



PRIFYSGOL CYMRU
Y Drindod Dewi Sant
UNIVERSITY OF WALES
Trinity Saint David

Huawei: Developing a New Landscape for Customer Care

Module code: BMMB7013

Module: Strategic Management

Lecturer: Glenn Behenna

student name: Chen Yi

student number: 2106310

17 December 2021

Executive summary

The COVID-19 epidemic that swept the world has caused severe disruption to global commercial activities and economic operations, increasing economic uncertainty and risks. Simultaneously, the epidemic has hastened the digital transformation of numerous industries, as well as the development of the digital economy and e-commerce. Against this background, the information and communication industry is full of opportunities and challenges. As a representative of the information and communication industry, Huawei Technologies Co., Ltd. (hereinafter referred to as "Huawei") insists on continuously creating value for its customers with innovative ICT technology, helping global technology to fight the epidemic, economic development, and social progress. Facing the severe challenge from the external environment, Huawei has implemented the "customer first" service strategy and won the favour of consumers, highlighting its strong leading momentum in domestic and international markets.

Based on the theory of enterprise strategic management, this report uses PEST, Porter's 5 forces, and SWOT to conduct an in-depth analysis of Huawei's internal and external environment, to clarify the macro-environment in which Huawei is located in the epidemic era, the competitive situation in the industry, as well as its strengths and weaknesses and the opportunities and challenges it faces; Then, given the challenges faced by Huawei in customer service and business development under the background of the COVID-19 pandemic, the strategic choices and implementation of Huawei's strategies to address these challenges are evaluated. On this basis, this report summarizes the innovative direction of

Huawei's customer service strategy in the future, including focusing on users and creating a seamless intelligent experience in the whole scene; Developing a "platform + ecology" model; Social customer relationship management to help businesses achieve sustainable competitive advantage.

Table of Content

Executive summary	2
1 Introduction.....	6
2 Literature review	8
3 The findings of Huawei's strategic analysis and evaluation of strategic choice	10
3.1 Pest analysis.....	10
3.1.1 Political factor	10
3.1.2 Economic factor	12
3.1.3 Socio-cultural factor	14
3.1.4 Technical factor	14
3.2 Competitive environment analysis.....	15
3.2.1 The bargaining power of suppliers.....	16
3.2.2 The bargaining power of buyers.....	17
3.2.3 The threat of substitutes.....	17
3.2.4 The threat of entrants	18
3.2.5 The extent of rivalry between competitors	18
3.3 SWOT analysis	20
3.4 Huawei's strategic choice	24
3.4.1 Adhere to the strategy of independent innovation.....	25
3.4.2 Create a digital platform	25
3.4.3 Provide "nanny-style" full-service	26

3.4.4 Practice the concept of "urban living room"	27
3.4.5 Establish talent pipeline.....	27
3.5 The influence of strategy on different areas of the organization	29
3.5.1 The influence of strategy on organizational structure	29
3.5.2 The influence of strategy on corporate social responsibility	30
Conclusion	31
Suggestion.....	32
Reference list.....	34

1 Introduction

With the maturity and commercialization of new technologies such as 5G, cloud computing, and blockchain, the digitization of industries is entering a period of rapid development and digital technologies are enabling the huge potential for growth in various industries. However, the external environment continues to be turbulent and more complicated. The global epidemic is changing people's way of life. It not only seriously threatens the lives and health of people in various countries, but also brings a significant impact on people's production, way of life, and the global economy. ICT has played an irreplaceable and important role in fighting the epidemic, promoting the resumption of work and production, and safeguarding the people's livelihood.

As the world's leading provider of ICT infrastructure and smart terminals, Huawei was established in 1987. After 30 years of development from only six employees and a registered capital of 20,000 yuan, it has become a communications industry giant with annual sales revenue of more than 800 billion yuan, with operations in more than 170 countries and regions, serving more than 3 billion people worldwide, and taking a leading position in the field of 5G in the future (Hensmans and Liu, 2020). This is closely related to the strategies Huawei continues to implement in its technology innovation and customer care.

However, affected by the repeated outbreak of the COVID-19 epidemic and trade frictions, supply chain shortages and the interruption of some international cooperation have led to heavy losses in overseas markets. Take the American market as an example, it

decreased by 24.5% year on year to only RMB39,638 million (Huawei, 2020). Huawei has made active adjustments by taking advantage of its advantages and achieved remarkable results with the support of customers. Therefore, the research on Huawei's customer care strategy has a certain significance, hoping to provide reference and reference for the strategic adjustment of high-tech enterprises that are deeply affected in the epidemic era.

2 Literature review

In particular, the strategy is to determine the long-term goals and objectives of the organization, give full play to resources and take targeted actions to achieve these goals (Chandler, 2003). Strategy, AS Johnson (2017) Summaries, is the long-term direction of an organization that brings advantages to the organization by allocating resources to meet market demands and stakeholder expectations in a changing environment. Porter emphasizes making trade-offs in competition and creating differences, that is, purposefully selecting a set of different operation activities to create a unique value combination (Porter,1997). From the viewpoints of the scholars mentioned above, it is not difficult to see that the strategy is a long-term, systematic and unique goal and direction of the organization. The strategy must be based on the future. It solves the problem of what to do and how to do it in the organization's long-term planning. It is also necessary to give full consideration to the overall planning and coordination of various parts, and to highlight the characteristics relative to competitors according to the characteristics of the organization and its resources.

Broadly speaking, strategic management is a set of business operations (Ansoff, 2007) formed by the combination of daily business decisions and long-term planning decisions. It treats an organization's strategic development as a multi-factor and multi-level overall complex system. And Steiner(1977) pointed out that corporate strategic management is to determine the corporate mission, according to external environment of enterprise and internal operating elements business goal, to ensure the correct implementation of the objectives and the ultimate realization of the enterprise mission is a dynamic process. This

series of management decisions that determine the long-term performance of an enterprise includes the formulation, implementation and control of an enterprise's strategy (Staib, 2009,p.38). Overall, strategic management aims to maximize the optimization of the three key elements of the external environment (macro, industry, and competition), internal resources, and the company's development objectives, while using the fewest resources possible to achieve the best results, ensuring the company's long-term competitive advantage.

3 The findings of Huawei's strategic analysis and evaluation of strategic choice

As Huawei's external environment is relatively complex, this report starts from both macro and micro perspectives. The macro part uses the PEST analysis method, and the micro part uses Porter's Five Forces Model to study the industry's competitive environment. In addition, the internal and external comprehensive analysis of Huawei is conducted through the SWOT tool.

3.1 Pest analysis

PEST analysis is a commonly used tool to analyze the macro-environment of an organization, analyze the composition of the external environment of an enterprise, recognize the relationship between the external environment and the development of an enterprise, and grasp the changing trend, which is more conducive to selecting a reasonable and effective business strategy (Carruthers, 2009). This paper analyzes the external environment of Huawei through this method.

