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# Lenovo: A Case Study on Strengthening the Position in the European Market Through Innovation

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## Abstract

Lenovo is a Chinese company operating in the computer and ICT area with great success in its domestic market. The product range is spread over computers (laptops) as well as smartphones for private and for professional users. Lenovo's strengths are the high quality of electronic devices, ease of use, and selling the devices for an acceptable and fair price. The supply chain of Lenovo is very strong and effective as well as efficient. Lenovo and its specific product segments can become a world brand. The increase in sales and market shares was achieved by mergers and acquisitions which are limited by nature. So, it might be a challenge for Lenovo, when the time is ripe, to further develop its business with its own resources.

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## 1 Introduction

We can observe that Chinese companies are entering the European markets in various business fields. Lenovo is a Chinese company operating in the computer and ICT area with great success in its domestic market. The product range is spread over computers (laptops) as well as smartphones for private and for professional users. Lenovo organizes its worldwide operations with the view that a truly global company must be able to quickly capitalize on new ideas and opportunities from anywhere. By foregoing a traditional headquarters model and focusing on centers of excellence around the world, Lenovo makes the maximum use of its resources to create the best products in the most efficient and effective way possible. In addition, the dispersed structure keeps them closer to customers, enabling Lenovo to react

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quickly to local market requirements (Lenovo 2014). Lenovo is a 34 billion US\$ personal technology and a Fortune Global 500 company that serves customers in more than 160 countries globally. Lenovo is therefore the largest PC Company in the world and an emerging PC Plus leader. Major research centers are in Yamato in Japan; Beijing, Shanghai and Shenzhen in China, and Raleigh, North Carolina in the USA. PC manufacturing and assembly facilities are in Beijing, Chengdu, Hefei, Huiyang, Shanghai and Shenzhen in China; Pondicherry in India; Monterrey in Mexico; Itu in Brazil; and Whitsett, North Carolina in the USA, with contract manufacturing and OEM worldwide.

Lenovo's culture is what has enabled them to consistently raise the bar on delivering break-through innovations, award-winning designs and strong financial performances. Being a successful Chinese company raises the question how can Lenovo strengthen its position in Europe. The first steps of Lenovo in Europe have been already taken, but what are the success and failure, factors Lenovo might be confronted with in the future and what can make Lenovo a strong IT B2C and B2B company in a very competitive European market? How can Lenovo's business in Europe become sustainable? In this chapter, we want to examine how Lenovo can position itself in Europe. Desk research by analyzing secondary data will give an overview of opportunities and threats for developing a European strategy in an interesting but very competitive market (Fig. 1).



**Fig. 1** Lenovo (Lenovo 2014)

## 2 Company Profile

### 2.1 History

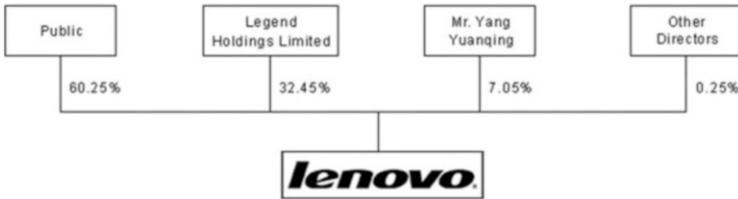
Lenovo got its start in Beijing in 1984 as the New Technology Development Company (NTD Co). “The company was considered as the first company in China that was working in the science and technological sectors of the Chinese Market Reform” (Ahrens and Zhou 2013).

In 2004, Lenovo became an Olympic worldwide partner (International Olympic Committee). It was the first Chinese company to become a computer technology equipment partner of the IOC. Furthermore, Lenovo decided to develop the rural market by launching the “Yuanmeng” PC series designed for township home users. Later on, Lenovo and IBM announced an agreement in which Lenovo acquired IBM’s Personal Computing Division, its global PC (desktop and notebook computer) business. The acquisition forms a top-tier (third-largest) global PC leader (Lenovo 2014). In 2005, Lenovo completed the acquisition of IBM’s Personal Computing Division, making it a new international IT competitor and the third-largest personal computer company in the world. Lenovo announced the closing of a 350 million US\$ strategic investment by three leading private equity firms: Texas Pacific Group, General Atlantic LLC and Newbridge Capital LLC. Lenovo established a new Innovation Center in the Research Triangle Park, N.C., to enable customers, business partners, solution providers and independent software vendors to collaborate on new personal computing solutions. Lenovo introduced the industry’s thinnest, lightest and most secure Tablet PC, the ThinkPad X41 Tablet. From that moment on, Lenovo developed as a specialist for ICT home users as well as for professionals. The current situation in 2014 is that according to the German Handelsblatt and Reuters “Lenovo bought an important IBM component as well as Motorola Smart phone components and therefore ranks now at number 4 in the world in that particular business” (Handelsblatt 2014; Reuters 2014).

