

# Maintaining Market Share: HP's Competitive Strategies in the Notebook Sector

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**Abstract.** This paper provides a comprehensive analysis of the factors contributing to HP's ability to maintain a stable market share amidst the dominant positions of Apple and Lenovo in the technology sector. It explores the underlying causes that allow HP to sustain its market presence despite the significant market shares held by Apple and Lenovo. The paper delves into the technological advancements and marketing strategies employed by Apple and Lenovo that have propelled them to achieve high market shares. By examining the unique characteristics and strategic approaches of these two major competitors, the study identifies how their innovations and marketing tactics differ. Additionally, the paper contrasts these with HP's own consumer appeal and distinct marketing strategies. It investigates HP's internal operational and marketing strategies, providing insights into how the company attracts and retains its customer base. Through this comparative analysis, the paper aims to uncover the key elements that enable HP to remain competitive and relevant in a market dominated by powerful rivals.

## 1 Introduction

With the rapid change of the times and social changes, the demand for notebook computers has gradually been reflected in the market, and the price of mainstream notebook computers has gradually been reduced to less than 10,000 yuan, and the notebook computer market has entered a period of high-speed popularity [1]. This has also created huge business opportunities for major electronics manufacturers, with several companies rapidly capturing the laptop market through high-speed scientific research and product innovation, including Lenovo, HP, Apple, Dell and Huawei. Lenovo and Apple are the companies that appear in the consumer's vision and achieve actual scientific research results and lead the development of notebook computers [1].

The global notebook market peaked at 246 million units in 2021, with Lenovo's market share at 24 percent and Apple's at just 9 percent, but HP's market share reached 22 percent, almost matching Lenovo's, a curious result [2]. Even though the laptop market is gradually saturated, laptop manufacturers create demand through market segments, among which the most representative is the ultra-thin book for business, the multimedia processing book led by the MacBook, the game book mainly for games, Student Ben and a windows tablet 2-in-

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1 computer led by Sophie from the student party [3]. The heavy and inefficient laptops of earlier years are largely gone. This segmented market would expand the benefits of the market by forcing consumers to repeat purchases. This has been of great benefit to several major electronics companies.

The purpose of the literature review is to the analysis of HP's marketing strategy and marketing methods and the underlying analysis of HP's star products to explain how HP is able to achieve 22% of the market share despite the rapid development of the notebook market and the significant technological development of the two major notebook manufacturers.

## **2 The main reason why Apple notebook occupies the market**

First of all, the exterior is like a work of art, thin and delicate, with great details. In terms of feel, the oversized trackpad gives users a more comfortable experience and more sensitive control, while attaching Apple's 3D touch function [4]. The comfortable experience makes many users no longer rely on the mouse to operate. The keyboard is standard, the feedback and sound effects are determined by personal habits, and the user experience is well received.

MacOs is the most important part for the Apple, it decide which system that the consumer are going to choose, InputMethodKit InputMethod Framework (IMK). Although InputMethodKit also has many defects, but Windows TSF and IMK lack of comparability, IMK unilaterally beat TSF [4]. The Windows input method is injectable, which means people have to build both 32 and 64 bit versions in a mixed-bit system [4]. If the CPU architecture is different, people have to build it for a different CPU architecture. All of this adds annoying complexity to processes such as compilation toolchain 9 management. This injectable design only allows people to write input methods in low-level languages like C/C++ / Rust [4]. C# works too, but no one has fully implemented a fully functional C# input method, and there seem to be other limitations [4].

The reason why almost all photographers and music creators choose Macs is because the whole system is so immersive [4]. All creative work is very concerned about the so-called inspiration, and the Mac system allows people to concentrate on it without the pop-up ads to disturb people, which is the ultimate user experience, especially software like Photoshop and Lightroom, which runs on the Mac. Unless setup is too old, Photoshop will generally run smoothly, which is important for photographers who rely on mood [4].

