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## **Executive Summary**

China Mobile Hong Kong Company Limited (CMHK) is a subordinate of China Mobile. It is currently regarded as the largest telecommunications machinist in Hong Kong. China Mobile is the trade title that is used to refer to China Mobile Communications Group Company Limited and China Mobile Limited. It is a state possessed company meaning it is organized by the Chinese government. It is responsible for the provision of multimedia services along with mobile voice over its countrywide mobile telecommunications system placed transversely in Hong Kong and central China. This essay is focused on understanding significant marketing happenings and the input of marketing division in a business. It further anticipates and critically evaluates forthcoming expansions in the ground of marketing, specifically via technology. Focusing on the market research and marketing research of China Mobile Hong Kong Company Limited (CMHK), this essay discusses aspects of marketing management. It elaborates on a situational exploration of the company using SWOT and PESTEL models of analysis in marketing management. The essay elaborates on the marketing mix of the corporation and further analyzing the effectiveness of the market mix on the target market. The essay is concluded with a summation of the conclusions and overall valuation of the condition, including suggestions.

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## 1. Introduction

### 1.1 Company Background

China Mobile Hong Kong Company Limited (CMHK) is a subordinate of China Mobile. It was in earlier times known as PEOPLES Telephone Company Limited and was launched in 1994. In September 1996, it was conferred a PCS license, and in 2000, it was the pioneering machinist in Hong Kong to unveil an exposed portal WAP provision (China Mobile, 2020). The company was incepted in 1997, and it is regarded as the operator that pioneered PCS by presenting such facilities in Hong Kong (Office of Telecommunication Authority, 2020). It altered its title to China Resources Peoples Telephone Company Limited in February 2004 when it was under China Resources as its parent company (The story, J 2018).

#### *Shareholding structure and principal subsidiaries*



### 1.2 Industrial Environment

China Mobile is the craft label that is used to refer to China Mobile Communications Group Company Limited and China Mobile Limited (Parks and Yuanzhe, 2017). It is owned by the state;

it is organized by the Chinese regime. It is responsible for the provision of multimedia services along with mobile voice via its countrywide mobile telecommunications system placed transversely in Hong Kong and central China. China Mobile has been enumerated in the Hong Kong Stock Exchange and New York State Exchange; it is by far the largest mobile telecommunications corporation in terms of capitalization of the market (Sharkey, 2019). In addition, it is considered the leading mobile network worker in the world in relation to the number of subscribers (Parks, T and Yuanzhe, C2017).

### **1.3 Scope of the Study**

This essay is focused on understanding significant marketing accomplishments and the influence of the marketing division in business by focusing on the handsets and devices division of the company. It will further expect and disparagingly appraise forthcoming advancements on the ground of marketing precisely via technology.

Focusing on the market research and marketing research of China Mobile Hong Kong Company Limited (CMHK) and specifying on handsets and devices, this essay will discuss aspects of marketing management. Objectives of the essay include

1. A comprehensive examination of the existing company business environment with a focus on handsets and devices along with a forecast of the likely effects in the coming three years so recommendations can be offered.
2. Elaborate on the marketing mix strategy of the company by illustrating its targeting, positioning, and segmentation strategies that are currently adopted for its handsets and devices and establishing how effective it is.

## **2. Situation Analysis**

Marketing management allows the conducting of brand auditing; this is described as a thorough examination of how a certain brand is positioned in its respective industry as compared to its direct and indirect competitors and how effective its tactics are (Kotler and Keller, 2016).

This section will concentrate on situational analysis of the company by using SWOT for microanalysis and PEST for macroanalysis.

### **2.1 SWOT Breakdown**

The SWOT scrutiny is a concept in marketing administration that allows microanalysis of a company and helps understand its strong suits, opportunities, flaws, and threats (Baker, 2017). A situational examination of the company identifies several strengths in the firm's current positioning of its handsets and devices. The corporation has numerous outlets in almost every state hence creating an all-encompassing dissemination set-up for its handsets and devices (Dyson, 2016). In addition, each outlet has a low pricing arrangement that facilitates the establishment to make its handsets and devices available to the customers (Kotler and Keller, 2016). The number of outlets and customers reach out enables the forging of a strong relationship between the company, its distributors, and the community (Dyson, 2016). The company has consistently accumulated profit since its inception by China Mobile, generating positive returns on overall capital expenditure (Nixon and Helms, 2017). The financial position has been equally fostered by reduced cost in the production of the handsets and devices as per the demand in the market (Statista, 2018).

