

INFLUENCES OF MARKETING MIX AND BRAND EQUITY ON CUSTOMER'S PURCHASE DECISIONS FOR HUAWEI SMARTPHONES IN BEIJING, CHINA

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ARTICLE HISTORY

Received: 29 September 2023 **Revised:** 11 October 2023 **Published:** 27 October 2023

ABSTRACT

This research aims at study the influence of marketing mix factors and brand equity on customers' purchase decisions of Huawei smartphones in Beijing, China. The study included 260 participants, and data was collected through a convenience sampling method. Data analysis was conducted using Partial Least Squares Structural Equation Modeling (PLS-SEM). The results indicate that both marketing mix and brand equity significantly influence customers' purchase decisions for Huawei smartphones in Beijing, China, with statistical significance at the .000 level and a predictive power of 68.4%.

Keywords: Marketing Mix, Brand Equity, Customer's Purchase Decisions for Huawei Smartphones

CITATION INFORMATION: Xiaoxiao, L. & Kenikasahmanworakhun, P. (2023). Influences of Marketing Mix and Brand Equity on Customer's Purchase Decisions for Huawei Smartphones in Beijing, China. *Procedia of Multidisciplinary Research*, 1(10), 61.

INTRODUCTION

The smartphone industry is fiercely competitive, driven by the increasing consumer demand in the rapidly evolving digital landscape. Smartphones have become essential tools that bridge consumer needs with various application service providers (Cecere, Corrocher, & Battaglia, 2015). Understanding the factors that influence customer purchasing decisions is vital for smartphone companies to maintain a competitive edge. Huawei, a prominent Chinese flagship smartphone brand, has encountered significant challenges despite its efficiency and popularity. Huawei's difficulties stemmed from the trade tensions between China and the United States, which resulted in policies prohibiting American companies from conducting business with Chinese counterparts. Subsequently, Huawei faced additional crises, including security concerns, limitations on component access, and the unavailability of services provided by Google (Sheng, 2022). While these challenges led to a significant decline in global sales and revenue for Huawei smartphones, reaching industry lows, the brand has experienced a remarkable 41% increase in domestic sales during the first quarter of 2023. This resurgence can be attributed to the enduring trust in Huawei smartphones and the high degree of user loyalty to the national brand, particularly the Huawei Mate X3 and P60 series (Wang & Xing, 2023). This phenomenon has solidified Huawei's position as a major player in the domestic smartphone market, emphasizing the importance of gaining a comprehensive understanding of customer purchasing decisions within the country.

Many studies that investigate buying decisions focus on the influence of marketing mix factors, which are essential tools in shaping effective marketing strategies. These factors encompass the product, price, place (distribution channels), and promotion, all of which companies utilize to meet customer needs and attain their business objectives. Kotler and Armstrong (2020) emphasize that marketing mix elements form the cornerstone of a company's marketing strategy and wield a substantial impact on customer purchasing decisions. In the context of Huawei smartphones, it becomes crucial to dissect how factors such as product attributes, pricing strategies, sales promotions, and distribution channels shape customer preferences and buying behaviors. Furthermore, the data above underscores the critical role of brand equity in Huawei's resilience against competition and external pressures. Brand equity is a pivotal determinant of consumer perception and choice. As noted by Shariq (2018), brand equity represents the value that customers associate with a brand, encompassing elements like brand awareness, brand loyalty, brand image, and brand reputation. A robust brand not only fosters customer loyalty but also significantly influences purchasing decisions. Customers are more inclined to opt for brands they perceive as trustworthy, reputable, and aligned with their needs and aspirations.

Hence, this research underscores the importance of investigating the interplay between marketing mix elements, brand equity, and customer purchase decisions. The findings will contribute to existing knowledge on consumer behavior and offer invaluable, in-depth insights for marketers and business strategists operating within the smartphone industry. This, in turn, can enhance brand equity, draw in new customers, and foster customer loyalty, ultimately paving the way for the long-term success and growth of smartphone companies in Beijing.