3.1.1 Political factor

The development pattern of contemporary international politics is moving towards multi-polarization and there are many uncertain factors. As can be seen from the political risk map, the political risk index in Eastern Europe, North Africa, the Middle East, and the Korean Peninsula is high (Control Risks, 2021), which is not conducive to Huawei's international market expansion. Secondly, the further advancement of the "the belt and road

initiative" strategy and good communication between governments have brought more opportunities to Huawei. However, some countries, led by the United States, have repeatedly excluded Huawei on the grounds of national security, then cut off the supply of chips, upgraded the technology "blockade" (Jacob, 2020) on Huawei. It suppressed the development of Huawei.

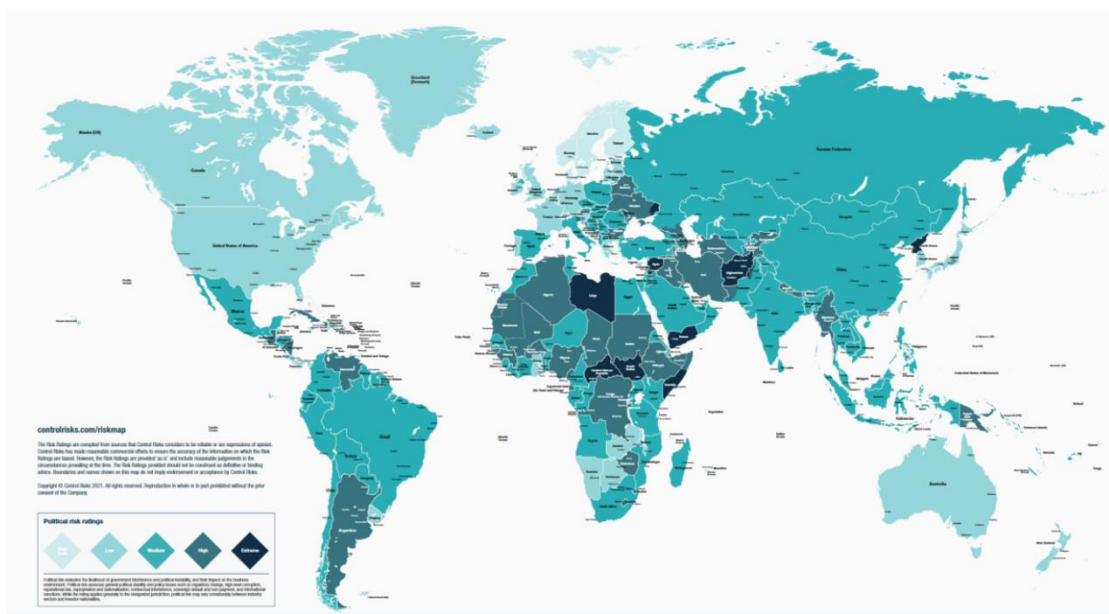


Figure3.1 Political risk map for 2021

Source: Control Risks

From the perspective of China's domestic situation, epidemic prevention and control have achieved results. The state has issued several policies to reduce the burden on enterprises, guarantee the resumption of work and production in various industries. The state has also proposed "supporting emerging industries such as information technology, intelligent manufacturing, and high-end equipment" and "building new advantages in the digital economy" (Ministry of Industry and Information Technology (China), 2021), which provide huge policy support for the development and expansion of Huawei. On the whole,

Huawei faces a complicated political environment and needs to be cautious and timely to deal with external changes.

3.1.2 Economic factor

The impact of the COVID-19 epidemic on the economy is uneven. From the data point, the growth rate of developed economies is around 5.4%, and the three largest economies in China, the United States, and Europe have all contributed important forces to the world's economic growth. Emerging markets and developing economies are up at around 6%. But if China is not taken into account, the increase would drop significantly (The World Bank, 2021). Of course, it cannot be denied that with the in-depth development of regional economic integration, emerging countries have huge market potential. At the same time, the epidemic has also prompted some economic development to move online and has stimulated various new economic formats such as digital trade and digital consumption. The overall economic environment is conducive to Huawei's implementation of the "joint innovation" strategy, thus further improving Huawei's comprehensive competitive advantage. As far as China is concerned, the domestic market has recovered rapidly. In the meantime, the country's steady and strong macroeconomic policies and continuous improvement of the system for preventing financial risks have provided Huawei with a stable, safe, and orderly economic environment at home.

	Growth Rate					
	2018	2019	2020e	2021f	2022f	2023f
World	3.2	2.5	-3.5	5.6	4.3	3.1
United States	2.3	1.6	-4.7	5.4	4.0	2.2
Euro area	3.0	2.2	-3.5	6.8	4.2	2.3
Japan	1.9	1.3	-6.6	4.2	4.4	2.4
China	6.8	6.0	2.3	8.5	5.4	5.3
Latin America and the Caribbean	1.8	0.9	-6.5	5.2	2.9	2.5
Middle East and North Africa	0.6	0.6	-3.9	2.4	3.5	3.2
Advanced economies	2.3	1.6	-4.7	5.4	4.0	2.2
Emerging market and developing economies	4.6	3.8	-1.7	6.0	4.7	4.4

Figure3.2 The Global GDP Increase Forecast

Adapt from: 2021 World Bank Global Economic Outlook

In addition, the rapid spread of the epidemic and the external demand pressure caused by the decline of the external economy are driving the trend of anti-globalization and reshaping the division of labour in the global industrial chain. The collision between the return of the manufacturing industry advocated by developed countries and the industrialization development requirements of developing countries bring great challenges to the stability of the global industrial chain and supply chain (China Economic Times, 2021), which might profoundly change the long-term operation trajectory of China's economy. It is worth noting that trade protectionism is escalating, and trade frictions and disputes are frequent (Ministry of Finance(China), 2021). The US-led sanctions against Huawei restrict Huawei's overseas business, which results in Huawei losing some of its heavily weighted markets and seriously hinders the pace of internationalization of the

enterprise.

3.1.3 Socio-cultural factor

With the improvement of people's living standards, the development of communication network technology, and the popularity of the Internet and smartphones, the demand for communication is changing towards high quality, and data traffic is growing explosively. The rise of the industry and the development of technology are conducive to Huawei's market expansion.

At the present stage, the concept of consumers has changed from attaching importance to cost performance to attaching importance to every process of purchase. Especially after-sales, Huawei has a favourable corporate reputation and a perfect after-sales service system. These two complement each other and make Huawei establish a great corporate image in the minds of consumers. In addition, from the perspective of consumers' psychology and culture, with the gradual rise of the national trend and the U.S. government's sanctions against Huawei, people's patriotism has been aroused, and more and more consumers have chosen Huawei, to support domestic products. With people's patriotism, Huawei has more competitive advantages.

