

China's Huawei hopes to make a name for itself

May 9 2012, By PETER SVENSSON , AP Technology Writer

(AP) -- Will Americans buy a Chinese smartphone? We're about to find out, as Huawei, one of the world's biggest phone makers, is planning a big push into U.S. cellphone stores.

Only two Chinese companies are well known consumer brands in the U.S.: computer maker Lenovo, which entered the U.S. market by buying IBM's PC division, and Haier, an appliance maker with a German name.

Huawei, by contrast, is pushing into the U.S. market under its own power, and with a Chinese-sounding name (pronounced "wa-way"). It's hoping to replicate the success of gadget makers like Samsung and LG of Korea and Acer and HTC, which have formed a second wave of Asian companies to enter the U.S., after the Japanese.

U.S. phone companies are well acquainted with Huawei, which sells network equipment and accessories like wireless modems for laptops. It had \$1 billion in sales in the U.S. last year, Hopkins said. Globally, it's a big seller of phones as well. The company expects to ship more than 100 million this year. Of those, it expects 60 million to be smartphones.

In a sense, nearly all phones Americans buy are Chinese. They are, after all, assembled in China. The most valuable components, the chips, come from Taiwan, Korea, Japan and the U.S. Huawei is linked to the same global phone manufacturing chain, buying the same chips and using the same factories for final assembly. The company's phones also look like other smartphones that are stylistically similar to the iPhone, and run

Google Inc.'s popular Android software. What would really be different about the Huawei phones is that they're designed in China and marketed by a Chinese company.

When it started selling phones in the U.S. in 2010, Huawei continued to let the carriers take care of marketing, Hopkins said. Its phones are sold under the Huawei brand by some smaller phone companies, like MetroPCS, but the phone AT&T sells doesn't carry Huawei's name - just AT&T's. Sprint Nextel Corp. and T-Mobile USA also sell a Huawei phones.

"In the U.S., the device makers have to continuously brand themselves," Hopkins said.

So the company is planning a big marketing campaign with "global brand experience agency" Jack Morton, which works with Nike, Wal-Mart and Cadillac. The slogan will be "Release the smart in everyone," reflecting Huawei's focus on making inexpensive smartphones for people trading up from regular phones.

Analyst Ramon Llamas with IDC places Huawei among the up-and-comers in the phone market, who need a "hero device," a flagship phone, to establish it. Huawei has unveiled a couple of candidates in its new Ascend line, including what it called "the world's thinnest smartphone" in January. But those haven't come to the U.S., and may not.

"We know we can do it, we can offer it, but with us still being young in the device game, it's better for us to focus on delivering a good user experience," Hopkins said.

That means, Hopkins, a self-described "smartphone power user," doesn't use a Huawei phone, but a Samsung Galaxy. He'd rather have the flagship Huawei phone, the Ascend D, he said, but it doesn't work in the

U.S. -yet.

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