LITERATURE REVIEWS

Concepts and Theories Related to Marketing Mix Components

The marketing mix factors refer to the elements that businesses effectively combine as a set of marketing tools to achieve the organization's marketing objectives (Ferrell, Hartline, & Hochstein, 2021). The four components of the marketing mix are detailed as follows: 1) Product: The first essential aspect for a business is having something to offer, whether it's a tangible product, a service, or an idea (Idea) that can fulfill customer needs. Marketers often study products in the form of the 'total product,' which encompasses the product itself, along

with the satisfaction and other benefits consumers derive from their purchase (Kotler & Armstrong, 2020). 2) Place or Distribution: Even if a product is of high quality, it won't meet consumers' needs if they don't know where to buy it or can't obtain it when needed. Therefore, marketers must consider where, when, and through whom to make the product available (Kotler & Armstrong, 2020). 3) Price: When setting the price of a product, businesses need to have clear objectives, such as making a profit, expanding market share, or achieving other goals. Additionally, businesses must employ a pricing strategy that aligns with the preferences of the target market and allows for healthy competition with other market players (Kotler & Armstrong, 2020). 4) Promotion: Promotion involves the process of communicating with the target market. It is a method for informing customers about the products offered for sale and conveying the marketing objectives. Promotion aims to make customers aware of available products, persuade them to make a purchase, and establish brand recognition among consumers (Kotler & Armstrong, 2020). Therefore, the conceptual framework of the marketing mix offers a holistic approach for businesses to analyze and harmonize these four variables. It's important to note that the marketing mix is not a static concept; it evolves over time to adapt to changing market conditions and consumer preferences. This adaptability is crucial for companies to remain competitive and meet the evolving needs of their target market.

Concepts and Theories Related to Brand Equity

Brands are created by sellers to identify their products and services. This is done to differentiate their offerings from those of others or competitors and to communicate value to consumers, enabling sellers to gain a foothold in the market and generate revenue for the organization (Heding, Knudtzen, & Bjerre, 2020). Brand equity is a topic that has long piqued the interest of academics and marketers, drawing from the foundational concepts proposed by Aaker and Biel (2013). These concepts have gained popularity due to their similar, widely accepted approaches, focusing on four key dimensions: 1) Brand Awareness: This refers to the consumer's ability to recognize or recall a brand. Brand awareness encompasses the unique capacity of consumers to distinguish between brands and remember them. Consumers may establish their own criteria, choosing to purchase only from brands that have established a reputable presence in the market. 2) Perceived Quality: Perceived quality relates to the establishment of a product's reputation. In addition to promoting brand awareness, emphasizing product quality is essential. This not only impresses customers but also makes them willing to pay a premium. Consequently, companies that consistently produce high-quality products, meeting or exceeding customer expectations, tend to generate higher profits. 3) Brand Association: Brand association is the connection that links a brand with the consumer's memory. It can encompass various elements such as the product's image, celebrity endorsements, and country of origin, product quality, user associations, competitors, or any other symbols associated with the brand. These associations can contribute to fostering a positive attitude toward the brand in the consumer's mind, ultimately influencing their decision to purchase the product. 4) Brand Loyalty: Brand loyalty refers to the strong attachment consumers have to a brand, which significantly influences their repeat purchases. High brand loyalty signifies that consumers hold a positive attitude toward the brand, considering it valuable and meaningful. Thus, the concept and theory of brand equity offer a comprehensive framework for understanding the value and impact of a brand. By building a strong brand, companies can gain a competitive edge, command premium prices, cultivate customer loyalty, and achieve long-term business success.