3.1.4 Technical factor

In the aspect of technological environment, it is mainly embodied in two aspects: technological monopoly and self-research. First of all, with the advancement of industry 4.0, the rapid development of IT technology makes the competition in the field of science and

technology fierce. The product upgrading speed of major science and technology companies has been greatly improved, which has significantly shortened the product life cycle. Nowadays, the promotion of 5G technology has greatly increased the subsequent research and development expenses, and the technology industry is constantly merging. It has shown the trend that large enterprises monopolize the industry. It is very difficult for emerging enterprises to enter the market and emerge in the market. Huawei is in the leading position in the domestic science and technology field and has a competitive advantage over other Chinese science and technology enterprises in the market position. However, in the international aspect, Huawei still loses to Apple, Samsung, etc., and is at a competitive disadvantage in the market position (Huang, 2020).

Secondly, Huawei's chip manufacturing has failed to form a perfect self-construction system and is highly dependent on TSMC. The US sanctions on Huawei have suppressed the development of Huawei. Although Huawei is currently in a dominant position in chip manufacturing, due to the imperfect system and ecosystem of its chip manufacturing (Yeo et al., 2020), Huawei is likely to be overtaken by other enterprises in the future.

3.2 Competitive environment analysis

The Five Forces Competition Model is the basis for analyzing industry competition and formulating competition strategies for enterprises (Porter, 1997). Through the analysis of this model, it is helpful for enterprises to identify the causes of competitive pressure in the industry and its key advantages and disadvantages for the industry structure, to quickly adjust the strategic positioning (E. Dobbs, 2014).

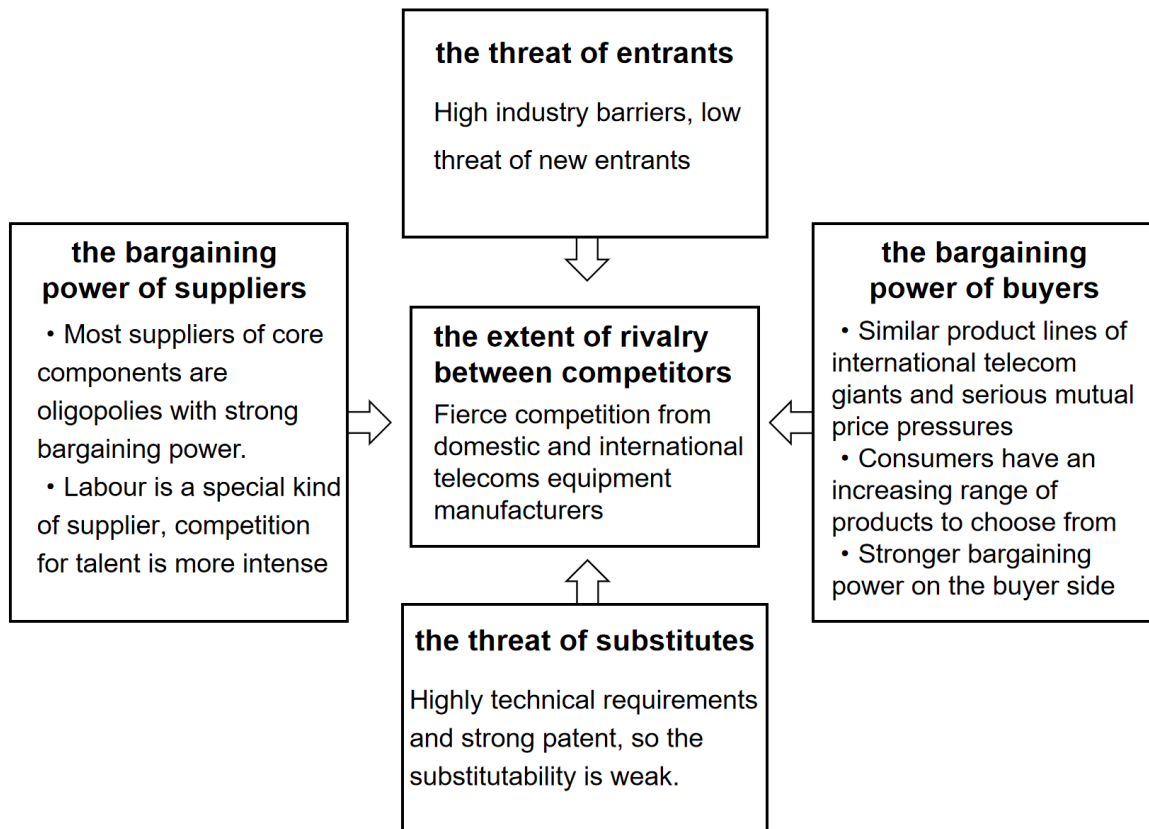


Figure3.3 Huawei's five forces model

3.2.1 The bargaining power of suppliers

Huawei's core component suppliers are mostly oligopolies, such as chips, LCD, and other suppliers. Although Huawei's chips and Harmony OS operating system have come out one after another, breaking the old balance of global science and technology, the technology ecology belonging to Huawei has not yet formed. Therefore, the chip tension and the increase of supply chain uncertainty give head manufacturers more bargaining power and control (Strategy Analytics,2021). Furthermore, Porter (1997) pointed out that labour is a unique type of supplier that plays a critical role in cost control and the ability of businesses to generate profit. Huawei has some advantages when it comes to acquiring talent at home,

but it still confronts stiff competition in the worldwide talent market from similar companies.

3.2.2 The bargaining power of buyers

After fierce competition in the communications equipment manufacturing industry, the concentration of the market further increases, showing that the strong will become stronger. Although Huawei holds the leading position in the communication industry as an international telecom equipment supplier, its basic product lines are similar to those of international telecom giants such as ZTE, Ericsson, and Qualcomm (Huang,2019), especially in the 5G technology field. Therefore, purchasers have relatively strong bargaining power in Huawei's communication equipment-related products. In terms of mobile phones, consumers have more and more products to choose from, so consumers also have strong bargaining power in terms of Huawei's mobile phone products.

3.2.3 The threat of substitutes

Due to Huawei's diversified production of communication equipment and mobile phone products, excellent performance and high-cost performance, Huawei's brand effect has penetrated the hearts of domestic and foreign consumers and therefore has little impact on it. However, although Huawei is in a leading position in the communications industry, it still needs to remain vigilant. In particular, the U.S. government's crackdown on Huawei may pose a threat to Huawei. According to the Financial Times, the Pentagon is urging U.S. telecom equipment manufacturers to work together on 5G technology to provide local products to replace Huawei China (Vincent, 2019). In this regard, Huawei should increase

its ability of independent innovation, enhance the research and development of its products, increase the technological content of its products, and make its products more competitive.

3.2.4 The threat of entrants

The communication manufacturing industry has high barriers and the low threat from entrants. The information and communication equipment industry needs abundant capital, strong innovation ability, and technological accumulation, and needs a complete supply and marketing system from production, marketing to after-sales. In addition, it needs strong support from the state (Shamut, 2020). The potential entrants are restricted by the above factors, and it is difficult to enter the information and communication equipment industry. In addition, the fierce competition in the industry further reduces the possibility of new enterprises entering.

The relative technology cost of the mobile phone business is relatively low. The most important potential entrant is the head internet company. They can expand the smartphone market by leveraging their product advantages and consolidating their mobile internet advantages. Google, Baidu, and 360 are just a few of the internet giants that have released customized smartphones, but none of them has had much success. At this time, the threat of newcomers is minimal.