### 2.2 Position at the Home Market

Lenovo was incorporated in Hong Kong in 1988, has been listed on The Stock Exchange of Hong Kong since February 1994, and has currently been included as a constituent stock of the MSCI China Free Index, MSCI Information Technology Index, Hang Seng Main Board Index, Hang Seng Composite Index, Hang Seng Mainland Comp Index, Hang Seng Freefloat Comp Index, Hang Seng China-Aff Corp Index, and Hang Seng Corporate Sustainability Index. Ordinary shares are distributed over the following shareholders: Public shareholders, 60.25 %; Legend Holdings Limited, 32.45 %; Mr. Yuanqing Yang (CEO of Lenovo), 7.05 %; and other directors, 0.25 % (Fig. 2).

Lenovo’s position in the home market is characterized by dynamic developments in manufacturing IT components for domestic users and for users in the global market. The Chinese PC market represents about 20 % of the global



**Fig. 2** Lenovo’s shareholder structure (Wang et al. 2009)

market volume (Ahrens and Zhou 2013). Lenovo holds 34 % of the large enterprise market in China according to Wu (2012). Since Lenovo concentrates on its strong brands, product portfolio and its distribution advantages, it will get a stronger position in the global market.

### 2.3 Position at the Global Market

Lenovo’s global market strategy was recently in the news when it was mentioned that they will open an additional plant in India as well as in Mexico (People’s daily online 2014). Thus, Lenovo applies its global manufacturing strategy: “Think Your Company’s Global? This Is Global. Lenovo’s top leaders live, sell, manage, and work all over the world” (Fig. 3).

Ask the average American to name top Chinese brands and the list usually starts and stops with Tsingtao beer. As Lenovo CMO David Roman—formerly of Apple and HP—says, “The business is ahead of the brand.” Stateside, Lenovo is best known as the outfit that came out of nowhere to buy IBM’s PC division and ThinkPad brand in 2005, which is why in 2011, Lenovo launched its largest-ever branding campaign, aiming to become the first global consumer brand to emerge from China.

Lenovo is a company the likes of which we’ve never seen. It is a product of Communist China (the government still owns 36 % of its parent, Legend Holdings); it is heavily influenced by the democratized West; it boasts an international workforce of 27,000 employees and customers in more than 160 countries. But the story of Lenovo’s rise is also a parable for Chinese business: in just 30 years, an enterprise launched in the Beijing equivalent of a garage—by a founder who endured forced relocation and admits he bungled his early attempts at business—has blossomed at a pace no one predicted. Lenovo is redefining “Made in China,” producing the industry’s highest-quality machines. It ranked No. 1 in the 2011 Computer Reliability Report, ahead of Apple and HP. And the company’s culture skillfully blends an Eastern way of thinking with the best of Western business, demonstrating innovation and nimbleness that would impress—and unnerve—the most skeptical Silicon Valley digerati.

In Table 1, we can see how Lenovo is positioned in the global PC market as a company and as a company specialized on specific brands.