Concepts and Theories Related to Purchase Decision-Making

Kotler, Burton, Deans, Brown, and Armstrong (2015) explain that the consumer decision-making process involves the selection of a particular product, beginning from the initial recognition of a need or desire and extending to the post-purchase attitude. This decision-making process is typically comprised of five stages: problem recognition or need arousal,

information search, evaluation of alternatives, purchase decision, and post-purchase behavior. Here are the details of each stage as outlined by Kotler and Armstrong (2020): 1) Problem/Need Recognition: In the initial stage, consumers become aware of problems or develop desires for products or services. These needs or problems can stem from necessities and may be triggered by internal or external stimuli. 2) Information Search: Once consumers recognize their need for a product or service, they embark on an information-seeking journey to aid their decision-making process. Sources of consumer information can be categorized as personal, commercial, public, and experiential. 3) Evaluation of Alternatives: After gathering information in the previous stage, consumers move on to evaluate their options. During this evaluation process, consumers establish criteria or attributes for assessment. They consider various characteristics of different brands or products based on the information they have collected, comparing the advantages and disadvantages of each brand while assessing them against their desired product attributes. This evaluation process involves beliefs, brand loyalty, and various attitudes before they make a decision to select the brand that best aligns with their needs. 4) Purchase Decision: Following the evaluation of alternatives, consumers proceed to the purchase decision stage, where they make decisions on various aspects, including brand selection, choice of vendor, quantity to purchase, timing of the purchase, and the method of payment. 5) Post-Purchase Behavior: After customers have made the decision to purchase a product or service, it is essential to assess their satisfaction post-purchase. This satisfaction stems from comparing the actual experience with their initial expectations. If the value of the received product or service matches or exceeds what was expected, customers will feel content with their purchase. Thus, understanding the concepts and theories of consumer decision-making provides a profound insight into the factors that influence consumer behavior and the decision-making process. It involves comprehending both internal and external factors, as well as the application of relevant theories and models. This understanding can empower marketers to develop effective marketing strategies, shape consumer choices, and ultimately achieve successful sales outcomes.

Information about Huawei's Market Competition

Huawei, a prominent Chinese multinational technology company, has played a significant role in the telecommunications and smartphone industry. In its home market of China, it encounters stiff competition from two other tech giants: Xiaomi and Oppo.

Xiaomi, also headquartered in China, has emerged as a formidable rival to Huawei. Renowned for offering high-quality smartphones at competitive prices, Xiaomi has garnered a substantial market share in China. Its innovative products and marketing strategies have enabled it to challenge Huawei's dominance in the domestic market.

Oppo, another Chinese smartphone manufacturer, is a key contender for Huawei. Oppo is distinguished by its focus on camera technology and has gained popularity for its camera-centric smartphones. The rivalry between Huawei and Oppo is particularly intense when it comes to product innovation and marketing campaigns. Furthermore, Apple maintains a strong presence in the premium smartphone segment in China. While it may not dominate the market like Xiaomi, Oppo, or Huawei, it enjoys a dedicated customer base, particularly among consumers who prefer iOS devices.

In recent years, Huawei has encountered challenges in the Chinese market, primarily due to various factors, including the impact of U.S. sanctions on its global operations. Nevertheless, the company remains committed to investing in research and development, striving to maintain its competitive edge through technological advancements, such as the development of 5G infrastructure and AI-related products. It's important to note that the competitive landscape in China's tech industry is dynamic, with companies continuously innovating and adapting to changing consumer preferences. Huawei's success in the Chinese market will depend on its ability to navigate these challenges and stay at the forefront of technological innovation.

From the literature review, the conceptual framework can be drawn as shown in Figure 1.