3.2.5 The extent of rivalry between competitors

In the international communication industry, Huawei is facing fierce competition from international telecom giants such as Qualcomm and ZTE, especially in the 5G technology

field. Under the background of globalization, the United States has listed Huawei on the "Industry and Security Bureau (US), 2019) and boycotted Huawei's 5G equipment on the grounds of national security. This behaviour has also caused some countries to follow suit and boycott Huawei's 5G equipment (Xinhua,2019), which has made Huawei face more severe competition challenges in overseas markets.

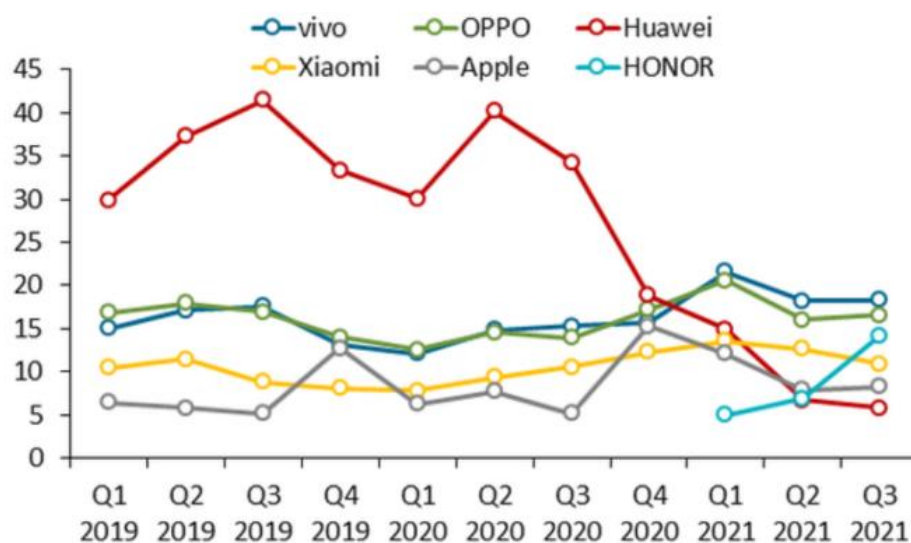


Figure3.4 China smartphone shipments by vendor

Source: Canalys

When it comes to smartphones, Huawei competes fiercely with Apple and Samsung in the high-end market, while domestic mobile phone manufacturers such as Xiaomi and Oppo compete for the middle and low-end market. Huawei's share fell from 32% in the second quarter of 2020 to 10% in the second quarter of 2021 (Counterpoint, 2021), as its overseas operations were hit hard by a shortage of chips and obstacles to its cooperation with Google (Canalys, 2021). From this perspective, Huawei's competition pressure in the same industry is extremely great.

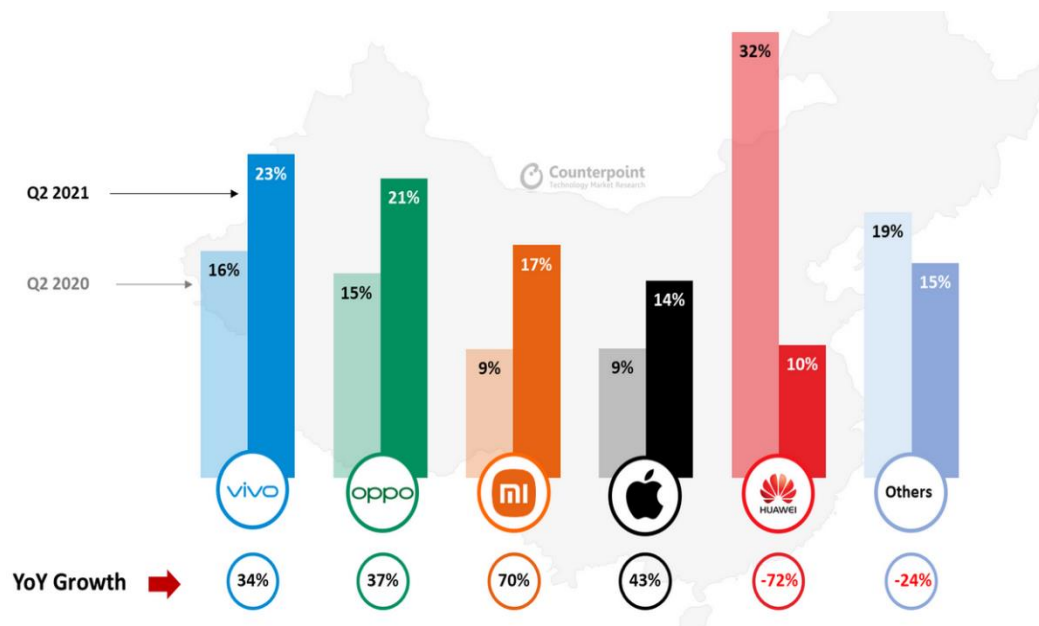


Figure3.5 China Smartphone Sales Market share and YoY Growth

Source: Counterpoint

In a word, suppliers' bargaining power and existing industry competitiveness have become critical variables in the external environment, while buyers' bargaining power is increasing and will soon become a necessary factor. According to these three external factors, Huawei should increase its independent research and development to establish a supply line, or increase the number of suppliers and expand the supply channels to improve its negotiating position with suppliers: improve the whole-process service and provide more super-personalized experiences to attract customers to increase its attraction to attract customers: maintain the differentiation strategy, improve product quality, and co-create with suppliers to improve its negotiating position with suppliers: maintain the differentiation strategy, improve product quality, and co-create with suppliers to improve its negotiating

3.3 SWOT analysis

As a powerful tool for micro-level enterprise strategic analysis, SWOT analysis can

enable managers to comprehensively master the internal and external environment of the enterprise, effectively allocate elements, effectively use their resources, give full play to their advantages, or adopt a positive attitude to improve their disadvantages (Ma et al., 2013), and provide support for strategic decisions to help organizations gain competitive advantages (Alstete,2015).

