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Program & Section: BSIT 301

Case #1: Huawei promises consumers in the Philippines a full refund if Gmail and Facebook won’t work on its devices

Huawei Technologies, China’s leading smartphone vendor, has promised to fully refund the cost of its smartphones and tablets in the Philippines in the event the devices are unable to support popular apps from US companies such as Google and Facebook, after the company was put on a blacklist by the US government.

The full-refund programme allows consumers in the Philippines to get back the price of a Huawei smartphone if apps such as Google’s Gmail and YouTube, and Facebook, Instagram and WhatsApp fail to function on the handsets within two years of purchase, Philippine media *Revu* first reported, adding that more than 30 partner retailers and dealers were part of the programme.

On Wednesday, Huawei confirmed the authenticity of the programme, but it declined to provide further information, including whether it would extend the policy to other overseas markets.

Huawei, which was the world’s No 2 vendor in terms of shipments in the past quarter, has seen its overseas smartphone sales drop 40 per cent, company founder and chief executive Ren Zhengfei said in Shenzhen on Monday, without specifying the time period, after the US government placed Huawei and its affiliates on a trade blacklist in mid-May.

The US ban restricts the Chinese company from buying parts and services from US companies without approval. Google and Microsoft, whose Android and Windows software Huawei uses in its smartphones, tablets and laptops, have both suspended access for new Huawei devices.

Facebook was no longer allowing pre-installation of its apps on Huawei phones, Reuters reported on June 7, while Richard Yu Chengdong, chief executive of Huawei’s consumer business group, told CNBC last week that the Shenzhen-based company has indefinitely put on hold the launch of a new laptop in its Matebook series due to the US blacklist.

Despite dismal sales prospects in overseas markets, Huawei has seen continuous growth in the domestic Chinese market, Ren said at the Monday event, as Huawei has received strong support from local consumers.

During the midyear shopping spree hosted by Chinese e-commerce giants, Honor and Huawei, the two smartphone brands owned by the company, were No 1 and No 3 in terms of sales volume between June 1 and 18 on JD.com, one of the largest online shopping platforms in China.

Huawei is also preparing to launch a self-developed operating system as it faces the prospect of not being able to use the Android OS on its smartphones and Windows OS on its personal computer products.

In May, Yu revealed that Huawei’s own OS is likely to hit the market as soon as this autumn, and no later than spring next year, and will be able to support a range of products and systems within its ecosystem, including smartphones, computers, tablets, TVs, automobiles and smart wear.

**TO DO:** To analyze the case study provided on the first page, complete the following requirements. Write your answer on the space provided.

1. **BACKGROUND OF THE STUDY**

* Identify the company profile or history of the study, location, product/services offered (if necessary), population, Mission/Vision, Age of the company and alike.

1. **TIME CONTEXT**

* When was the Date/Time when the problem existed?

1. **VIEW POINT**

* Identify the person or group of persons who can solve the problem.

1. **CENTRAL PROBLEM**

* Within the case there are many problems, determine the major problem in the case study. You need to choose only one.

1. **OBJECTIVES**

* List down two to three 2 – 3 objectives to solve the problem identified in the case.
* Want – it should starts with “To be…. or To be able to” (required)

1. **AREAS OF CONSIDERATIONS**

* Different factors that contributed to the central problem, these are the causes of the problem. In this section, apply the SWOT analysis technique in analyzing the case.
  + Strength – refers to characteristics of the business or project that give it an advantage over others.
  + Weakness – are characteristics that place the team at a disadvantage relative to others.
  + Threats – refers to elements in the environment that could cause trouble for the business or project.
  + Opportunities – refers to elements that the project could exploit to its advantage

1. **ALTERNATIVE COURSES OF ACTIONS (ACAS)**

* These are solutions to the problem. Provide at least three solutions or Alternative Courses of Actions (ACAs) to solve the central problem identified and list down corresponding advantages and disadvantages if such solution/s will be considered.

1. **RECOMMENDATION**

* Out of three (3) ACAs identified on section VII, choose only one ACA as basis for your recommendation.

