

Teaching Notes

Huawei aligns with SDGs to achieve differentiation and competitive advantage in the smartphone industry

Case Summary

The case study outlines Huawei's commitment to innovation that has created unique identity based on its unique product features. By incorporating specific sustainable development goals (SDGs) relevant to the smartphone industry, Huawei has differentiated itself in line with Porter's generic strategies for growth, with particular emphasis on differentiation as a strategy for growth to create a unique identity in the smartphone industry to drive sales. The case study explains Porter's generic strategies for growth, with particular emphasis on differentiation as a strategy for growth.

The case then goes on to explore how Huawei's differentiation strategy aligns with the UN's 2030 Agenda for Sustainable Development, through the SDGs adopted in 2015, to succeed in a competitive marketplace to drive sustainable competitive advantage in the smartphone industry. The case study explores how Huawei contributes to specific SDGs to drive innovation in the telecommunications sector as well as strengthened their market position as industry innovators and achieved sustainable competitive advantage in the smartphone industry both in China and globally.

The case study suggests that businesses should consider aligning the SDGs in their strategic planning to inspire change, create a positive impact on the environment and most importantly achieve market growth and drive sustainable competitive advantage. Finally, the case study provides opportunity for students' to explore Huawei's strategy that aligns with the SDGs, encouraging students to engage in critical thinking to demonstrate how the Porter's generic

strategies model is applied in real life situations in the context of Huawei and its SDG initiatives to achieve competitive advantage in the smartphone industry.

Teaching objectives

The case study supports a wide range of learning objectives, focusing on gaining an understanding of the following:

- The United Nation's Sustainable Development Goals (SDGs) and what it aims to achieve
- An analysis of how Huawei has committed to achieving specific SDGs
- Description of the concept of differentiation as strategy for growth and how Huawei has applied this effectively
- Evaluation of how differentiation drives sustainable competitive advantage

Target audience

The case study is aimed at both undergraduate and postgraduate students studying strategic business management, digital marketing and marketing strategy. Students on these courses are expected to demonstrate deeper understanding of how to apply Porter's Generic strategy for growth in relation to a selected organisation. The case will provide students with the opportunity to structure their own thoughts in applying what they have learnt in relation to the above learning objectives.

Suggested teaching strategy

This case study can be used to facilitate workshops. Teaching groups of 20-25 could be split into 4 to 5 groups, each group could then be asked to answer the discussion questions proposed at the end of the case and to prepare a presentation or report on their conclusions. As indicated, this case can be used for testing students understanding the concept of Porter's generic strategies for growth as well as the relevance of businesses aligning with the United Nation's SDGs to achieve competitive advantage.

Suggested answers to discussion questions

1. List the UN SDGs and what they are addressing.

This question expects students to identify and list the UN's Sustainable Development Goals (SDGs), also known as the Global Goals, adopted by the UN in 2015. The 17 SDGs aims to tackle a broad range of issues, from the eradication of poverty and hunger to achieving gender equality, improving health and education, and combating climate change. Students are expected go further to show the SDGs and what they seek to address as outlined below:

The 17 SDGs are summarised as: Goal 1: No Poverty: End poverty in all forms. Goal 2: Zero Hunger: End hunger, achieve food security and improved nutrition and promote sustainable agriculture. Goal 3: Good Health and Well-being: Ensure healthy lives and promote well-being for all at all ages. Goal 4: Quality Education: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. Goal 5: Gender Equality: Achieve gender equality and empower all women and girls. Goal 6: Clean Water and Sanitation: Ensure availability and sustainable management of water and sanitation for all. Goal 7: Affordable and Clean Energy: Ensure access to affordable, reliable, sustainable and modern energy for all. Goal 8: Decent Work and Economic Growth: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. Goal 9: Industry, Innovation, and Infrastructure: Build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation. Goal 10: Reduced Inequality: Reduce inequality within and among countries. Goal 11: Sustainable Cities and Communities: Make cities and human settlements inclusive, safe, resilient, and sustainable. Goal 12: Responsible Consumption and Production: Ensure sustainable consumption and production patterns. Goal 13: Climate Action: Take urgent action to combat climate change and its impacts. Goal 14: Life Below Water: Conserve and sustainably use the oceans, seas, and marine resources for sustainable development. Goal 15: Life on Land: Protect, restore, and promote

sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss. Goal 16: Peace, Justice, and Strong Institutions: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable, and inclusive institutions at all levels. Goal 17: Partnerships to Achieve the Goal: Strengthen the means of implementation and revitalize the global partnership for sustainable development.

2. Huawei is committed to the implementation of specific SDG goals. How ambitious and realistic is their commitment to the specific SDG goals?

Students' answers must focus on how Huawei in the smartphone industry has underscored its commitment to making technology accessible to all, especially the vulnerable social groups, by integrating AI-driven accessibility features such as AI subtitles for the hearing impaired and screen readers for the visually impaired, by this Huawei is dismantling barriers to digital inclusivity and inequality. This commitment to accessibility is a clear reflection of Huawei's dedication to the SDGs

Huawei's contributions to the SDGs extend beyond digital inclusivity. Through initiatives like the 'EduCenter' platform, ensuring inclusive and equitable quality education and promote lifelong learning opportunities for all by democratising access to education. Again, the company's commitment to eco-friendly technologies using renewable materials and reducing waste showcase how innovation can pave the way for environmental sustainability.