In terms of labor, the labor force in Hong Kong is skilled, and the Company further focuses on training its employees during the production of its handsets and devices (Sharkey, 2019). The

members of the labor force are diverse in terms of racial, geographical, educational, and cultural backgrounds (Dyson, 2016). The employees have accredited professionals who are qualified as per international levels of qualifications; this makes their handsets and devices made with a focus on recent advances in technology. Further, they are intensely creative and innovative, with a constant focus on new products and new market penetration (Joshi, 2005).

Digitalization has been extensively used in the making of new handsets and devices in terms of a strong social media presence with great customer engagement coupled with an interactive website (Dyson, 2016). The IT system that is responsible for the production of new handsets and devices creates a smooth operational platform both internally and externally. The company has excellent brand awareness skills, including owning numerous intellectual property rights such as patents and trademarks for its range of handsets and devices (Nixon and Helms, 2017). The company is strategic in terms of partnerships and collaborations, further enhancing brand awareness.

| STRENGTHS                                                                                                                                                                                                    | WEAKNESSES                                                                                                                                  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|
| <b>I. First mover in the 4G market space</b><br><b>II. 64% 4G market share</b><br><b>III. Largest VoLTE network globally</b><br><b>IV. The unflagging pursuit of excellence in customer service delivery</b> | <b>I. Incompetent decision making</b><br><b>II. A steady reduction in profit levels</b><br><b>III. Unsubstantial geographical presence.</b> |
| OPPORTUNITIES                                                                                                                                                                                                | THREATS                                                                                                                                     |
| <b>I. Rural china market expansion</b><br><b>II. Global expansion</b>                                                                                                                                        | <b>I. New foreign players</b>                                                                                                               |

|  |                                                                                                                                                           |
|--|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | <p><b>II. A significant percentage of low volume consumers</b></p> <p><b>III. Withdrawal of involvement of the Chinese government in China Mobile</b></p> |
|--|-----------------------------------------------------------------------------------------------------------------------------------------------------------|

## 2.2 PEST Analysis

A macroanalysis of the company in terms of its handsets and device category of products affirms that the profit margin of the company is increasing due to high spending power as a result of a low unemployment rate (Statista 2018). This makes more individuals able to purchase their wide range of handsets and devices. This has increased not only its profit but also grants the company a competitive advantage in the telecommunication sector in Hong Kong. There is the increased use of the internet and utilization of technology, and hence the company focuses on enhancing the technological features of all its recent handsets and devices (Borak 2018). The 4G network is popular in Hong Kong, and thus the production of handsets and devices that are efficient in such a network creates profit and brand awareness (Economic Times 2018). The company is trying to meet the environmental requirements established by the Chinese Environment Ministry with fines forcing it to rectify its policies to meet the required qualifications, especially in the production, manufacturing, and packaging of its new products (Reuters 2017).

## 2.3 Effects in the Coming Three Years

Due to the occurrence of the United States-China trade war that resulted in the blocking of China Mobile in the United States, the next three years requires the establishment of the company

