experience, and self-knowledge. As the world economy Convergences, Oriental tradition and western philosophy confront directly. The differentiation laws and the rule of law, centralization and decentralization are increasingly fierce. Huawei has been pursuing centralizing, but on the basis is the orderly decentralization layer by layer. So for years, Ren Zhengfei, President of Huawei, strictly limit the authority of each vice President. But it must be an unsustainable development of organization structure, is not conducive to long-term development of the brand.

### IV. ENVIRONMENT ANALYSIS OF ENHANCING THE COMPANY BRAND COMPETITIVENESS

Number China in recent years, the economic, political, cultural, and legal have a relatively stable environment, In particular, China's foreign policy and some preferential policies are good to foreign countries' development. Political stability, cultural differences, more perfect law ,

better operators competitive environment are exactly what foreigners hope. This is what Huawei can provide for them.

Political environment: the world is moving towards multi-polarization pattern, the strength of the world is toward diversification trend.<sup>[4]</sup> All kinds of social development mode and the common development of the social system are the basic trend of world development. From the perspective of a world environment, global economic integration has penetrated into all aspects of China's economy. But as countries have their own interests and consider, trade barriers have not disappeared. Throughout the situation, both at home and abroad, faced with Huawei, the current situation is beneficial to the company's committing to develop their skills. National policy, the domestic environment under the country's 12th five-year plan is conducive to the development of Huawei A rapid growth of investment in fixed assets promoted the recovery of the communications industry; Along with the mobile 4 g license issue, operator restructuring will further promote the demand of communication equipment. on the other hand, in some regions, especially Africa and South America, the infrastructure construction has into a peak. the huge market space will provide Huawei with opportunities for further expansion. Legal system aspect: in 2008, China formally implement the "Anti-monopoly Law", showing that the regulation on monopoly and unfair competition will be strengthened, such a policy will definitely has important impact on the behavior of domestic enterprises.<sup>[5]</sup>

In the analysis of the external environment, industry environment analysis mainly includes both domestic and abroad market competition analysis.

First of all, Huawei's competition with the same domestic industry is as follows (2011) "Table. 1"

As we can see, in the domestic market, Huawei, as a leader, has obvious advantages, especially in the research and development and the patent fee; because of the solid business relations of cooperation with telecommunications, Huawei occupied the telecom low-end market. But there are also obvious drawbacks of Huawei: first, it did not set up strong brand consciousness, only paying attention to technology research and development, product quality image and marketing strategy are not so good; second, it did not consider the higher-profit strategy.

Then, after the analysis of the market competition from domestic rivals, let us analysis the Huawei Company in international comparison: "Table. 2"

As we can see, the company's brand operating income in the worldwide ranks highly; it closely followed Siemens. Huawei has certain competitiveness, and in 2011 it was in the world's top 100. However, Huawei still has the very big rise space. Throughout Huawei brand competitiveness of existing environment, combined with Huawei brand after years of accumulation, it has formed its own certain brand competitiveness, Huawei has maintained a certain advantage in the same competitors, Huawei is bound to be on the path of internationalization, and going for a long time.

## V. COUNTERMEASURES TO IMPROVE THE BRAND COMPETITIVENESS OF HUAWEI

### A. Optimizes the Allocation of Property Rights

To further enhance the competitiveness of the brand, to go global is inevitable. But the employee shareholding may inhibit the process. Employee shareholding at the start-up stage can stimulate the enthusiasm of employees, but employees' 100% stake is unfavorable to Huawei's use of the capital market to become bigger and stronger. So, to become bigger and stronger, Huawei will dilute the current property right, to get more capital to enter the enterprise and make full use of the capital market to develop itself.

### B. Strengthen Brand Promotion, Improve Visibility

Huawei needs continuously manage its own brand promotion; it can invest more in brand promotion and get more involved in business, charity, and even sports activities. For example, during the World Cup, sponsoring host is a good chance to promote the company.

### C. Devolved Decision-Making Rights, and to Motivate the Department

To use the decision-making potential and enthusiasm of the various departments, Huawei should delegate power to the lower levels to avoid the internal friction arising from departments pursuing for their own interests.

### D. Adapt TO the Trend of Economic Globalization

On the one hand, the trend of informationization let Huawei has a wide development prospect; this is a historical opportunity to the promotion of brand competitiveness. If Huawei Seized the historical opportunity, it can greatly enhance the brand competitiveness; If it can adapting to the trend, it can take a lot of the market share, and also

conveniently expand its brand influence. On the other hand, Expand comprehensive business, the development of other similar promising products, such as mobile phone business, can also enhance their brand influence, thus correspondingly promote the competitiveness of the brand.<sup>[6]</sup> The globalization of economy makes it possible for Huawei to use both domestic resources and abroad resources. It is now the normalization in business for Multinational companies to use resources both at home and abroad, so Huawei need to take an active part in the process of globalization, which is beneficial to enlarge the market of Africa and Latin America, and provide a favorable international environment for its internationalization strategy. In the development of globalization, Huawei will inevitably face various challenges, only by keeping the brand management, the management consciousness, developing the right brand strategy, can Huawei constantly promote the international brand competitiveness.

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TABLE I

Company name	operating income (million)	Total profit (million)	export delivery value(million)	Research and development spending (million)	Electronic top ranking in 2011
Huawei Co.Ltd	1622.895	265.437	99.873	304.963	1
Shanghai Bell Co. Ltd	1510.107	198.425	128.691	79.329	14
Shenzhen ZTE co. LTD	1092.614	79.720	35.314	112.978	4
Shenzhen HuaQiang group co. LTD	404.690	56.588	3.525	16.597	22
Wuhan Research Institute	674.449	64.107	11.645	17.853	18

TABLE II

Company name	Operating income (million)	primary service	headquarters	The world top 500 ranking in 2011
Siemens AG	103.605.30	electronic information	Germany	47
Huawei Technologies	93.821.5	electronic information	China	98
Lucent Technologies	88.420	electronic information	U.S.	190

Motorola Inc	47.580	electronic information	U.S.	289
Telefonaktiebolaget LM Ericsson	28.225.7	electronic information	Sweden	339