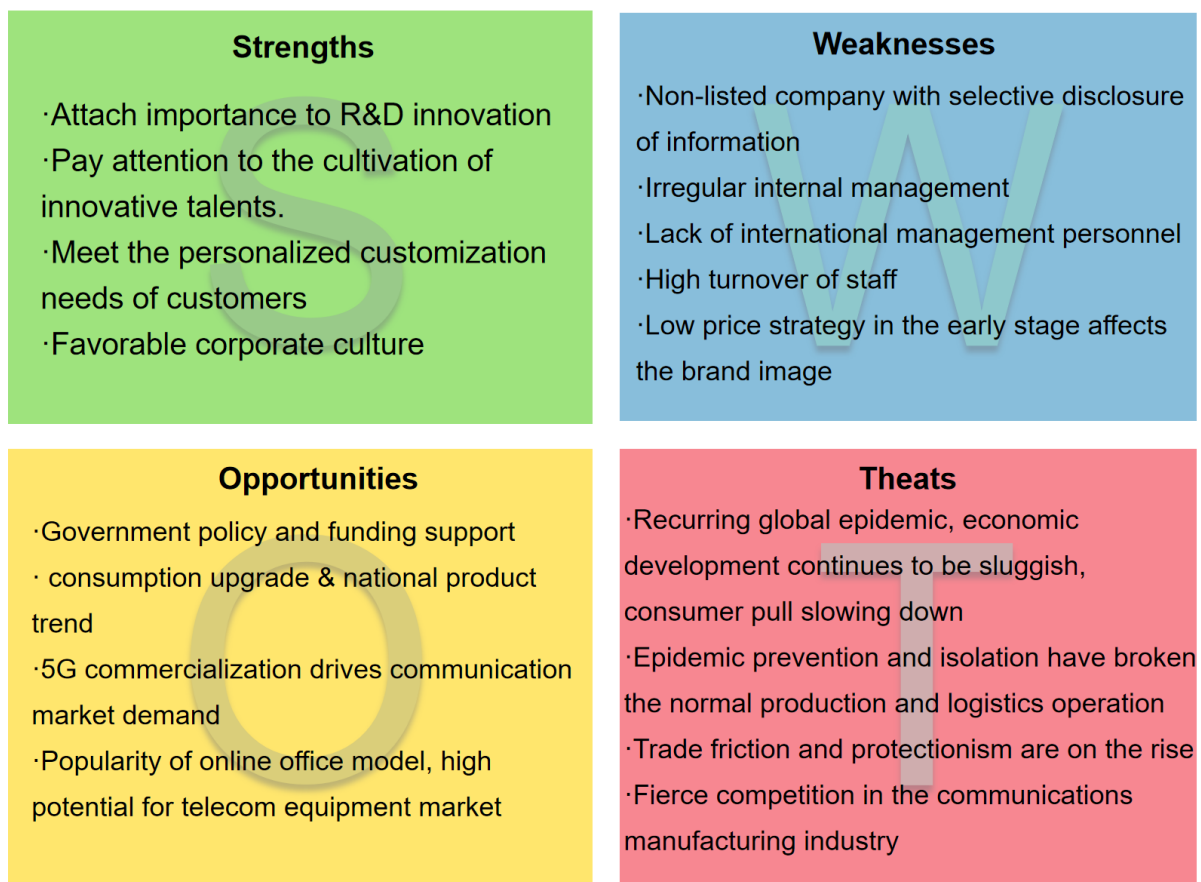


Figure3.6 Huawei’ s SWOT Analysis

Huawei's advantages are mainly manifested in research and development innovation, customer strategy, personnel training, and corporate culture. Firstly, the investment in technological innovation and research is large. In 2020, the research and development expenses amounted to RMB141.9 billion, accounting for 15.9% of the annual sales revenue. The total investment in technological research and development in the past decade has

exceeded RMB720 billion, and there are about 105,000 researchers engaged in research and development (Huawei, 2021). Huawei has transformed a large investment in research and development into services and products with extremely high-cost performance, creating value for customers while maintaining its advantages in technological research and development. Secondly, actively meet the customer's personalized customization needs. Huawei has a wealth of product lines and solutions, customer-oriented and quality-based, which perfectly integrate consumer experience needs throughout Huawei's ecological value chain. Meanwhile, innovative talents are recruited in the form of free employment, training courses for different types of employees are set up to cultivate excellent talents, and a virtual equity system is adopted to motivate employees (Ma et al, 2020). Lastly, Huawei's wolf culture trains its employees to maintain humility and strong learning ability, and to work hard and flexibly.

However, affected by the epidemic and the increase in global financial risks, Huawei's disadvantages have emerged. As an unlisted company, Huawei discloses less information to the public, which affects its financing ability and overseas brand image. Non-standard internal management, duplication of work, and overlapping management have resulted in a long product development cycle and a long conversion time that affects the fund recovery. At the same time, the staff turnover rate is too fast, and the internal staff changes their posts frequently, which increases the labour cost to a certain extent. In the international competition, there is a shortage of senior talents with global thinking and international experience. In addition, Huawei's early low-price strategy makes it easier to reduce people's trust in the products.

In the context of the pandemic, both opportunities and challenges coexist. From the former, epidemic prevention and control in China has achieved remarkable results, and government policies and funds support the development of the communications industry. It has become a trend for residents to upgrade their consumption, pay attention to service experience and personalization of products, and support domestic products. The epidemic has increased people's social distance, the popularity of online office mode and the social status quo that people are less likely to go out, which has brought about a continuous demand for communication products such as online information and mobile phones (Yeo et al., 2020). The demand for fewer people and automation in production is more intense, which will promote the change of working methods in the manufacturing industry, greatly enhance the level of digitalization, informatization and intelligence in the manufacturing industry, and enhance the attraction to talents; Furthermore, 5G large-scale business will promote the application of big data, artificial intelligence, and other industries, making the world's communications market demand continuously increase. Indeed, Huawei has an absolute advantage in the 5G digitization process and is the world leader in the research and development of 5G (He, 2016).

From the latter perspective, external threats come from many sources. The global epidemic situation has been repeated, the economic development continues to be sluggish, the growth rate has slowed down, and the degree of consumer motivation has slowed down, which has certain challenges to Huawei's market expansion. At the same time, epidemic prevention control and isolation broke the normal production and logistics operation, and also led to the mismatch between the upstream and downstream of the industrial chain and

supply chain, which affected the production and operation of Huawei. Secondly, trade frictions and trade protectionism are on the rise, which hurts Huawei's global market. In addition, the competition in the communications manufacturing industry is very cruel, with manufacturers having excessive price competition and serious homogenization of products. Moreover, Huawei faces severe competition in a variety of business categories and could be replaced at any time.

3.4 Huawei's strategic choice

At present, the challenge of customer care and business development. First of all, with the epidemic and the adverse effects of trade protectionism, there is a serious shortage of core components, and the interruption of key cooperation forces Huawei's communication equipment to have application problems. The customer service contact centre received a lot of feedback, but as the technology could not achieve a breakthrough in the short term, the overseas customers' demand could not be satisfied, resulting in a decrease in product use feeling and satisfaction. Next, the internal competition in the communications manufacturing industry is fierce, and the ability and quality of the employees are required to be improved, while the staff turnover rate of Huawei is high, which increases the labour cost. From the perspective of agents, customers have formed consumption habits for long-term agents. Once key agents are lost, Huawei may lose the customers it serves. Moreover, as consumer demand upgrades, people pursue the super personalized experience of products and services. At the same time, how to attract and retain customers has become a challenge with more avenues for consumers to purchase and greater room for price comparison. In

addition, the application of AI, AR, and big data has shown explosive growth in the 5G era, and the development of technology has created more possibilities for consumers to upgrade their experience, which puts forward higher requirements for Huawei's research and development level and customer care strategy.

