China's Huawei rides Google coattails into new markets

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With a partnership to make one of Google's flagship Nexus smartphones, Chinese tech giant Huawei is gaining new prominence which could help its efforts to win broader global consumer appeal.

Huawei was tapped this week to produce the Nexus 6P, one of two handsets unveiled this week by Google to showcase its Android mobile operating system.

The large-screen "phablet" was unveiled as a rival to the iPhone 6S Plus and Samsung Galaxy Note. A second Google phone, the Nexus 5X, will be made by South Korea's LG.

At a time when Chinese firms are struggling to break the dominance of Apple and Samsung on the high end of the smartphone market, the partnership is a milestone for Huawei.

"Clearly, working with Google is vote of confidence in the technology of the product," said Ian Fogg, senior director at the consultancy IHS Technology.

Fogg said the Nexus devices "are intended to be showcases of the best of Android technology, and are designed to be seen as innovation leaders. That's an incredibly valuable association to have."

A 'bridgehead'

The deal with Google "opens up a route into the US market to raise visibility for Huawei smartphones," Fogg noted.

"Huawei will be particularly pleased if this can be a bridgehead into the US market."

Fogg said that this also helps Google, which is largely absent from China, should the US company decide to dive back into the large market.

"In its home market of China, Huawei has both mobile operator relationships as well as its own expertise in selling smartphones direct to consumers," Fogg said.

Huawei has been selling some unlocked high-end devices direct to US and European consumers, and has a share of the prepaid, low-end smartphone market along with Chinese rival ZTE.

But Huawei and other Chinese makers have generally lacked the appeal of Apple and Samsung for high-end smartphone customers.

The association with Google "provides a brand boost for Huawei," noted Avi Greengart, who follows mobile technology at the research firm Current Analysis.

"If you are buying a Nexus phone and it has a Chinese brand prominently displayed, that's definitely a positive."

Greengart noted that consumers will be looking at more options now that many US carriers and "unbundling" the service from the device.

Breaking the connection

The Nexus 6P, which starts at $499 for US customers, is being sold for less than the rival Apple 6S Plus and Samsung Galaxy Note 5, which cost at least $700.

"Once you break the direct connection between the service and the hardware it becomes easier for consumers to buy their device separately, and it makes a Nexus more attractive," Greengart said.

The partnership could boost the prominence of Huawei, which has received media attention from US government allegations that the company is a security threat because of perceived close links to the Chinese government. The company denies the allegations.

Last year, news reports said the US National Security Agency had been secretly tapping the company's networks for years.

Huawei is one of the largest providers of network infrastructure globally, but its consumer products are less well-known outside China.

Some analysts say it remains questionable whether Huawei can parlay the Google deal into a stronger position in the smartphone market.

"I think people gravitate toward Nexus because it is a Google device," said Ramon Llamas, who follows mobile technology for research firm IDC.

Llamas said other manufacturers partnering with Google on Nexus—HTC, LG and Motorola, for example—have failed to get a major boost for their brands from the deals.

"Huawei could see some boost in sales but not enough to catapult them to a challenge of Samsung or Apple," he told AFP.

While Chinese makers have gained ground recently—lifted in part by

Lenovo's acquisition of the Motorola brand—"none of them are breaking away from the pack," Llamas said. "Apple and Samsung really control the high end."

But IHS's Fogg said the mobile market can shift quickly, pointing out that previous market leaders like Nokia and BlackBerry have seen their leadership fade quickly.

"Nothing is forever in the smartphone market," Fogg said.

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