as a competitive subordinate of the China Mobile through advanced products with handsets and devices as part of the critical areas to focus on (Bloomberg 2018). According to Graham (2015), the unemployment rate of Hong Kong is expected to rise to 4% by 2023. This means that spending power will reduce. As a result, it is important to take advantage of the low rate of unemployment that characterizes Hong Kong currently. The company may focus on creating new products for specific segments due to the increase in average household income (Foster and Goodman 2018). this means, therefore, more handsets and devices must be produced for the current consumers. Due to advancements in technology, it is important for the company to invest in offering services to consumers using digitalized platforms. This, therefore, dictates that new products should be manufactured with advanced technology as a way of attracting younger customers that will be the integral customer segment in the next coming three years. The growing number of internet users in Hong Kong means that the company should focus on establishing wireline broadband services and wireless data traffic for its consumers that they can acquire using their handsets and devices as the most convenient means (Chan 2018). In addition, it should advance its e-commerce platforms due to the surging tendency of shopping online compared to physical stores (Borak 2018). This should increase sales on handsets and devices, especially in the next coming years. Their technological competition is stiff and thus failed to establish networks based on technological advancements that may give the opportunity to its competitors (Economic Times 2018). The company should try connecting to its clients by establishing environmentally friendly sustainability practices through stakeholder engagement and sustainability performance (Global Reporting 2017). These aspects can be enhanced through the distribution and placing mechanism of their handsets and devices. The price increase rate has been truncated recently and is estimated to lessen in the next coming years. The company can take this advantage by focusing on

collaborations and partnerships (Graham, H 2015). This means the production and manufacturing of new handsets and devices based on mutual collaborations and partnerships.

### **3. Marketing Strategy**

The marketing mix analyzes the 4Ps of a company; product, price, place, and promotion (Wilson, R, Gilligan and Pearson 2016). As of 2020, various aspects of the 4Ps have allowed the company to grow, such as marketing investment, product and service innovation, customer experience, etc.

This section will focus on elaborating on the marketing strategy and establishing its effectiveness using the handset and devices category of the product segment.

#### **3.1 Illustrating the 4Ps**

##### ***Product Strategy***

The business is the leading brand in Hong Kong. The marketing strategy of the establishment has voice calls, mobile emails, internet, and messaging as part of the backbone of its handsets and devices mostly (Foster and Goodman 2018). It equally gains revenue from several Value-added services and Voice Services found in its handsets and devices (China Mobile 2020). It has a high-quality connection when it comes to international calls, international roaming, domestic calls, and interprovincial roaming that surpass services such as GSM (2G), TD-LTE (4G), and TD-SCDMA; this makes its handsets and devices appealing to customers (Economic Times 2018). Such services embedded in their products create a market positioning for their products, especially the handsets and devices segment.

### ***Price/ Pricing Strategy***

The pricing strategy mix of the establishment is different, with the affordability of products being the most prominent (Graham, H 2015). Due to a high degree of competition, most products are retained at a lower margin with higher quality than that of competitors, hence increasing competitive advantages. It focuses on both mass market and niche pricing with hand entertainment related services being priced slightly higher (Chandler, D 2018).

### ***Place and Distribution Strategy***

The placing and distributing strategies of their products focus on rural markets along with both developed and developing countries (Parks and Yuanzhe 2017). China has the largest consumer base of telecom services users, with the Hong Kong branch being the most creative and innovative. This makes the placing and distribution of their products, especially handsets and devices, most advantaged.

### ***Promotion Strategy***

**Advertising:** The enterprise is so keen on the promotion and advertisement of products with handsets and devices leading due to diversity in the customer segment. Advertising campaigns are focused on promoting products and thus, are carried out through extensively planned promotions (Sharkey, W 2019).

**Publicity:** High-quality advertisements are combined with CSR activities that tend to promote and uphold the products of the corporation as a value proposition, which makes the company brand socially accepted and recognized (The story, J 2018).

**Personal selling:** Brand awareness is done through establishing customer loyalty by creating lasting impressions and relationships through improved technological advances (Wilson, Gilligan, and Pearson 2016).

**Sales promotion:** Further promotion and advertisement are done using the promotion of deals and discounts on handsets and devices in urban areas due to the high level of purchasers (Borak, M 2018). Even as this is so, the rural areas remain an important sector when it comes to product promotion and advertisement of the company with handsets and devices leading the queue.