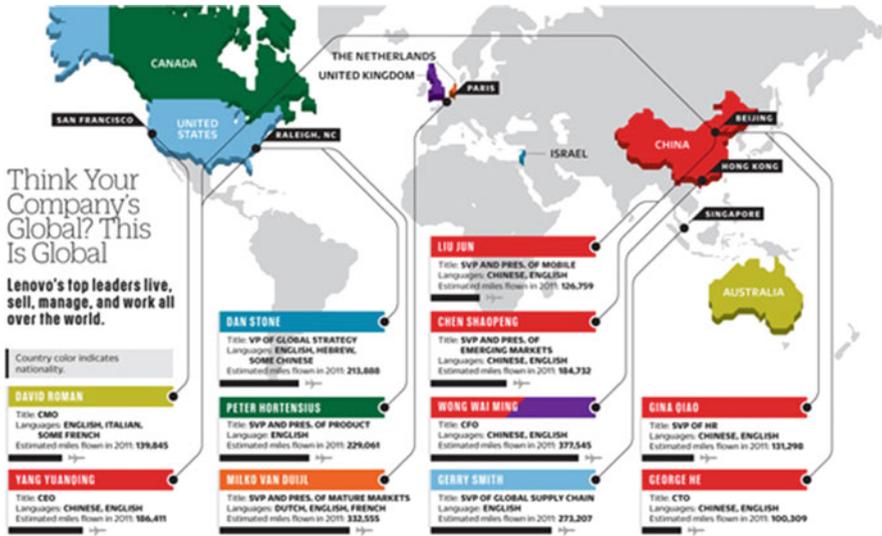


Fig. 3 Global Lenovo (Fastcompany 2014)

Table 1 Preliminary Worldwide PC vendor unit shipments estimates for 2013 (units) (Recode 2014)

| Company            | 2013 shipments     | 2013 market share (%) | 2012 shipments     | 2012 market share (%) | 2013–2012 growth (%) |
|--------------------|--------------------|-----------------------|--------------------|-----------------------|----------------------|
| Lenovo             | 53,272,522         | 16.9                  | 52,187,653         | 14.9                  | 2.1                  |
| HP                 | 51,252,229         | 16.2                  | 56,505,757         | 16.1                  | -9.3                 |
| Dell               | 36,788,285         | 11.6                  | 37,611,247         | 10.7                  | -2.2                 |
| Acer Group         | 25,689,496         | 8.1                   | 35,745,401         | 10.2                  | -28.1                |
| Asus               | 20,030,837         | 6.3                   | 24,339,951         | 6.9                   | -17.7                |
| Others             | 128,934,147        | 40.8                  | 144,669,689        | 41.2                  | -10.9                |
| <b>Grand Total</b> | <b>315,967,516</b> | <b>100.0</b>          | <b>351,059,698</b> | <b>100.0</b>          | <b>-10.0</b>         |

Note: Data includes desk-based PCs and mobile PCs, including mini-notebooks but not media tablets such as the iPad. Data is based on the shipments selling into channels

Source: Gartner (January 2014)

## 2.4 Extension of Government, Business and Education Support for Company's Rise

“Government support seems to play a very limited role in Lenovo’s comparative advantages” (Ahrens and Zhou 2013). However, due to changes in taxes and tariffs for technological companies, Lenovo benefits as foreign companies do when they are investing in China’s industry. This allows Lenovo to strengthen their position either in the domestic market or in the global market. For sustainable business

development, Lenovo formed a joint venture in Hong Kong to take advantage of the government's preferential policy toward foreign investment and products.

## **2.5 The Founder(s)/Management**

The founder of Lenovo is Chuanzhi Liu who is also known as the "Godfather" of China's Information technology. Liu left China's business leaders' months ago, arguing that leaders should talk business and not politics. Recently, he admitted in a speech that China changed its political environment significantly and that economic reforms are on its way. Furthermore, he stated: "Now if the market is to play a central role and the government only plays the referee, only you will decide if you are going to win the race," urging business leaders to seek new opportunities and make the most out of the new economic environment. Liu, talking to his peers from the elite Zhisland online club in Hainan, also admitted that his "don't talk politics" speech made months ago was only meant for a private audience. He said he had not expected his comment to be taken out of context and "leaked" to the media.

The current board of Lenovo consists of Yuanqing Yang and Dr. Peter Hortensius. Yang, 48, is Chief Executive Officer and an executive director of the company and has been appointed as the Chairman of the Board on November 3, 2011. He is also a director and a shareholder of Sureinvest Holdings Limited which holds interests in the issued share capital of the company. Yang assumed the duties of Chief Executive Officer on February 5, 2009. Prior to that, he was the Chairman of the Board from April 30, 2005. Before taking up the office as chairman, he was the Chief Executive Officer and has been an executive director since December 16, 1997. Yang has more than 20 years of experience in the field of computers. Under his leadership, Lenovo has been China's best-selling PC brand since 1997. He holds a Master's degree from the Department of Computer Science at the University of Science and Technology of China. Yang is also a guest professor at the University of Science and Technology of China and a member of the New York Stock Exchange's International Advisory Committee.