3.4.1 Adhere to the strategy of independent innovation

Huawei's technological innovation level is the foundation of its production and development, as well as the solid backing of its brand internationalization. Huawei continuously innovates independently, strives to break through the technical barriers, gives full play to the leading edge of 5G technology, and perfects the 5G ecology belonging to Huawei.

Building a domestic core supply chain and promoting domestic substitution are the paths Huawei has chosen. Among them, the launch of Hesse "Kirin" has enabled Huawei to provide solutions in the chip aspect, and gradually increase the substitution rate to reduce external dependence. The technology innovation strategy is the key and foundation for Huawei to maintain a sustainable competitive advantage, which not only can meet the personalized needs of customers but also can forecast customer needs based on data and analysis, prioritize resolving issues while also identifying potential clients.

3.4.2 Create a digital platform

The epidemic has accelerated the advancement of digital platforms. Due to the popularity of telecommuting and online transactions, multi-source and relatively isolated

data need to be integrated and connected through digital platforms. On the one hand, Huawei serves customers and their personalized needs through digital channels. Summarize all customer information and use big data tools for analysis to better understand and forecast customer needs; Integrate all channels of technology and contacts to coordinate customer care, product development, and marketing operations, and then provide targeted services to customers more quickly. On the other hand, Huawei internally brings together the service, marketing, and sales functions to form a feedback loop. AI and manual customer service are combined to improve acceptance efficiency and quality. Therefore, the digital platform help Huawei serve consumers, harness and integrate new technologies, iterate quickly and cope with new competition and changes.

3.4.3 Provide "nanny-style" full-service

The "nanny" service, which means whether it is the products before production and sale, the products under-sale, or the products already sold, has the best and most complete whole-process service in the communications manufacturing industry. Based on the analysis results of the data platform, Huawei can more systematically and comprehensively grasp the customer's needs and user feedback, make targeted modifications to the product solutions, and formulate different service solutions for different consumer groups. This ultra-personalized service enhances the shaping of the customer experience and perception at each point of contact. In addition, Huawei invites a huge number of potential customers to visit its Shenzhen headquarters and R&D labs across the world regularly, so that potential customers can better understand and trust Huawei, and then develop into Huawei customers,

and further develop specific groups into lifetime customers. Generally speaking, Huawei has won the market and consumers by its high-quality product and attentive service, and then has carried out high-quality brand building.

3.4.4 Practice the concept of "urban living room"

The offline channel is an important channel for consumers to choose from. Although there are many online consumption channels now, to pursue shopping experience and more detailed consulting services, customers with strong purchase desire would first choose offline stores. Currently, Huawei has built about 3,200 offline service centres covering 105 countries and regions (Huawei, 2021). Among them, taking "city living room" as the core concept, Huawei's flagship store has been turned into a full-scene service experience space integrating technology, culture, and service, serving as a city cultural landmark and a living room in the city centre. Consumers can not only relax and meet friends at the flagship store but also attend free courses held by Huawei every day. In this way, Huawei strives to optimize the customer's experience and perception at each contact point based on increasing the contact points, enhancing the customer's awareness of Huawei's products and brands in the end.

3.4.5 Establish talent pipeline

A two-way talent pipeline has identified the way forward to attract high-quality talents. The selection of talents from grass-roots staff has an incentive effect. The rotation of staff in management and research and development positions enables them to accumulate skills on

the basis of customer insight, view problems from the perspective of customers, and further deepen the whole organization's understanding of customers. In the meantime, combined with advanced analysis, the data is evaluated to identify the potential development and retention time of the classifier. In this channel, the process that employees strive to prove their self-worth is the process that employees create value for Huawei. The more opportunities an enterprise gives its employees to prove themselves, the greater its benefits. When employees have higher expectations, the turnover rate will be reduced. In addition, the enterprise can explore those employees with more user thinking and forward-looking reaction ability, so as to control or prepare the response plan before the problem occurs, which well echoes the core value of Huawei that "serving customers is the only reason Huawei exists".

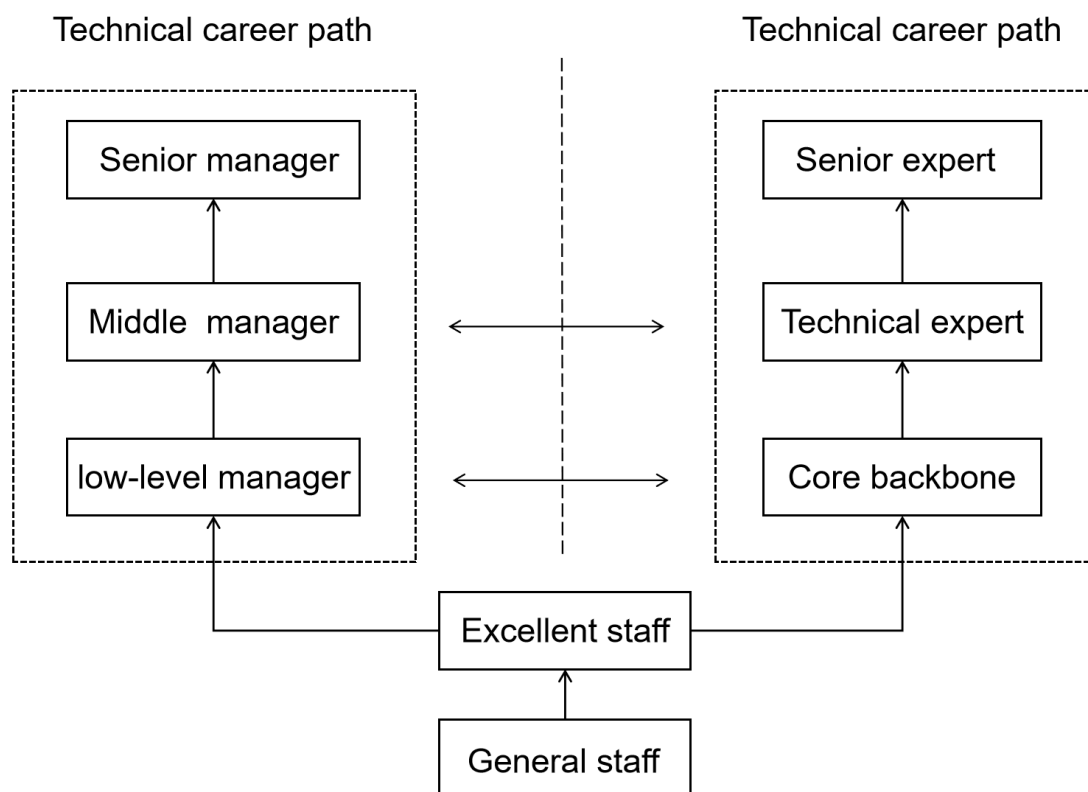


Figure3.7 Huawei's talent pipeline

3.5 The influence of strategy on different areas of the organization

3.5.1 The influence of strategy on organizational structure

Influenced by external economic and political uncertainties, Huawei has developed a dynamic matrix structure. In the future, Huawei may maintain this organizational structure because it is dynamic and will follow Huawei's strategic adjustments. When Huawei faces external challenges, the organizational network is shrinking and stacked for internal simplification; When Huawei faces opportunities, the network is open to the outside world to expand its business scale. No matter how the outside world changes, the entire network of organizations maintains a dynamic balance (Wang et al., 2020).