**Your Answer:**

1. **BACKGROUND OF THE STUDY**

The company is Huawei Technologies, it is a lending smartphone vendor, established by Ren Zhengfei in China. Huawei is proven as one of the most famous smartphone vendors in the Philippines, due to its accessibility and low prices. The company also has brand opponents such as Samsung and Apple, and also Chinese companies like OPPO and Vivo. It is also indicated that Huawei was number 2 vendors in the world in terms of shipment. The case specified a location which is in the Philippines. The Chinese company offers and designs product devices such as smartphones, tablet, and any electronic device. In this case, it tackles about the refund-programme that will be given to those consumers who happened to have difficulties in accessing certain apps like Google, Facebook, and etc on their Huawei devices. The primary population is the Filipino Huawei consumers. The case study does not indicate the age of the company but according to my research, Huawei was founded in 1987 in Shenzhen, China, and is operating in over 170 countries and regions all around the world.

1. **TIME CONTEXT**

There were no specific date and time when the problem existed, but it is said that the programme was authenticated in last Wednesday. The case started around early May to June without a year indicated. When I conducted a research, the timeline should be in 2019. There is also a report from June 1 to 18 in JD.com, indicating that the case happened around this time too.

1. **VIEW POINT**

First and foremost, is the Huawei company and management. Initially, they can be the first ones to solve this problem. In addition, the 30 partner retailers and dealers, can also be helpful in solving the problem. They are also the ones who helped in the full-refund programme here in the Philippines.

1. **CENTRAL PROBLEM**

The major problem would be how will Huawei reduces the sales drop and keep the trust of their consumers. Due to the US banning, some applications would not work in the Huawei device. There is also a problem in their operating systems. However, the major problem is that despite having these complications, how would Huawei keep their consumers. How would they ensure that their customers would still use Huawei devices despite the complications and issues that this currently have.

1. **OBJECTIVES**
2. To be able to keep the integrity and trademark of Huawei Technologies all around the world.
3. To be able to ensure that consumers would still use and purchase their products even with the defects.
4. To immediately fix and compensate the issues the Huawei company faces and ensure that same problems would not happen again.
5. **AREAS OF CONSIDERATIONS**

* **Strength** 
  + Despite having 40% sales drop, Huawei is still dominating in the domestic Chinese market.
  + Huawei take full accountability for their shortcomings and mistakes.
  + The company has reliable and dependable partner retailers and dealers.
  + They established their brand, therefore certain issues like this is manageable.
* **Weakness**
  + Huawei initially depended on existing and prominent brands such as Google and Microsoft, which the Android and Windows primarily use. Once it is banned, the company faces huge disruptions and losses.
  + Sales dropped in overseas market.
  + Application issues due to the U.S. banning and blacklisting.
* **Opportunities**
  + Creating the full-refund program created a safe place for Filipinos to keep their trust and avoid switching to other brands.
  + The plan to create the self-developed operating system as their major solution to avoid the issues facing with the dependencies with U.S. technology.
  + They can create another trademark for themselves as a proof that they can survive without the use U.S. technologies.
* **Threats** 
  + Loss of trust of some of the consumers. Making them hesitant to purchase if some issues still kept persisting.
  + Current and proceeding banning of U.S. tech, resulting in not keeping up with the latest tech.
  + Lower sales compared to other competitive brands, as they are not being affected with the Huawei’s crisis.

1. **ALTERNATIVE COURSES OF ACTIONS (ACAS)**
2. Creating and implementing the newly developed OS. By creating their own OS, they would not have to depend on the technology offered by the U.S. This will also be the most proficient solution as it will run in the long term. The only downside of this is that it must take a lot of time and the developers must have a hard time trying this since they are not familiar with the new OS.
3. Worldwide full-refund programme. They should start to extend their program, not only in the Philippines but also all around the world. With this action, they can make sure that their consumers and Huawei would still be in a good relationship as the company tries hard to gain their trust back.
4. Strengthening the marketing and customer satisfaction. They could use this action to provide transparency to their consumers. It will avoid panic and confusion if they can explain what is really happening on devices as well as the company. Gaining the trust and loyalty of the consumers is one of the most important things that the company needs to accomplish.
5. **RECOMMENDATION**

In my opinion, I would choose the creating and implementing their new OS. They should go for the long-term solution for the company. Developing their own OS would be the solution to their root cause. Like I’ve said, the company Huawei heavily relies on the technology and services provided by the US. And due to the banning and blacklisting, they face huge problems all around the world. But if they stopped depending on those services, they are able to stand on their own and control their devices more effectively. By using their own OS, the products and services that they offer will work even with the restrictions. I also mentioned that, they can provide another trademark to their company as they are able to be more independent in the global IT industry.

References:

1. <https://www.huawei.com/en/corporate-information>
2. <https://technode.com/2019/06/19/briefing-huawei-says-filipino-consumers-can-get-full-refund-if-they-cant-use-gmail-and-facebook-on-its-devices/>