**Memorandum**

**DATE:** June 4, 2015

**TO:** Steven Prady, Manager of Marketing Department

**FORM:** Yuting Wang, Project Manager

**SUBJECT:** External Analysis in Market Research of Lenovo

**INTRODUCTORY SUMMARY**

We have just completed an external analysis of the market environment Lenovo faces on, all of political, social economic, technological, ecological aspects are included. This report will clearly clarify the external environment Lenovo fighting in. Details, such as the political influence, social reputation, technology situation and ecological demands, are described.

**POLITICAL ANALYSIS**

**Domestic political analysis**

In every five developing period, China government issues a strategy of the whole industry. Right in this period of the twelfth five, the government has invested 500 billion RMB into the research and development of new electronic products, together with the optimization of industry system [1]. This is definitely a good news for Lenovo. The domestic political environment is always the most influential element that counts.

**Global political environment**

As is known to everyone, the economic globalization provides a much vaster stage for all domestic leading companies. The “made in China” products is widely spread all over the world. With a good reputation, Lenovo products are also widely accepted by people of different counties.

**The political influence on Lenovo**

Lenovo is set up by The Chinese academy of sciences institute of technology with a strong political background. Lenovo Hong Kong is invested by China academy of sciences and Hong Kong enterprises.

Especially, Lenovo has a plan of three steps. They change their logo from 'Legend' to 'Lenovo' which value 20 billion at first. Then they cost 1.25 billion dollar on acquisitioning IBM. The third step is reached out to the world formally with The 2008 Beijing Olympic Games.

It is evident that in all aspects the supports from government is so beneficial to Lenovo.

As all can see now, Lenovo has become the most promising national cooperation in China.

**SOCIAL ANALYSIS**

**Social demands**

With a large population, there is a vast demand for high-tech products especially as the explosion development of electronic field. Nowadays people all over the world regard the computer as a necessity in daily life. People now can do everything with computer, that is to say, almost everyone owns a computer in cities. The quantity demanded of electronic is also affected by the progress of culture level in China. With the help of economic development, people are more likely to rely on the electronic devices, which means a numerous demands.

**Social reputation**

It is no doubt that Lenovo owns a good reputation, not only because the quality of its products but also burdens the expectation of Chinese people to get into the top international market. With such a wide support from citizens, Lenovo has an easier way to be prosperous.

**Social influence**

When talking about the reason of Microsoft’s success, Gates own it to timing. Just as mentioned, timing is such an important aspect for Lenovo. The current social environment is a promising timing, to name a few, the plentiful demands, good reputation. In addition, with a plenty of labour in China, the cost would be low and the price is low relatively.

However, the more impressive Lenovo is, people puts more demands to it. Then, Lenovo is under a greater pressure to improve itself not only in products but also in the service and culture aspects.

In a summary, the overall circumstance and Chinese cultural background makes the way of Lenovo wider.

**ECONOMIC ANALYSIS**

**Domestic economic situation**

China has been the world’s second largest economies since her GDP exceeded Japan’s. Though influenced by the financial crisis the economic situation, China still maintains a rise at present, especially the momentum of development in e-industries with overall economic environment’s great support. So, the investment is not a matter that Lenovo worries.

**The sales**

The sales of electronic product which include mobile phone，IT, white goods, small appliance, photography product and several more kinds of electronic product was rise from 3.06 billion RMB to 4.68 billion RMB and reach 52.6% rise in year 2010.Especially,the sales of PC rise 102.4 percentage point from 0.39 billion RMB to 0.78 billion yuan. The gross sale of electronic product has a historical breakthrough to 1100 billion RMB. This also implies a vast demand for electronic products.

**TECHNOLOGICAL ANALYSIS**

**Technology situation**

We take imitation as our developing strategy while our technical aspect is on a sticky wicket. After Lenovo’s purchasing of the IBM pc part and the launch of Thinkpad, the great progress in PC technology earns widely acceptance in IT field.

It cannot be denied that Lenovo is not advanced in technology compared to other foreign cooperation. There are more than 1800 outstanding technical talent in Lenovo. However, the shortage in mobile communications still cannot be neglected. In all, compared with electronic corporation abroad, it’s so obvious that Lenovo is short in innovation and techniques.

**International recognition**

In comparison with famous international corporation like Dell, HP, Apple, the approbation degree of Lenovo worldwide is not successful enough. There is no famous technology of Lenovo to impress people deeply. As we focused on the drastic competition in the market and the purchasing power more and more powerful, and its high time Lenovo kept high alert for Lenovo that to have its own techniques.

4.3 Technological demands:

Actually, the technology means a lot for an electronic cooperation, Lenovo is for no exception. Only with a strong weapon of technology can Lenovo go a more independent way, and be vigorous in the market. More is invest into technology, more can be repayed. In addition, technology not only means to master the existing ones but also creativity of products. It is such a problem for Lenovo to improve its independent tech.

**ECOLOGICAL ANALYSIS**

**Resource status quo**

China is known as resourceful. Indeed, the resource for electronic field is limited, which to some extent bother Lenovo and other electronic cooperation.

**Ecological demands**

The climate change problem has been an inevitable problem. More people are call on green industry and green business. As the environmental pressure becoming heavier, the ecological standard has become an essential aspect that cooperation should consider. Green or not is mow an elements people take into consideration, not only for the advantage of Lenovo itself but also the environmentally friendly image that win more reputation.

**Ecological status quo**

China has abundant natural resources but the throughput of high-tech productions is limited indeed. However, everything is at the pros and cons. China has a convenient transportation and the cost of most of the spare parts are really low. As for the resources aspect, Lenovo has the advantages. However, Lenovo is still looking for some greener ways in recycle the components of products. And, it has made some progress to some degree.

With a greater pressure of environmentally friendly system, which means a higher cost in the short time, Lenovo has to make more efforts.

**CONCLUSION**

The external market environment is fully demonstrated by this report. According to the outcome of the analysis, I strongly urge that:

1. Open up the high-level market, enhance the competitiveness in the medium and low-level market.
2. Concentrate more on the quality and service system. People now cares more about the humanity of business. Sometimes the service counts.