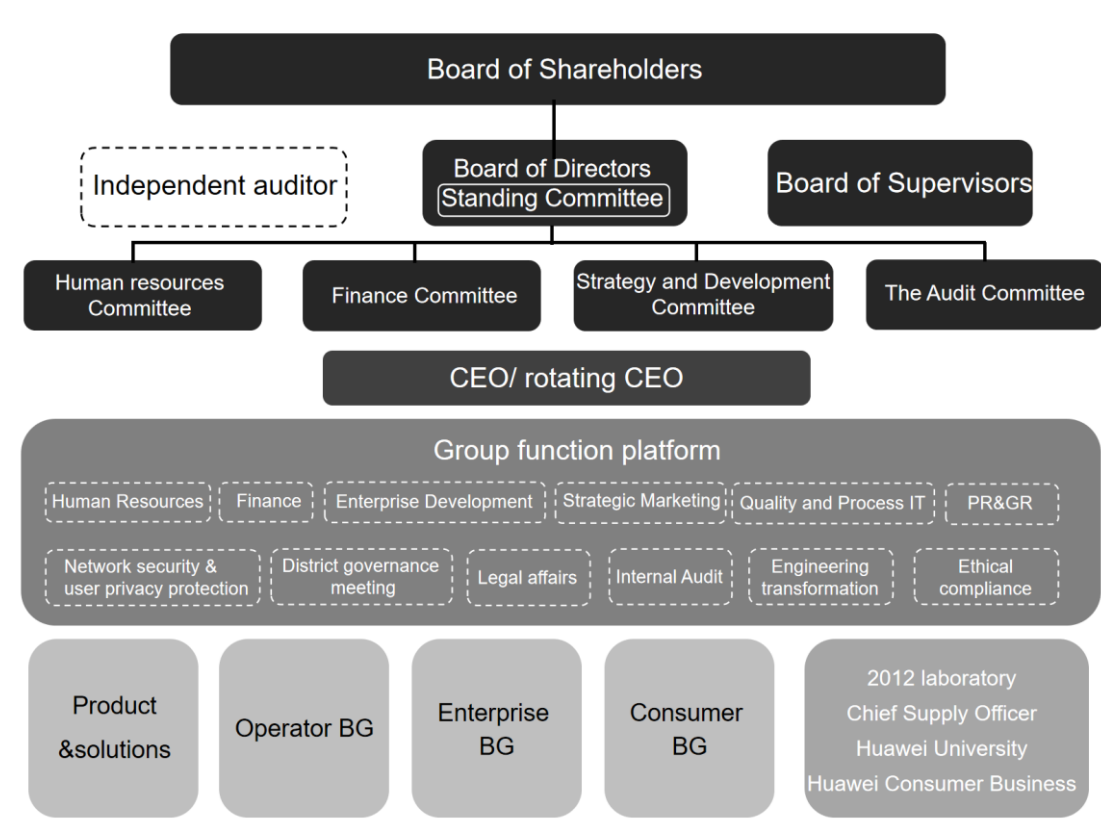


Figure3.8 Huawei's dynamic matrix organizational structure

3.5.2 The influence of strategy on corporate social responsibility

The impact of Huawei's strategy on corporate social responsibility is mainly reflected in three aspects. Above all, Huawei has responded to the challenges brought by network security and privacy protection through technological innovation and management changes in the process of technological innovation, creating safe, credible, and high-quality products and services, and enhancing network resilience. Next, Huawei fully considers each user's needs and experience, integrates the barrier-free concept into the design of the operating system, and optimizes the high-frequency usage scenarios of barrier users in-depth, bringing with it various functions such as intelligent identification of objects and barrier-free payment. In the end, technological innovation helps industries to continuously reduce energy consumption and help realize a low-carbon society.

Conclusion

With the help of strategic analysis tools, this report analyzes the internal and external environment of Huawei, finds out the current challenges faced by Huawei, and evaluates Huawei's strategic choices for customer care. Draw the following conclusions:

Opportunities and challenges coexist. On the one hand, the Chinese government has given policy and financial support to the communications industry; The residents' consumption is upgraded to pursue high-quality products and services; 5G Business Drives Demand in Communication Market; With the change of people's working and living styles, the market potential of telecommunication equipment is great. On the other hand, the global epidemic situation has been repeated, the economic development has remained sluggish, and the degree of consumer motivation has slowed down; Epidemic prevention control and isolation broke the normal production and logistics operation; Trade protectionism is on the rise and trade frictions are on the rise. Competition in the communications manufacturing industry is fierce.

Huawei should actively make use of its advantages, seize opportunities to innovate in customer service. Including: sticking to the independent innovation strategy; building the domestic core supply chain; Creating a digital platform to form a feedback loop; Providing "nanny-style" service throughout the process to optimize the brand image; Practice the concept of "city living room" and create a service space with temperature; Establish a talent pipeline to reduce brain drain.

Suggestion

Based on the above research and analysis, three innovative directions of Huawei's customer service strategy in the future are summarized:

User-centric, creating a seamless and intelligent experience across the entire scene.

To begin with, adhere to the underlying core technology innovation and the application of ecological construction, with innovation to enhance the consumer experience. Then, AI enables the agent service of the network centre to achieve human-computer interaction and cooperation, forming a virtuous feedback loop. At the same time, continue to build a "1+8+N" all-scene smart life strategy, with Harmony OS and HMS ecology as the core driver and service capabilities, focusing on five major life scenarios, including smart office, sports and health, smart home, smart travel, and audio-visual entertainment. So Huawei will create a smart life experience for consumers with the senseless connection of multiple devices, shared capabilities, and seamless flow of information content, thus shaping customer perception and effects at multiple touchpoints.

Create a "platform+ecology" model. Based on the investment in new technologies, create a high-quality ICT infrastructure platform, unite with external ecological partners, and work with partners to help customers successfully realize digital transformation. Provide an integrated solution that enables the functional ecosystems to communicate in series and through multiple channels, enabling the service, marketing, and sales functional departments to collaborate and form a feedback loop, so that customers' problems can be solved promptly. Huawei can optimize product characteristics through feedback in customer

interaction to adapt to market demand. When the demands of customers are satisfied at multiple points of contact, the trust and loyalty of customers will be improved. Careful maintenance and emotional satisfaction will help the formation of lifelong customers.

Social customer relationship management. Adhere to the principle of "universal customer" relationship, that is, both operators and ordinary consumers, employees and customers, as long as they are related to the company's products and sales, are taken seriously (Chen, 2018.). Enhance the customer's experience of interacting with the enterprise and engage the customer in collaborative dialogue to provide mutually beneficial value. In this process, the agent can improve the insight of the customer. For example, hiring experts to train employees worldwide and dispatched technicians to train customers. While giving employees more sense of achievement and satisfaction, customers can master the products and performance skillfully, thus improving customers' favourable impression of Huawei.