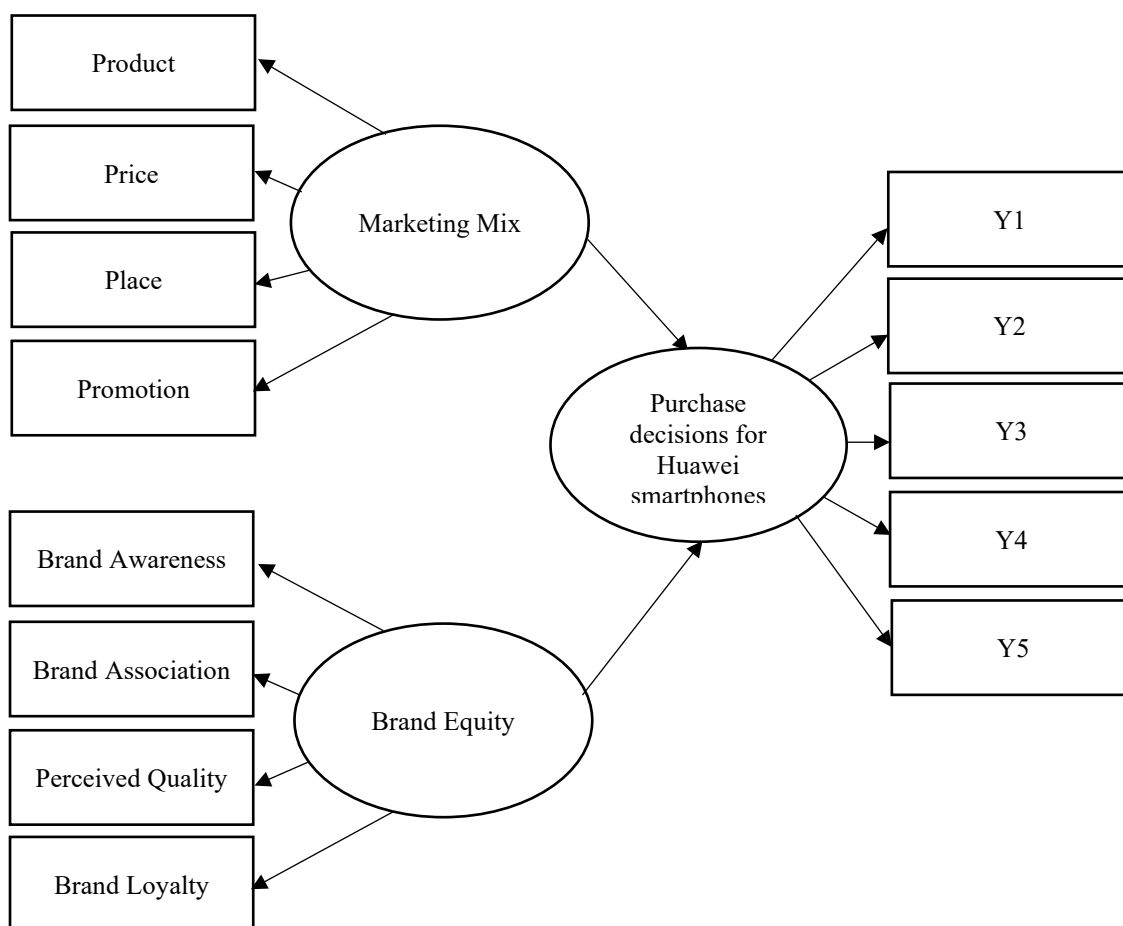


Figure 1 Conceptual Framework

RESEARCH METHODOLOGY

The research population comprised individuals in Beijing, China, who had previously purchased or used Huawei smartphones. In cases where the exact population size was unknown, data was collected from a sample of 260 individuals. The sample size was determined using Hair et al.'s (2010) sampling formula and selected through a convenience sampling method. The primary data collection tool used was a questionnaire.

The research questionnaire was developed based on an extensive literature review and related research to ensure that the questions aligned with the research objectives. It was divided into five parts as follows: Part 1 contained questions related to general information; Part 2 focused on marketing mix components; Part 3 addressed brand equity; Part 4 examined purchase decisions related to Huawei smartphones among customers in Beijing, China; and Part 5 provided space for comments and other suggestions.

Data analysis included descriptive statistics such as frequency tables, percentages, means, and standard deviations to gain a preliminary understanding of the data. Inferential statistical analyses were conducted to test research hypotheses, using a significance level of 0.05 and employing Partial Least Squares Structural Equation Modeling (PLS-SEM). To ensure that the research objectives were met, the results are presented in a descriptive and tabulated format, providing a comprehensive overview of the findings. Further details are provided in the following section.

RESEARCH RESULTS

The analysis of personal factors reveals that the majority of respondents have the following characteristics: they are female (59.23%), aged between 26 and 30 years (38.08%), possess a bachelor's degree (61.15%), work as government/state employees (38.46%), and have an income ranging from 4,001 to 5,000 CNY (32.69%). Furthermore, the majority of respondents agree with both the overall and individual aspects of the marketing mix, brand equity, and customers' purchase decisions related to Huawei smartphones.