Dr. Peter Hortensius is Senior Vice President of Lenovo and currently President of the Think Business Group which has supply chain and product responsibilities for Lenovo's Think branded product lines. His focus areas include driving leadership in Lenovo's core global commercial business, creating a premium consumer brand across a wide range of products (especially desktops, notebooks and tablets), growing Lenovo's workstation business, and managing Lenovo's global enterprise business in server and related products. Dr. Hortensius has held several key leadership positions in Lenovo including most recently President of the Product Group where he managed both the company's commercial and consumer PC product portfolio, and enterprise business. Prior to this role, he served as Senior Vice President of Lenovo's Think Product Group where he managed the company's commercial product portfolio and was responsible for increasing market share and profitability in enterprise segments and in new growth areas like small-to-medium business by launching the ThinkPad Edge line of laptops. Dr. Hortensius joined

Lenovo in May, 2005 as Senior Vice President for Worldwide Product Development and was appointed Senior Vice President for Lenovo's Notebook Business Unit in October with business and product development responsibilities for all the ThinkPad and Lenovo-branded laptop lines. Before joining Lenovo, he spent 17 years with IBM where he was the Vice President, Products and Offerings, for IBM's PC Division. He has extensive expertise in product and technology research & development. Dr. Hortensius holds a Doctorate degree in Electrical Engineering from the University of Manitoba in Canada.

## 2.6 Employees

At Lenovo, people share a common aspiration to be the very best. Whether serving their customers, working together as a team or contributing to the community, they are working to build a unique company delivering unparalleled products created and supported by people who represent a wealth of cultures and experiences. Lenovo's strength lies in this diversity. And every day, on every project, people are creating a new language for inclusion and respect for others. People are dedicated to fostering an environment that encourages entrepreneurship and ownership: a workplace where people's talents can be challenged and their efforts recognized and rewarded. Lenovo's success in the past fiscal year is a testament to their leaders, their people and the way they do business. What unifies Lenovo as a company is the commitment to their customers and partners and the vision to become one of the world's leading technology companies. In short, people are Lenovo's greatest strength. Lenovo offers specific trainings for their customers such as introduction to Windows 8, or getting innovation Apps as well as a course for using tablets (Lenovo idea tab).

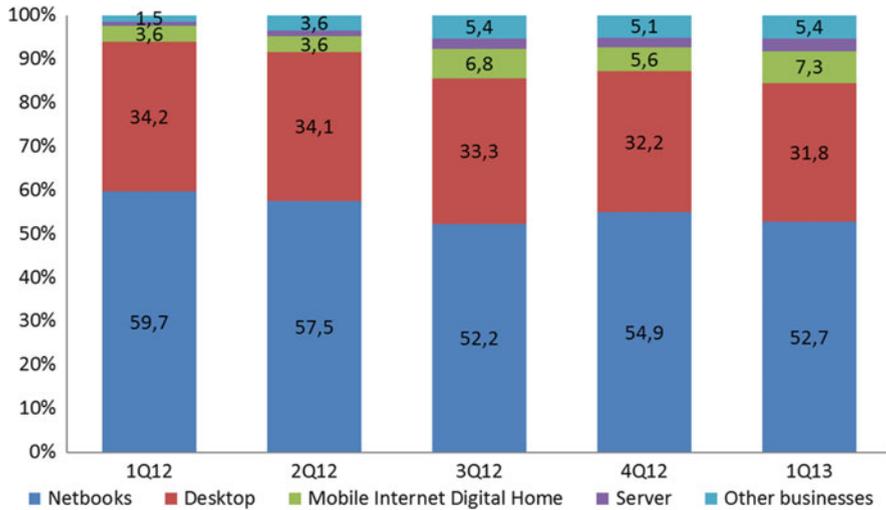
## 2.7 Product Range

In Fig. 4, we can see what type of products Lenovo is selling and what the share of each type is from the first quarter in 2012 to the first quarter in 2013.

We can observe that notebooks are decreasing and server as well as other business is increasing. The development is based on the latest acquisition plans of Lenovo which can consequently be considered as logical strategic steps.

## 2.8 Revenues

Lenovo's revenues in Table 2 show that notebooks are contributing less to revenues than the desktop business or even more importantly the "Other revenues", which includes services as well as the smartphone business sector.