Reference list

- Chandler, A.D. (2003) *Strategy and structure: chapters in the history of the American industrial enterprise*. Washington, D.C.: Beard Book.
- Alstete, J.W. (2015) 'The Dynamics of Strategy: Mastering Strategic Landscapes of the Firm', *Strategic Management Review*, 7(1), pp. 110-111.
- Ansoff (2007) *Strategic management* (Classic ed.). Palgrave Macmillan. Available at: <https://doi.org/10.1057/9780230590601>
- Canalys (2021) *HONOR climbs to third place in China's smartphone market in Q3 2021*. Available at: <https://www.canalys.com/newsroom/china-smartphone-market-q3-2021> (Accessed: 29 October 2021)
- Carruthers, H. (2009) 'Using PEST analysis to improve business performance', *In Practice*, 31(1), pp.37–39.
- Chen, L. (2018) *Huawei mobile marketing strategy analysis*. China Academic Journal Electronic Publishing House. Thematic academic thesis.
- China Economic Times (2021) *How does the global economic situation get out of the epidemic haze?* Available at: <https://baijiahao.baidu.com/s?id=1716772289978392938&wfr=spider&for=pc> (Accessed: 18 November 2021)
- Control Risks (2021) *RiskMap 2022*. Available at: <https://www.controlrisks.com/riskmap> (Accessed: 25 October 2021)
- Counterpoint (2021) *Q2 2021: China Smartphone Market Sees Lowest Q2 Sales Since 2012; Vivo Leads as Huawei Plummets*. Available at: <https://www.counterpointresearch.com/china-smartphone-market-q2-2021/> (Accessed: 28 July 2021)
- E. Dobbs, M. (2014) 'Guidelines for Applying Porter's Five Forces Framework: a Set of Ind

- ustry Analysis Templates', *Competitiveness Review*, [online] 24(1), pp.32–45. Available at: https://www.emerald.com/insight/content/doi/10.1108/CR-06-2013-0059/full/html?journalCode=cr&utm_source=TrendMD&utm_medium=cpc&utm_campaign=Competitiveness_Review_TrendMD_0&WT.mc_id=Emerald_TrendMD_0.
- Jacob, F. (2020) *The latest US sanctions against Huawei: Our analysis*. Available at: <https://www.la-francaise.com/en/who-we-are/news/detail/the-latest-us-sanctions-against-huawei-our-analysis/> (Accessed: 27 May 2020)
- Hensmans, M. and Liu, G. (2020) Huawei's Long March to Global Leadership: Joint Innovation Strategy from the Periphery to the Center. *Huawei Goes Global*, pp.225–245.
- Huang, W. (2019) 'Huawei's Competition Strategy: A Financial Perspective', *Built on Value*. Palgrave Macmillan, Singapore, pp.31-82.
- Huang, X.Y. (2020) *Strategic research on Huawei's response to the challenges of economic globalization*. Unpublished PhD thesis. Centria University of Applied Sciences
- Huawei (2021) *Annual report 2020*. Available at: https://www-file.huawei.com/minisite/media/annual_report/annual_report_2020_cn.pdf (Accessed: 31 March 2021)
- Industry and Security Bureau (US) (2019) *Addition of Entities to the Entity List*. Available at: <https://www.federalregister.gov/documents/2019/05/21/2019-10616/addition-of-entities-to-the-entity-list> (Accessed: 21 May 2019)
- Johnson, G., Whittington, R., Scholes, K., Angwin, D. and Regner, P. (2017) *Exploring Strategy: Text and Cases*. 11th ed. Harlow, England: Pearson.
- Ma, R.J. et al. (2013) *Principles of Management*. People's Post and Telecommunications Press.
- Ma, Y. et al. (2020) 'The Influence and Characteristics of Huawei Employee Stock Ownership on Enterprise Economic Relations', *Teaching and Research*, (08), pp.42-53.
- Ministry of Finance(China) (2021) *Global economic situation and China's countermeasures*.

Available at: http://tj.mof.gov.cn/zt4/jianguanshixiang/202103/t20210304_3665669.htm (Accessed: 4 March 2021)

Ministry of Industry and Information Technology (China) (2021) *The 14th Five-Year Plan for Big Data Industry Development*. Available at: https://www.miit.gov.cn/jgsj/xxjsfzs/wjfb/art/2021/art_a7a3ea67af254d13a6a07d5a098e727f.html (Accessed: 30 November 2021)

Ministry of Industry and Information Technology(China) (2021) *The 14th Five-Year Plan for the Development of Information and Communication Industry*. Available at: https://www.miit.gov.cn/jgsj/txs/wjfb/art/2021/art_f570d85e2565443abec9d5642f46694a.html (Accessed:16 November 2021)

Mintzberg, H. (1987) ‘The Strategy Concept I: Five Ps for Strategy’, *California Management Review*, 30(1), pp.11–24.

Porter, M.E. (1997) ‘COMPETITIVE STRATEGY’, *Measuring Business Excellence*, 1(2), pp.12-17. Available at: <https://doi.org/10.1108/eb025476>

Shamout, Dr. M.D. (2020) A Comparative Analysis of Strategic Planning Practices in Gulf Cooperation Council Region: A Case Study of Huawei and Samsung Companies. *Journal of Advanced Research in Dynamical and Control Systems*, 12(SP8), pp.501–514.

Staib, R. (2009) Business management and environmental stewardship: environmental thinking as a prelude to management action. Basingstoke: Palgrave Macmillan.

Steiner, G. and Miner, J. (1977) ‘Management Policy and Strategy’, *Health Care Management Review*, 2(4), p.84.

Strategy Analytics. (2021) *Analysis: Global Smartphone Shipments Forecast by Vendor by Region by Quarter Report*. Available at: <https://www.strategyanalytics.com/access-services/devices/mobile-phones/smartphone/smartphones/reports/report-detail/analysis-global-smartphone-shipments-forecast-by-vendor-by-region-by-quarter-report>

bal-smartphone-shipments-forecast-by-vendor-by-region-by-quarter-report-JUN2021?slid=1688018&spg=8(Accessed: 2 June 2021)

The World Bank (2021) *Global Economic Prospects*. Available at: <https://www.worldbank.org/en/publication/global-economic-prospects> (Accessed: 8 June 2021)

Vincent. (2019) 'Pentagon wants open-source 5G plan in campaign against Huawei', *The Financial Times*, 23rd December, p.5.

Wang, J.G., Xie, X. (2020) *Huawei strategy course*. Beijing: Sino-Cultural Press

Xinhua. (2019) *Norwegian commentator warns Europe against following the U.S. in boycotting Huawei*. Available at: http://www.china.org.cn/world/Off_the_Wire/2019-03/20/content_74590448.htm (Accessed: 20 March 2019)

Yeo, C., Kee, D., Mo, X., Ang, H., Chua, S., Agnihotri, S. and Pandey, S. (2020) 'Technology Advancement and Growth: A Case Study of Huawei', *Journal of The Community Development in Asia*, 3(1), pp.82-91.