

# Marketing strategies of g'five and apple flashcard



| Marketing Strategies of G'FIVE & Apple | July 30 | | | 2011 | | | | [pic]

Symbiosis Institute of Telecom Management Table of Contents

1. Abstract3
2. Introduction4
  2. 1 Years 2000 – 20035
  2. 2 Years 2004 – 20066
  2. 3 Years 2007 – 20097
  2. 4. Year 20109
  2. 5. The Current Indian Market Scenario9 .
- Motorola: From a market leader to its downfall in ten years12
  3. 1. Overview12
  3. 2. Successful Years: 2000 to 200713
  3. 3 The Fall14
  3. 4 Current Status19
4. The Apple iPhone: A Leader in Innovation21
  4. 1. Overview21
  4. 2. Entry into the Mobile Phone Market21
  4. 3. Segmentation Strategy of Apple iPhone22
  4. 4. Features of iPhone22
  4. 5. Market of iPhone in 201123
  4. 6. Apple in India24
  4. 7. Future of iPhone27
5. Rise Of G'FIVE28
  5. 1 Segmentation Strategy of G'FIVE31
  5. 2 Targeting Strategy of G'FIVE32
  5. 3. Positioning32
6. Conclusion34
7. References35

Abstract

Over the last decade the mobile handset market has seen tremendous changes both at the global and the Indian stage. The expanding consumer base and their ever-changing demands have forced the vendors to come up with innovative and differentiating marketing strategies. Established market leaders of the past, like Motorola and Sony Ericsson have slipped, and their positions have been taken up by industry innovators (Apple & Samsung) or by providers of cost-competitive technologies and variety (G'five, Micromax). Today handset companies are employing marketing strategies targeting specific segments of the user base.

The report will discuss how the mobile handset market has transitioned over the past ten years, how G'five has suddenly come up to be one of the top five vendors in India, why the Apple iphone is predicted to be the global leader in the handset market by 2015 and what the reasons are for the fall of

<https://assignbuster.com/marketing-strategies-of-gfive-and-apple-flashcard/>

Motorola. As a conclusion, this report will also comment on the sustainability of the growth of the Chinese handset manufacturers.

Introduction

The Oxford dictionary describes the cell phone or mobile phone as “ a telephone with access to a cellular radio system so it can be used over a wide area, without a physical connection to a network. In contemporary usage though, it means much more than just a phone that is without wires and that can be used to talk to people. An individual’s cell phone now tells the world at large about his likes and choices, financial status, social circles, his technological knowledge, his design sensibilities and much more. In short a mobile phone has now become an important part of a person’s identity. No doubt that it is a necessity for modern life as it connects people across the globe, but a cell phone is as much a part of an individual’s style statement as is his car or house.

Over the years the mobile handset market has seen tremendous changes to this effect. The customer base has moved on from needing mobiles for communication purposes only to using them as a one-stop device for fulfilling their information and entertainment demands. Apart from talking and texting, the modern customer wants to surf the net, play games, check his mail, watch videos, check out his friends’ pictures over his social networking account, listen to music etc. With all these features incorporated in his phone he also wants the gadget he carries to look sleek and stylish.

The challenge for the mobile handset market players now then is to meet all afore mentioned expectations of the customers successfully. Responding to the rapidly evolving demands of the customer, the mobile handset manufactures have been continuously on their toes for the past decade. The

major players in the industry have been continuously trying to bring in new products and features that distinguish them from their competitors in a market where it takes only three to four months on an average for a new model to lose its novelty factor.

The past decade has seen some radical changes in terms of domination of the market by the handset manufacturers. Erstwhile rulers of the market have fallen and their positions are slowly being taken up by innovative brands or suppliers of inexpensive technology with good quality. The last couple of years have seen the rise of smart phones and some mobile manufacturers have done much better than others. Nokia was out and out market leader (and still is) in the early part of the decade - however, Samsung has steadily grown and has now created a niche for itself in Smartphone category.

Year wise representation of the market over the years 2000-2010 Presented below is a year by year account of how the mobile phone industry changed over the past decade.

2. 1 Years 2000 - 2003 | Top 5 mobile Handset Manufacturers for the Year 2001 | | Ranking | Company | Number of Handsets Shipped (in millions) | | 1 | Nokia 140 | | 2 | Motorola | 60 | | 3 | Siemens | 30 | | 4 | Samsung | 30 | | 5 | Sony Ericsson | 30 | | Others | 120 | | Total Number of Handsets Shipped | 400, 000 thousand handsets | Top 5 mobile Handset Manufacturers for the Year 2002 | | Ranking | Company | Number of Handsets Shipped (in millions) | | 1 | Nokia | 150 | | 2 | Motorola | 60 | | 3 | Samsung | 40 | | 4 | Siemens | 30 | | 5 | Sony Ericsson | 20 | | Others | 120 | | Total Number of Handsets Shipped | 430, 000 thousand handsets | | Top 5 mobile Handset Manufacturers for the Year 2003 | | Ranking Company

<https://assignbuster.com/marketing-strategies-of-gfive-and-apple-flashcard/>

| Number of Handsets Shipped (in millions) | | 1 | Nokia | 180 | | 2 | Motorola | 70 | | 3 | Samsung | 50 | | 4 | Siemens | 40 | | 5 | Sony Ericsson | 20 | | Others | 140 | | Total Number of Handsets Shipped | 520, 000 thousand handsets |

2001-2003: In these three years the mobile phone market developed stably and the market was mainly dominated by European manufacturers, and the top five manufacturers' leader board saw no change. 2. 2 Years 2004 - 2006