**Fig. 4** Overview of products and its share in various quarters of a fiscal year (Based on Wu 2012)

**Table 2** Lenovo Group 1Q FY3/13 June quarter results summary (Wu 2012)

| Lenovo Group 1Q FY3/13 June quarter results summary<br>(US\$ mn, unless otherwise stated) |              |              |            |              |             |
|---|--------------|--------------|------------|--------------|-------------|
|   | Actual       | CS Est.      | +/- (%)    | Cons.        | +/- (%)     |
| Notebook revenues   | 4,333        | 4,619        | -6.2       |              |             |
| Desktop revenues  | 2,545        | 2,327        | 9.4        |              |             |
| MIDH revenues   | 587          | 611          | -3.9       |              |             |
| Other revenues  | 544          | 376          | 44.6       |              |             |
| <b>Revenues</b>   | <b>8,010</b> | <b>7,934</b> | <b>1.0</b> | <b>8,124</b> | <b>-1.4</b> |

## 2.9 Business Strategies

For Lenovo, it turned out that the best strategy was to take over companies that match their basic interests as well as extend their portfolio the best. In Fig. 5, we can see how Lenovo positions itself at the moment, bearing in mind that this is related to their global strategy and not narrowed down to product/price/promotion/or placement or even to single products.

We can see from Fig. 5 that Lenovo has achieved a relatively high market share in a competitive global market. In many aspects, Lenovo can be considered a star which has a strong market position. On the other hand, being in such a position requires a high investment in customer satisfaction and business development. The question that needs to be answered is how can Lenovo keep its position or make it sustainable, and even more importantly, how can Lenovo strengthen its position in Europe?

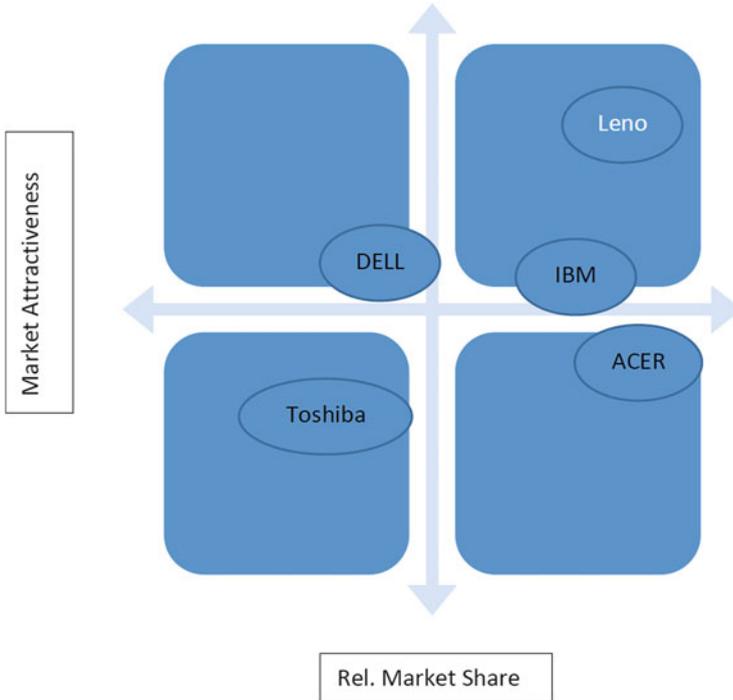


Fig. 5 Lenovo’s strategic position in a global PC world (Source: author)

### 2.10 Quality and Innovation of the Product Range

The products of Lenovo are positioned in the middle and high end market. Lenovo produces products where end users can benefit from their use. Machines are well developed to meet customers’ needs and wishes: easy to handle and up to the current standards. The price for a laptop is a bit higher than that of comparable ones from Dell, Acer or Toshiba, but the performance is much higher than competitors. The latest development in Thinkpad allows it to have a standalone position compared to other pads.

Just west of the Bird’s Nest, that architectural jewel of the 2008 Summer Games in Beijing, lies an electronics district of Olympic proportions. It’s called Zhongguancun, and if you need a computer or smartphone or camera or any other digital device when in China’s capital, this is the place to go. Hundreds of mostly compact stores crowd the complex’s dozen glass towers as tightly as commuters on the subway at rush hour. It’s like a year-round Consumer Electronics Show, with every major brand, from Apple to HP to Dell to Sony. But one brand is nearly ubiquitous: Lenovo. The bigger Lenovo locations offer the gamut of products—laptops, desktops, netbooks, notebooks, tablets, smartphones—while the smaller ones cater to niches, such as small-business owners or young consumers. Outside

the Zhongguancun towers, a Times Square-sized digital screen continually plays the company's ads. A third of the computers sold in the district are Lenovos, roughly approximating its market share in the whole of China, where it is by far the No. 1 seller of PCs. Its network of 15,000-plus stores reaches into the most remote of villages.