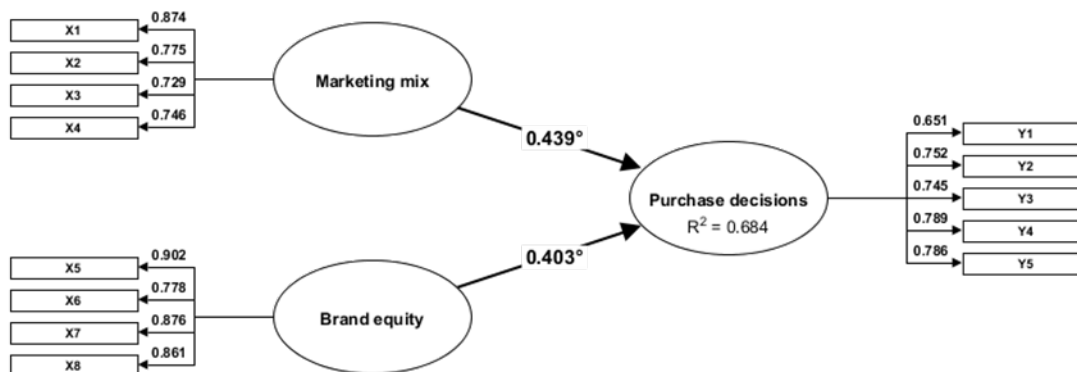


Figure 2 Shows the results of hypothesis testing

As shown in Figure 2, Marketing mix and brand equity exert a significant influence on customers' purchase decisions for Huawei smartphones in Beijing, China. This influence is statistically significant at the .000 level, with a predictive power of 68.4%.

DISCUSSION & CONCLUSION

Marketing Mix and Customers' Purchase Decisions for Huawei Smartphones in Beijing, China

The study found that the marketing mix significantly influences customers' purchase decisions for Huawei smartphones in Beijing, China. The importance of the marketing mix lies in its role as a fundamental component of a company's strategy, shaping customers' choices and their perceptions of a brand. Huawei, a leading smartphone manufacturer, employs a well-designed marketing mix strategy to effectively reach its target audience in Beijing, China. Specifically, in terms of the product aspect, a crucial element contributing to Huawei's successful marketing strategy is its capacity to offer innovative products continually. Huawei consistently creates and delivers technologically advanced smartphones, incorporating state-of-the-art features and functions. The emphasis on product quality and originality positively impacts customers' purchasing decisions (Šugrová et al., 2017). This is particularly relevant in the context of Beijing, where consumers are known for their appreciation of the latest technological advancements (Yang & Tan, 2019). Huawei's ongoing improvements in key aspects such as photography capabilities, battery longevity, and CPU efficiency significantly contribute to the continued appeal of its smartphones among users in the region. Moreover, in terms of pricing, Huawei's pricing strategy is a critical component of its marketing mix. Huawei adopts a strategic pricing approach aimed at maintaining a competitive edge in the market by catering to diverse customer segments and accommodating a wide range of price points, effectively addressing a broad spectrum of consumer demands. In Beijing, Huawei caters to cost-conscious consumers by offering affordable alternatives that possess similar attributes to high-end competitors like Apple and Samsung (Liu et al., 2017). Moreover, the regular implementation of promotional activities, discounts, and bundled offers serves as a compelling motivator for customers, significantly influencing their purchasing decisions in favor of Huawei smartphones.