### **3.2 Effectiveness of the Marketing Mix**

Even though the firm has a resilient dissemination system for their products with a great number of channels, most of the properties in usage are on rental charges that need to be pay (Graham, H 2015). This may not only affect its credit score but also distort the brand image that is connected to their products if they are not paid. The marketing mix allows the company to gain a low-cost structure in the production and manufacturing of the new products that give it a competitive advantage. Even as this is so, the low amount of spending isn't channeled towards research and developments in product development, making the company lag behind on current and future trends (The story, J 2018). The company has a strong financial position as a result of product sales, which increases its profit and creates a strong asset base. Equally, its labor force in the production, manufacturing, and packaging sector is highly qualified, diverse, and intensely innovative. Even as this is so, it has an elevated employee turnover degree with employees reporting low working morale and lack of motivation (Wilson, Gilligan and Pearson 2016). The company has liquidity complications in its production, manufacturing, positioning, and distribution of its products by means of a low fast ratio; the liabilities are more than assets. This

means that they will face cash flow problems in the future if they don't enhance accountability in their production processes. The marketing mix is significant in the establishment of the company's products, especially the handsets and devices to new users as a result of digitalization and advancement in technology. This, however, means that the company should be prepared for new competition that will be stiff and fierce (Borak 2018). It is important for the company to invest in intellectual property rights as a way of gaining a strong financial position for its products (Graham, H 2015).

#### **4. Conclusion and Recommendations**

##### **4.1 A Summation of the Results and Overall Valuation of the State**

From the situation analysis and marketing mix, it is notable that the business as a leading company of telecommunication products in China has a variety of weaknesses and is facing a variety of threats. This is, however, overshadowed by the strengths and opportunities that have been represented to the company over the years of operation. The current situation of the brand products looks promising, even though a number of changes have to be embraced for future successes and achievements. From the analysis of the marketing strategy, it is notable that the company has effective and efficient structures for its product segmentation, positioning, targeting, and distribution.

The greatest opportunity is the expansion of their products to penetrate a new market and the incorporation of advanced technology in their products. This will allow it to be diverse into the production of new products that should be high priced. The biggest strength of the company is in the people who are by far creative, innovative, professional, skilled, and talented enough in the production of new products that will allow the new products to be positioned in the market and

grant it competitive advantages. The biggest threat so far is the increase in competition and entrance of new competitors in the industry with more advanced technology and convenient features in their handsets and devices. The greatest weakness in the company is the increased rate of employee turnover and employees complaining about low working morale and lack of working motivation that may delay the production and sale of new products.

#### **4.2 Suggested Recommendations**

To deal with the entrance of new competition, the company should develop a strong distribution network for its products as a way of reaching the market before the competitors do (Graham 2015). In addition, investing in intellectual property rights for its products will allow it to gain a strong financial position that will enable it to compete with the competitors that are currently taking over the market, especially in the handset and devices category (Graham 2015). The team that will be used to enhance distribution should be coupled by creative and innovative employees that would reduce production and manufacturing costs hence increase the profit margins (Porter 2018). As stated earlier, the company should focus on increasing research and development in its production process as a way of allowing it to improve its competitive advantage by being ahead of competitors and gaining loyalty from customers (Graham, 2015). To increase the volume of sale of new products, especially, the company can equally opt to market its products at low prices by offering deals and discounts to customers (Chandler, 2018). This step would be feasible due to the low cost and the low inflation associated with this strategy.

A high turnover rate is not good for the company, especially the introduction of new products. In this case, the company should focus on providing incentives, increase communication in all the channels of the company as well as improving the working environment in the production

as a way of retaining talent (Chandler, 2018). There should be increased payrolls and benefits for employees as a way of reducing the turnover rate. The cost of this should be low as the costs are currently low (Statista, 2018). The corporation should invest in proprietorship of the possessions through lessened interests rate, especially for new products as a way of increasing the proportion owned property to rent (Graham 2015). In addition, the company should increase the marketing of both new and old as a way of getting consumers to spend. Its presence on social media and the use of an interactive website, for instance, maybe geared towards attracting customers towards new products knowingly or unknowingly (Kotler and Keller 2016). With the need for business to go green in the coming years, the company should develop strategies in embracing and utilizing environmentally friendly ways, especially in the production process through environmentally friendly products.