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## **3 The Rise of the Company**

### **3.1 Growth Development**

For the past 2 years, Lenovo has been the fastest-growing company in the PC industry. In the third quarter of 2011, it sold a record 13.5 % of PCs worldwide, leapfrogging Dell and Acer to seize the No. 2 spot (only HP sells more). Dominating China has much to do with Lenovo's success; the rising "super economy" became the world's largest PC market this year.

CEO Yang calls Lenovo's strategy "protect and attack," two words you hear repeatedly at the company's headquarters in Beijing and its offices in Raleigh, North Carolina, where Yang spends a third of his time. Lenovo seeks to protect its core business—the Chinese and enterprise (large-scale commercial and public-sector) markets, which generated about 70 % of its \$21 billion in revenue last year. On the attack side, he's pumping Lenovo's profits—\$273 million in 2010—into emerging markets, new product categories (tablets, smartphones, smart TVs), and, of course, the U.S.

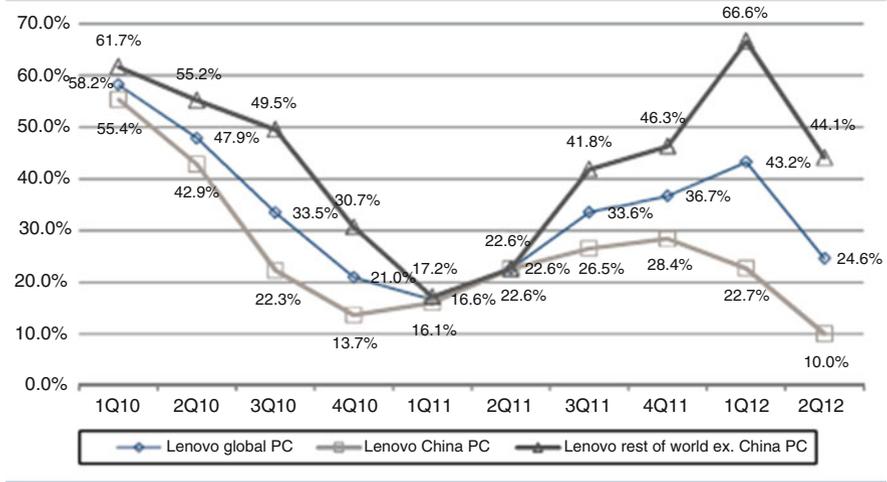
In Figs. 6 and 7, we see the market developments with Lenovo and without Lenovo. It becomes very obvious that Lenovo has a huge impact on market developments in China and around the world.

It is interesting to see how the company's development has influenced China's market development.

### **3.2 Becoming a Brand?**

To own a brand is not difficult, but to establish a brand is very difficult, and to build a brand with worldwide influence is even more difficult. With the acceleration of economic integration, today's world has entered a competitive era of brand internationalization. To an enterprise, a brand does not merely reflect the product itself, but is more a comprehensive embodiment of the enterprise's culture, influence and social value. On Dec. 8, 2004, Lenovo Group officially announced in Beijing that it had completed its acquisition of IBM's PC-making business for 1.25 billion US\$, and taken ownership of the gold-lettered signboard "Think", IBM's long-time established trademark. As a leading enterprise in China's IT field, did Lenovo encounter any problems in the course of its brand management? If so, how did it solve these problems if there were any? These issues will be discussed in the following sections.