For video clips, Final Cut Pro is only available on the Mac (Windows has other options), so many people who like it will choose the Mac first. If people choose a Mac, people must learn to use it, because it is the easiest to use and professional video cutting software. . Also, The Mac's Retina screen is definitely the benchmark in the laptop industry right now. What people have to remember is that although the parameters are not extreme, such as the current notebook is always 4K resolution, but thanks to the combination of Apple's software and hardware, especially in the font rendering and other aspects of macOS has its own unique advantages, in the actual look is absolutely superior, Windows computers, on the other hand, are far behind in their support for high resolution [4]. Therefore, lots of the unique modes make the Macbooks become more in class by oneself, the special operating experience also take the consumer into a wonderful working environment, and the other competitor cannot given the experience and feeling. The Macbook is unique computer in the marker which means the special setting make the Macs be the leader of the computer marker and open a new world for the notebook market.

### **3 The reason why Lenovo can achieve the highest market share**

Lenovo computer is able to sell so many years, naturally because it has to sell, excellent products [5]. As a computer giant, some of Lenovo's products are indeed very heavy, which makes its products how cannot be popular. This point, from the Lenovo rescuer R7000P 2021 in the past year, often ranked the top of the Jingdong game sales list can be seen one or two. Strong hardware pile material, let Lenovo many models by consumers in hot pursuit [5].

According to data released by Lenovo in the first quarter of 2021/2022, its quarterly PC sales share in China was 40%. Among them, commercial key customer business contributed the most to Lenovo's PC sales in China, accounting for 54.5%. It can be seen from this that Chinese procurement contributes greatly to Lenovo's PC sales. Government departments, primary and secondary schools often take Lenovo as the main procurement object.

Foreign markets have always contributed more to the sales of unveiled computers, with the Americas being Lenovo's biggest market. In the third quarter of 2021, Lenovo's global sales volume was 19.773 million units, while China only contributed 6.002 million of them [5]. It can be seen that foreign markets contribute more to Lenovo's sales. However, according to Lenovo's 2018 financial results, the company's profit in China was 5.58 US dollars, while the profit in the Americas was only 72 million US dollars, and the business in the Asia-Pacific region and other markets was even worse [5]. In other words, Lenovo makes money in the domestic market and then subsidizes the foreign market. It can be inferred from this that the price of Lenovo computers in foreign countries is much lower than that in China. And this low-price selling strategy, naturally allows Lenovo to achieve good sales overseas.

It is understood that Lenovo has nearly 5,000 suppliers around the world, and more than 30 self-owned production bases around the world [5]. This hybrid model of own factories and ODM/OEM partners makes Lenovo's supply chain resilient and flexible [5]. Such a strong supply chain has ensured Lenovo's shipments despite the pandemic. This provides a solid guarantee for Lenovo's high sales, enabling Lenovo to achieve such excellent sales results despite the epidemic. It is the above four reasons, so that Lenovo computer sales all the year round in the world ranked first, has become the existence of people cannot be ignored.

### **4 HP's edge in the notebook market**

#### **4.1 Basic overview and history of the company**

On September 4, 2001, it announced the acquisition of Compaq, a famous computer company in the United States, and completed the acquisition on May 3, 2002 [5]. In the second quarter of 2001, Compaq ranked second and HP ranked fourth in the global PC market, surpassing Dell, which occupied the first place [5]. HP's services sales after the acquisition amounted to \$15 billion. But the problems associated with integrating Compaq led to the ouster of then-CEO Fiorella from HP's board. That same year, IBM paid \$3.5 billion for Pricewaterhousecoopers, a consulting firm.

In 2003, the company's market capitalization reached \$8.028 billion, giving it a 6.2% share of the global infrastructure services market [6].

In the fourth quarter of 2006, it overtook Dell to become the world's No. 1 PC vendor. As of early 2012, HP was the world's No. 1 PC vendor. But HP is not content to be the world's biggest maker of IT hardware [6].