(Liang et al., 2018). Regarding distribution (place), Huawei's strategic positioning and distribution of its smartphones have a substantial impact on consumers' purchasing choices. Huawei has strategically developed an extensive network of authorized merchants and flagship locations throughout Beijing, ensuring the convenient availability of their products to customers (Huawei Official Website, 2021). Furthermore, Huawei's establishment of strategic alliances with domestic mobile carriers allows them to offer attractive deals and after-sales services through their distribution networks, thus enhancing customer convenience and support (Chen et al., 2020). The implementation of these robust distribution channels serves to enhance Huawei's visibility and availability, thus having a positive impact on consumer purchasing decisions. Lastly, concerning promotion, the inclusion of the marketing mix in Huawei's strategy is of paramount importance. It plays a pivotal role in boosting brand recognition, building consumer confidence, and generating customer interest. According to Huawei's official website (2021), the company consistently allocates resources for strategic advertising initiatives, utilizing a combination of both traditional and digital platforms to effectively engage its target audience in the Beijing region. The organization forms partnerships with influential individuals and prominent figures within the local community to gain endorsements, leveraging their extensive audience reach and established reputation to enhance brand exposure (Liu et al., 2021). Social media platforms, including WeChat and Weibo, are widely utilized for consumer engagement, offering updates, exclusive promotions, and customer assistance, thereby influencing their purchasing decisions (Liu et al., 2021).

Brand Equity and Customers' Purchase Decisions for Huawei Smartphones in Beijing, China

The study has shown that brand equity significantly influences customers' purchase decisions for Huawei smartphones in Beijing, China. Several reasons contribute to this influence. Firstly, Huawei has successfully cultivated a strong brand image within the Chinese market, which substantially impacts consumers' purchasing choices. As of the first quarter of 2021, Huawei emerged as the leading smartphone brand in China, according to research published by Canalys. This success can be attributed to the brand's consistent delivery of high-quality products and the incorporation of innovative features. Over the years, Huawei has built a commendable reputation in the market for producing reliable smartphones with state-of-the-art features, exemplified by the inclusion of Leica cameras in their flagship models (Dmitrijevs, 2020). The establishment of a positive reputation fosters trust among customers, increasing the likelihood of their preference for Huawei over rival companies. Additionally, Huawei has invested significantly in marketing and advertising efforts to enhance its brand reputation in Beijing, China. The company's marketing efforts primarily aim to position Huawei smartphones as high-end, aesthetically appealing, and technologically advanced products. For example, Huawei has formed partnerships with internationally renowned figures and celebrities, such as Cristiano Ronaldo and Gal Gadot, to promote their smartphones (Huawei Consumer Business Group, 2020). Celebrity endorsements carry substantial influence among Chinese consumers, as they view celebrities as reliable authorities for product recommendations (Jian, 2018). Consequently, consumers are more inclined to choose Huawei smartphones due to the positive associations linked with these endorsements. Furthermore, Huawei has successfully established a strong digital presence in Beijing, effectively leveraging various social media platforms to actively engage with customers and boost brand visibility. According to Wang and Somogyi (2018), Chinese customers heavily rely on online sources, especially social media platforms, to gather product information and reviews. Huawei utilizes diverse social media platforms such as Weibo and WeChat to engage in consumer communication, showcase product attributes, and address client inquiries and concerns. Through proactive interaction with consumers on these platforms, Huawei fosters a sense of community and cultivates customer loyalty (De Vries, Gensler, & Leeflang, 2012). This

phenomenon significantly influences consumers' purchasing decisions as they develop a personal affinity with the brand. Additionally, Huawei's consistent delivery of exceptional customer service has further enhanced its strong brand equity within the region of Beijing, China. Recent research conducted by Shuhua (2018) revealed that Huawei has achieved the highest level of customer satisfaction among smartphone companies in China. This accomplishment is attributed to Huawei's commitment to providing post-sales services, including timely repairs, software updates, and extended warranties, as highlighted by the Huawei Consumer Business Group (2020). This dedication significantly contributes to fostering consumer confidence and loyalty. As Aaker (1996) suggests, people are more likely to repurchase and recommend a brand when they perceive it as reliable and attentive to their needs. Huawei's dedication to ensuring customer happiness is a crucial factor that significantly influences consumers' choices when purchasing their smartphones.

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Data Availability Statement: The raw data supporting the conclusions of this article will be made available by the authors, without undue reservation.

Conflicts of Interest: The authors declare that the research was conducted in the absence of any commercial or financial relationships that could be construed as a potential conflict of interest.

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