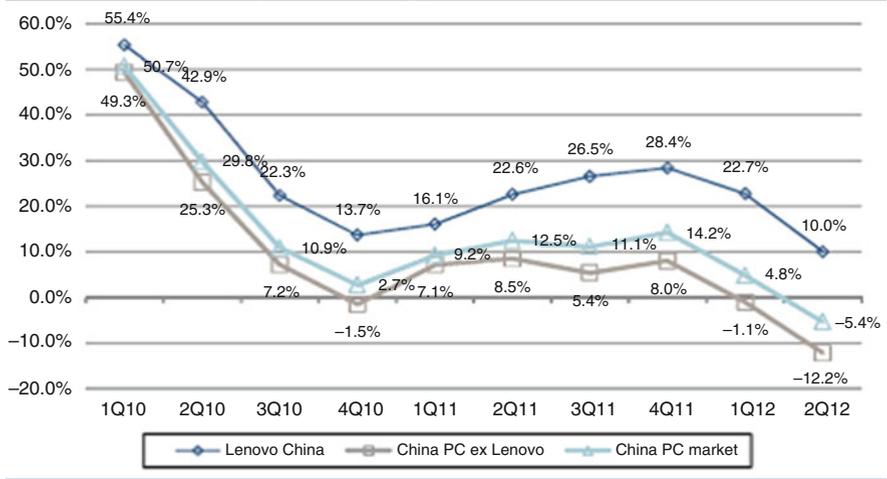
**Its global share climbs to 14.9%; rest of world ex. China rises to 9.4%**  
**YoY% PC shipment change**



Source: Gartner Quarterly PC Statistics, Credit Suisse

Fig. 6 Lenovo’s market development globally, in China, and the rest of the world (Wu 2012)

**Without Lenovo, the overall China market would have declined 12% YoY. It drives rural China demand**  
**YoY% China PC shipment change**



Source: Gartner Quarterly PC Statistics, Credit Suisse

Fig. 7 Lenovo market development in China, and China market development without Lenovo (Wu 2012)

### 3.3 The “Four-in-One” Brand Promotion Strategy

Lenovo has relatively sound brand architecture with its sub-brands reaching every level of the market. To be specific, “Lenovo” is the master brand name for Lenovo’s products, and under it there are some sub-brands. These sub-brands boast technological highlights or service features, and are developed for a specific consumer group. Meanwhile, Lenovo conducts or participates in a series of activities to strengthen the marketing promotion for its sub-brands. For example, among its desktop sub-brands, “Yangtian”, which is targeted at small and medium-sized enterprises, has the function of one-touch restoration and flash scanning of viruses. To publicize these highlights, Lenovo launched a campaign named “Lenovo Yangtian Science and Technology Olympics Express”. For the “Fengxing” series designed for computer game players, Lenovo sponsored the International Electronic Sports Tournament. For family users, Lenovo has the “Plan for Family Enjoyment and Dream Realization”. For Chinese rural consumers, it has a “Heavenly Pleasure Strategy for a New Countryside”. In this way, a solid chain of support is established for the building of its brands.

In the international market, the promotion of Lenovo’s brands is mainly focused on the sports field. For example, in 2004, Lenovo signed up as the top sponsor of the 2008 Beijing Olympic Games; in October 2006, Lenovo announced its “Yangtian Tomorrow Superstars Plan”, the first plan related to NBA, immediately after it became the top global official PC partner of NBA. In February 2007, Lenovo announced a top sponsorship agreement with the AT&T Williams team competing in the Formula One World Championship. When asked about whether Lenovo would use sports marketing as a way to promote its brands in the international market, Mr. Yan said, “Lenovo has no mature pattern for international market promotion due to such limits as market share and development time. Now we do international market promotion by modeling on the Chinese pattern.” (Lenovo 2014)

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## 4 Future Developments

Recently, when Lenovo bought Motorola Mobility from Google, the company announced its plan to become a profitable phone maker without eliminating jobs. That is a strong statement because the investment of the deal was so big that Lenovo announced a 1 Billion US\$-a year-loss saying that they were not concerned about it. Regardless of the investment, Lenovo enters another competitive market with the enthusiasm of management and employees who are proud of being better in manufacturing devices than competitors.

### 4.1 Current Competitors and the Future

The purchase of Motorola and IBM’s low-end server business is planned to move Lenovo beyond the shrinking personal computer market to become a broader technology company. Mr. Yang said: “If we only focus on PCs, one to 2 years later we cannot further grow. So we must find a new area, so we can help our shareholders make more money, and see more growth. So I think our choice is the right choice” (SCMP 2014). Furthermore, Yang said: “Improved profitability will come from increased production and sales as the company targets emerging markets. The company will also seek to reduce costs from internal communication and computing services. Motorola’s gross margins are already pretty decent” (SCMP 2014).