In a nutshell, Huawei's continuous improvement to its smartphone devices illustrates the power of differentiation through innovation and sustainability, by aligning its business strategy with the SDGs, Huawei has not only secured competitive advantage but also contributed to the global pursuit of a more sustainable and inclusive future.

3. Huawei's competitive strategy is linked to SDG goals. Discuss how the specific SDG goals selected by Huawei could give rise to a competitive advantage.

Answers must acknowledge competitive advantage as crucial for fostering customer loyalty which is significantly influenced by customer satisfaction. Students can go ahead and make references to the SDG's that Huawei has made commitment to so far in the case study.

The following are specific instances of SDG goals achieved by Huawei that has given rise to its competitive advantage:

- a. First, their commitment to making technology accessible to all, especially the vulnerable social groups, by integrating AI-driven accessibility features such as AI subtitles for the hearing impaired and screen readers for the visually impaired. Huawei is dismantling barriers to digital inclusivity and inequality linked SDG 10 principle of leaving no one behind. Ensuring that there is reduced inequality within and among countries.
- b. Secondly, with its 'EduCenter' platform, specifically addressed SDG 4 (ensuring inclusive and equitable quality education and promote lifelong learning opportunities for all) by democratising access to education.
- c. Thirdly, the company's commitment to eco-friendly technology aligns with SDG 13 (Climate Action), which is aimed at climate action to combat climate change and its impacts. Also, by using renewable materials and reducing waste shows how innovation can pave the way for environmental sustainability.

4. The SDG goals that Huawei is pursuing could lead to a competitive advantage. How sustainable is the competitive advantage for Huawei? Explain the reasoning for your choice.

Students' evaluation must focus on Huawei's market performance, especially its impressive growth in the face of overall industry declines, underscores the effectiveness of its differentiation strategy aligned with the UN SDGs. According to the case study, Huawei's trajectory proves that the ability to align business and marketing strategy with broader societal goals indicates that differentiation, rooted in sustainability and inclusivity, can drive both business success and positive social impact. Therefore, by aligning its business strategy with the SDGs, contributes to the global pursuit of a more sustainable and inclusive future leading to a more sustainable growth.

5. Drawing on Porter's generic strategy for growth framework, with relevant examples, discuss how Huawei can sustain its competitive position using SDG goals.

Students must first explain Porter's (1980, 1985) generic strategies for achieving competitive advantage: cost leadership, differentiation, and focus. Cost leadership emphasises lower cost of production, focusing on stringent cost and overhead control to offer competitive pricing. Differentiation on the other hand involves delivering unique products or services, in exchange of premium prices. Lastly, the focus strategy targets a specific market niche, aiming to satisfy unique customer needs or preferences through cost advantage or differentiation within that segment.

Huawei's differential advantage based on its commitments to the SDG goals. To sustain its competitive advantage, Huawei must continue to align its strategies with societal goals, which revolves around sustainability and inclusivity. This is not only a key driver of both business success and positive social impact but a more sustainable future growth. This can be achieved through continuous investments into research and development.

Further Reading

Apple gains top position in China smartphone market for first time in 2023. Available at <http://timesofindia.indiatimes.com/articleshow/107195843>.

Gao, Y. and Chan, E. 2024. Huawei's Pivotal Role in the US-China Tech War, from 5G to Chips. Available at: <https://www.bloomberg.com/news/articles/2024-04-29>.

Huawei Consumer Business: Sustainability Progress Report (2022). Available at: <https://consumer.huawei.com/en/sustainability/sustainability-report>.

Pham, M. 2021. How Huawei recovered its brand reputation after 'bombshell' ban. Available at: <https://www.marketingweek.com/huawei-brand-reputation-bombshell>.

UN Sustainable Development Goals. Available at: <https://sdgs.un.org/goals>.

References

Appiah, D., and Watson, A. 2024. Smartphones and Digital Customer' Journey. In Ozuem et al (2023) Digital Transformation for Fashion and Luxury Brands: Theory and Practice. London. Palgrave MacMillan.

Barney, J.B. and Hesterly, W.S. 2019. Strategic Management and Competitive Advantage: Concepts, Global Edition. Harlow. Pearson Education.

Caldwell, C. and Anderson, V.A. 2017. Competitive Advantage: Strategies, Management and Performance. New York. Nova Science Publishers.

Charan, R. 2021. Rethinking Competitive Advantage: New Rules for the Digital Age. New York. Currency.

Douglas A., Douglas J. and Davies, J. 2010. Differentiation for competitive advantage in a small family business. *Journal of Small Business and Enterprise Development* Vol. 17 No. 3, pp. 371-386.

Holt, K. 2022. Differentiation Strategy: Winning Customers by Being Different. Oxon. Routledge.

Khalfallah, B. 2020. Competitive Advantage Champion: The Practical Handbook to Differentiate your Business. Washington. KDP Publishing.

Kireru, N.J., Ombui, K., Omwenga, J. 2016. Influence of product differentiation strategy in achieving competitive advantage in commercial banks: A case of equity bank limited. 2016. *International Journal of Business & Law Research* 4(2):40-52.

Porter, M. 1980. Competitive Strategy: Techniques for analysing industries and companies. The Free Press, New York, NY.

Porter, M. 1985. *Competitive advantage: Creating and sustaining superior performance*, The Free Press, New York, NY.