In 2008, HP's fiscal revenue exceeded \$100 billion, and IT spent \$13.9 billion to acquire IT technology services company EDS. The acquisition of EDS will enable HP to become the same as IBM in providing hardware and service integration solutions, and enhance HP's competitiveness in IT services, becoming the world's second largest IT service provider after

IBM. Before the acquisition, services accounted for only 16 percent of HP's total revenue, while the combined HP and EDS would have generated \$39.4 billion in services, compared with IBM's \$54.1 billion in 2007 [6].

#### 4.2 Profitability analysis



**Fig. 1.** Trend in HP's profitability from 2007 to 2012

From the perspective of HP's sales profit margin and operating profit margin, it was relatively stable from fiscal 2007 to fiscal 2011, but there was a significant decline in fiscal 2012, which was negative in figure 1. Return on shareholders' equity was also flat from fiscal 2007 to fiscal 2011, again declining significantly in fiscal 2012. One of the main reasons was a serious accounting fraud at the time of the acquisition of Autonomy, the British software company H.P. bought for \$11 billion in 2011, which resulted in an \$8.8 billion goodwill impairment in the fourth quarter of 2012. The second reason was a decline in sales in fiscal 2012.

#### 4.3 Management Philosophy ---- "The HP Way"

The HP Way has five core values: (1) Trust and respect individuals and employees; (2) to pursue the highest achievement and the best; (3) Do things must be very honest, cannot deceive users, cannot deceive employees, cannot do immoral things; (4) The success of the company depends on the strength of everyone, not on the strength of one individual; (5) Believe in continuous innovation and have certain flexibility in doing things [7].

The HP way is a big part of HP's success. This has led to countless imitators, and the companies that have copied HP's model are all glorified by HP. This dazzling light also makes

HP the birthplace of Silicon Valley, every time people talk about Silicon Valley will pay tribute to HP [7].

In addition, as environmental protection has become increasingly mainstream today, HP has long paid attention to resource recycling. In 1987, it launched hardware recycling business: 1991 Started recycling toner cartridge business. In 1996, the recycling program reached 10 million. 2008, reported greenhouse gas emissions. In 2012, free recycling.

Since 2001, it has published regular sustainability reports in line with the principle of transparency. HP is making a big effort on sustainability, not just for show. HP is recognized as a leader in sustainability. Numerous awards [7].

For the first time, Hewlett-Packard's big shareholders are referred to by their first names. HP is the first company where employees are co-owners, granting them stock options. In November 1957, HP went public with a market capitalization of \$48 million [9]. As HP grew, its founders were keenly aware that the company's employees did not seem very enthusiastic. After careful investigation, HP realized that only by allowing employees to own company stock could they be fully motivated, which led to the stock option plan that became popular in the United States. When employees become owners of the company, they immediately change the face of the company. In most companies, specialists are often hired, and Pratt & Whitney often retrains in multiple competencies in-house, thus avoiding the trap of hyper-specialization of employees [9]. There is a running joke at HP that the only way to get fired is to kill the boss. At the height of the U.S. economic crisis in 1974, when Silicon Valley was reeling and a lot of tech workers were out of work, it was business as usual at HP, which offered nearly perfect job security. HP's pioneering approach to management became an important part of Silicon Valley's management culture, fueling the growth of companies like Google and Facebook [10].

## 5 Conclusion

HP's success in the laptop market can be attributed to several factors, including its rich history, unique management philosophy, and commitment to sustainability. Despite the pressure from Lenovo and Apple, HP continues to generate high returns thanks to its strong supply chain, flexible business model, and emphasis on employee ownership and incentives. In addition, HP's focus on innovation and adaptability has kept it ahead of technological advances and changes in consumer preferences. Overall, HP's holistic approach to business has enabled it to maintain its leading position in the laptop market.

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