Looking at current competitors (Wu 2012), we can observe different developments. Lenovo is mainly competing with HP and Acer in the notebook and desktop sector. In the MIDH business (smartphones, tablets, TV business, handset), Lenovo can be considered as a novice fighting for market shares around established companies like Google, Samsung, Motorola etc. The first step in the specific market (based on mergers and acquisitions) brought Lenovo a 173 % increase in sales (Wu 2012). Therefore, new business units shed new lights on profitability for the American Business as well as for the European Business due to the re-organization of four big geographical areas: China, Asia-Pacific/Latin America, North America and Europe-Middle/East Africa. The purpose behind the re-organization is to become stronger, faster, and more focused. One of the countries in Europe-Middle could be the Netherlands. The Dutch market is less segmented than in other European countries which is a great opportunity for Lenovo with its excellent working supply chain management. Lenovo has a strong position in PC’s and in so-called Hardcopy Peripherals (Kamann et al. 2012) around the world as we can see in Fig. 8.

**Figure 15: Hardcopy Peripherals Market Share and Growth Rates, 2Q 2010**

| Vendor     | 2Q 2011 Shipments | 2Q 2011 Market Share | 2Q 2010 Shipments | 2Q 2010 Market Share | 2Q 2011/2Q 2010 Growth |
|------------|-------------------|----------------------|-------------------|----------------------|------------------------|
| HP         | 15,263            | 18.1%                | 14,823            | 18.0%                | 3.0%                   |
| Dell       | 10,927            | 12.9%                | 10,626            | 12.9%                | 2.8%                   |
| Lenovo     | 10,276            | 12.2%                | 8,363             | 10.2%                | 22.9%                  |
| Acer Group | 9,160             | 10.9%                | 10,190            | 12.4%                | -10.1%                 |
| ASUS       | 4,468             | 5.3%                 | 4,216             | 5.1%                 | 6.0%                   |
| Others     | 34,320            | 40.7%                | 34,070            | 41.4%                | 0.7%                   |
| Total      | 84,413            | 100%                 | 82,289            | 100%                 | 2.6%                   |

All shipments are in millions of units

Source – [http://www.idc.com/getdoc.jsp?containerId=pr\\_US22988111](http://www.idc.com/getdoc.jsp?containerId=pr_US22988111)

**Fig. 8** Hardcopy Peripherals Market Share and Growth Rates (Kamann et al. 2012)

**Table 3** Western Europe—PC vendor unit shipment estimates for 2Q13 (thousands of units) (Gartner 2013)

| Vendor | 2Q13 shipments | 2Q13 market share (%) | 2Q12 shipments | 2Q12 market share (%) | 2Q12–2Q13 growth (%) |
|--------|----------------|-----------------------|----------------|-----------------------|----------------------|
| HP     | 2,280          | 20.8                  | 2,76           | 20.2                  | –17.40               |
| Acer   | 1,305          | 11.9                  | 2,362          | 17.3                  | –44.70               |
| Lenovo | 1,258          | 11.5                  | 1,058          | 7.8                   | 18.90                |
| Dell   | 1,172          | 10.7                  | 1,185          | 8.7                   | –1.10                |
| Asus   | 850            | 7.8                   | 1,458          | 10.7                  | –41.70               |
| Others | 4,077          | 37.3                  | 4,82           | 35.3                  | –15.40               |
| Total  | 10,942         | 100.0                 | 13,643         | 100.0                 | –19.80               |

If we look at recent developments in shipments and shares, Lenovo is number 3 in the concert of world champions in the IT sector after HP, Acer, etc. Lenovo is the only company that increased sales and shares compared to the other companies, as we can see in Table 3.

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## 5 Conclusions

### 5.1 Why Did the Company Become So Successful?

Our aim was to examine the development of the Chinese IT company Lenovo and how they position themselves in the European market. Lenovo's strengths are the high quality of electronic devices, ease of use, and selling the devices for an acceptable and fair price. The supply chain of Lenovo is very strong and effective as well as efficient.

### 5.2 Is It Likely that the Company Will Become a World Brand?

Drawing conclusions from what we have found so far, we can summarize that Lenovo and its specific product segments can become a world brand. On the other hand, the increase in sales and market shares was achieved by mergers and acquisitions which are limited by nature. So, it might be a challenge for Lenovo, when the time is ripe, to further develop their business with their own resources.

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