The company should take advantage of government support to expand the market for its products, both locally and globally (Story 2018). For future applications, the company should maximize its affiliation with the government to increase and maximize its competitive advantages and sales of its new products. The presence of a large consumer base makes it advantageous in competing with competitors. The most strategic aspect of this fact is the already presence of a loyal customer base for its products. The most effective process will be to maximize customer retention. For the coming years, the company should develop strategies on customer retention plans as first in business plan ahead of making new products and gaining new customer segments (Porter, 2018). In the next three years, the penetration of products in the international market should be a priority, especially markets in developing countries. These areas tend to have large exposure to growth and customer loyalty as the spending rate is higher on luxury for the middle class (Joshi, R 2005).

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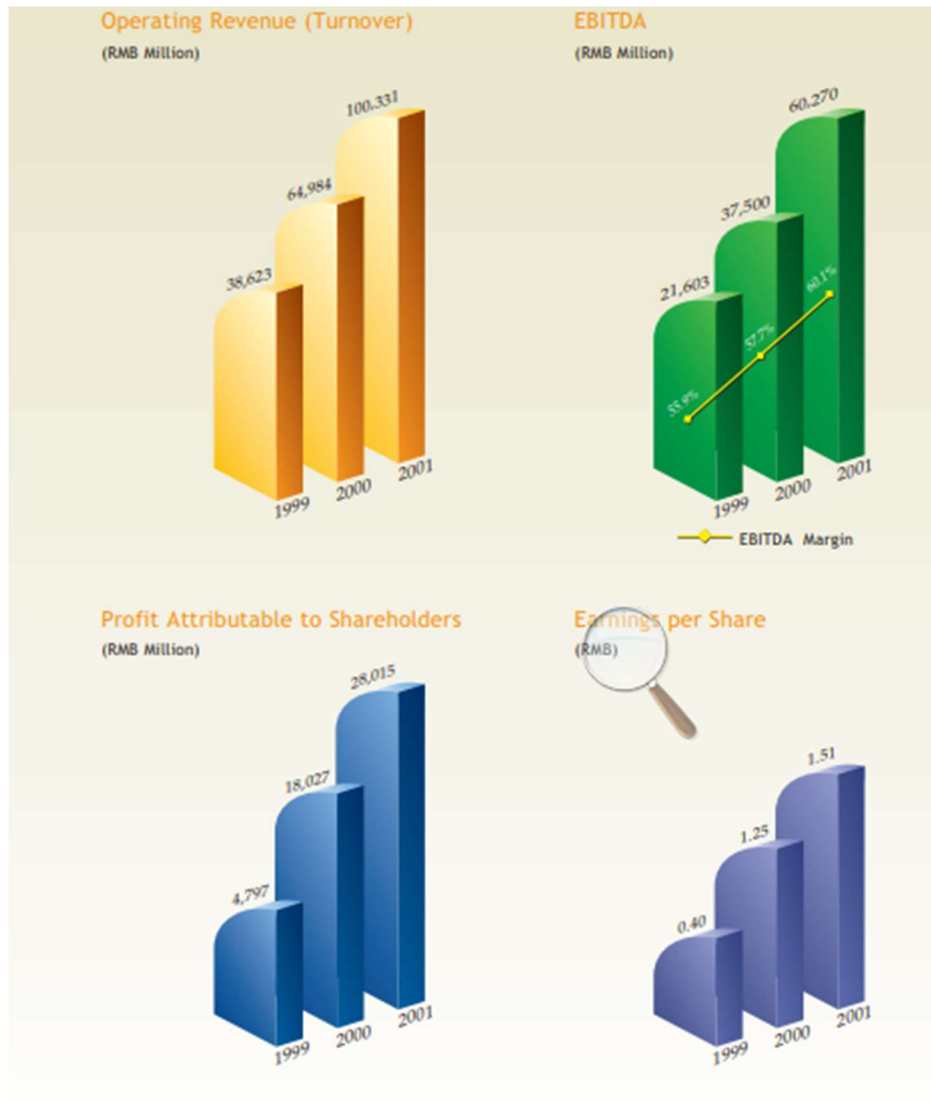
## 6. Appendices

1.

|                                                   | 2001    | 2000   | Growth Rate |
|---------------------------------------------------|---------|--------|-------------|
| Operating revenue (Turnover) (RMB Million)        | 100,331 | 64,984 | 54%         |
| EBITDA (RMB Million)                              | 60,270  | 37,500 | 61%         |
| EBITDA margin                                     | 60.1%   | 57.7%  |             |
| Profit attributable to shareholders (RMB Million) | 28,015  | 18,027 | 55%         |
| Earnings per share (RMB)                          | 1.51    | 1.25   | 21%         |

Financial highlights of the company retrieved from

<https://www.chinamobileltd.com/en/ir/reports/ar2001.pdf>

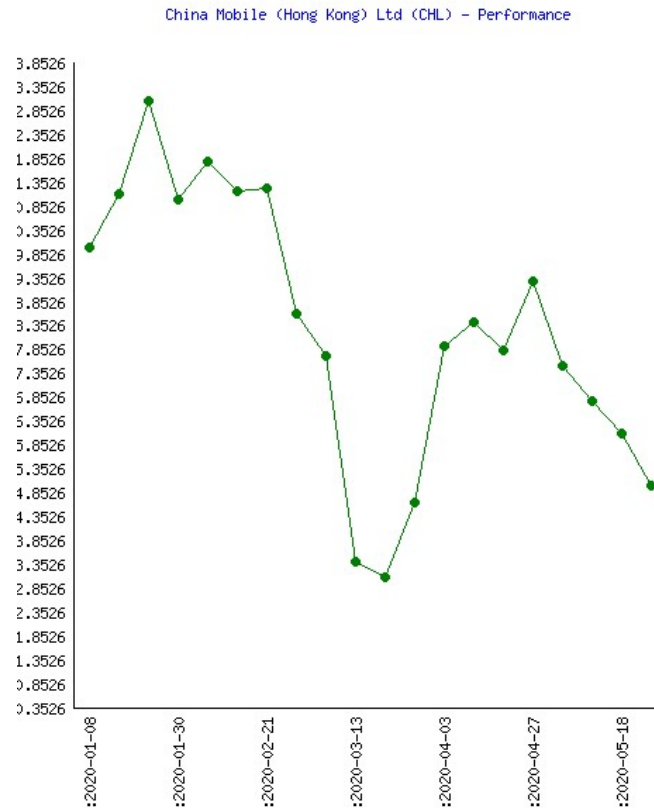


2.

Financial insight: operating revenue (turnover) and profit attributable to shareholders.

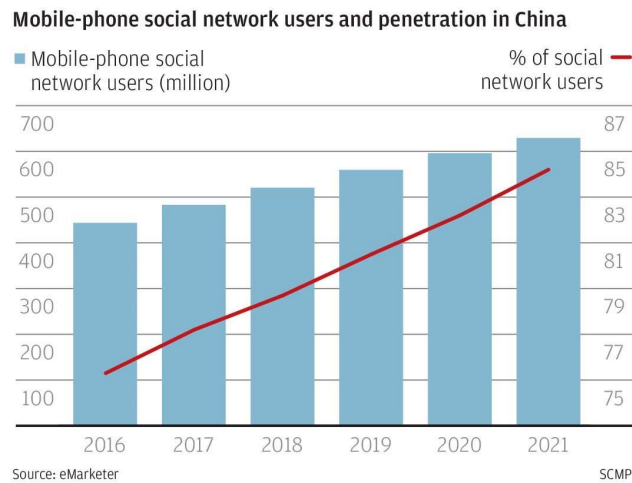
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### 3. Stock performance graph



Retrieved from: [https://www.netcials.com/stock-performance-current-year-nyse/CHL-China-Mobile-\(Hong-Kong\)-Ltd/](https://www.netcials.com/stock-performance-current-year-nyse/CHL-China-Mobile-(Hong-Kong)-Ltd/)

### 4. Social network users and penetration in China.



Retrieved from: <https://www.emarketer.com>