Top 5 mobile Handset Manufacturers for the Year 2004 | | Ranking |

Company | Number of Handsets Shipped (in millions) | | 1 | Nokia | 200 | | 2 | Motorola | 100 | | 3 | Samsung | 80 | | 4 | Siemens | 50 | | 5 | LG | 40 | | Others | 180 | | Total Number of Handsets Shipped | 670, 000 thousand handsets |

Top 5 mobile Handset Manufacturers for the Year 2005 | | Ranking |

Company | Number of Handsets Shipped (in millions) | | 1 | Nokia | 260 | | 2 | Motorola | 140 | | 3 | Samsung | 100 | | 4 | LG | 50 | | 5 | Sony Ericsson | 50 | | Others | 190 | | Total Number of Handsets Shipped | 820, 000 thousand

handsets | Top 5 mobile Handset Manufacturers for the Year 2006 | | Ranking

| Company | Number of Handsets Shipped (in millions) | | 1 | Nokia | 350 | | 2 | Motorola | 210 | | 3 | Samsung | 120 | 4 | Sony Ericsson | 70 | | 5 | LG | 60 | | Others | 180 | | Total Number of Handsets Shipped | 990, 000 thousand

handsets | 2004 -2006: Mobile phone market almost doubled in size, edging close to the one billion a year mark. Nokia established itself as a handset

superpower and Siemens became the first victim of the pressure of the

competition. Samsung entrenched its position in the Top 5. 2. 3 Years 2007 -

2009 Top 5 mobile Handset Manufacturers for the Year 2007 | | Ranking |

Company | Number of Handsets Shipped (in millions) | | 1 | Nokia | 440 | | 2 | Samsung | 160 | | 3 | Motorola | 160 | | 4 | Sony Ericsson | 100 | | 5 | LG | 80 | | Others | 220 | | Total Number of Handsets Shipped | 1, 150, 000 thousand

<https://assignbuster.com/marketing-strategies-of-gfive-and-apple-flashcard/>

handsets | Top 5 mobile Handset Manufacturers for the Year 2008 | | Ranking  
 | Company | Number of Handsets Shipped (in millions) | | 1 | Nokia | 470 | | 2  
 | Samsung | 200 | | 3 | LG | 100 | | 4 | Motorola | 100 | | 5 | Sony Ericsson | 90  
 | | Others | 260 | | Total Number of Handsets Shipped | 1, 220, 000 thousand

handsets | Top 5 mobile Handset Manufacturers for the Year 2009 | | Ranking  
 | Company | Number of Handsets Shipped (in millions) | | 1 | Nokia | 430 | | 2  
 | Samsung | 230 | | 3 | LG | 120 | | 4 | Motorola | 50 | | 5 | Sony Ericsson | 50 |  
 | Others | 320 | | Total Number of Handsets Shipped | 1, 210, 000 thousand

handsets | 2007 - 2009: The market during these years suffered its first negative growth. Korean OEMs laid their claim to the top 2 and 3 positions, while Motorola and Sony Ericsson failed to retain their positions on the leader

board. 2. 4. Year 2010 Top 5 mobile Handset Manufacturers for the Year 2010 | | Ranking | Company | Number of Handsets Shipped (in millions) | | 1 | Nokia | 450 | | 2 | Samsung | 280 | | 3 | LG | 120 | | 4 | Research In Motion | 50 | | 5 | Apple | 50 | | Others | 450 | | Total Number of Handsets Shipped | 1, 400, 000 thousand

handsets | 2010: This year saw the ushering in of the era of smart phones. There were major upsets in the Top 5, as software led players replaced the weak competitors who had failed to make the transition to smart phones in time. There were new developments in the industry as assemblers took up 30% of the market and Android fueled unprecedented Smartphones and apps growth. 6 The Current Indian Market Scenario

Nokia remained the number one player in handset business in India in FY2010-11 with revenues of Rs 12, 929 crore, up by a tad 0. 2 percent over Rs 12, 900 crore it did in FY2009-10. The Finnish handset maker lost its market share in the low-end segments to home grown handset makers like

Micromax, Karbonn and Spice whereas its high-end phones faced a tough competition from brands like Samsung, BlackBerry and HTC, according to a survey by telecom industry journal Voice&Data, a CyberMedia company. The analysts attribute Nokia's loss of market share to its lack of dual-SIM phones in portfolio. Dual-SIM phones have become an increasing phenomenon among value conscious Indian consumers. For FY2010-11, Nokia enjoys a market share of 39 percent. Top 10 Mobile Phone Players FY2010-11 | |

Companies	Revenue FY09-10	Revenue FY10-11	Growth %age	Market share
Nokia	12,900	12,929	0.2	39
Samsung	4,700	5,720	21.7	17.2
Micromax	1,602	2,289	42.9	6
BlackBerry	1,210	1,950	61.2	5.9
LG	1,600	1,834	14.6	5.5
G'Five	755	1,326	75.6	4
Karbonn	800	1,004	25.5	3
Spice	1,040	920	-11.5	2
Maxx	514	745	44.9	2.2
Sony Ericsson	590	690	16.9	2.1

| | Source: Voice &Data Jun 2011 | Revenues of the Indian mobile

handset market grew by 15 percent to touch Rs 33,171 crore in 2010-11 from Rs 28,897 crore a year back, according to the survey. Nokia was followed by Samsung with revenues of Rs 5,720 crore and the Korean firm captured market share of 17.2 percent. The company grew by 21. percent in FY2010-11 from Rs 4,700 crore it did a year before. Samsung's success can be attributed to its rich product portfolio on various popular operating systems like Windows, Android and Bada. The company's entry-level Smartphone 'Wave' and 'Galaxy S' have been "hugely successful" during the period. For FY2010-11, the company's 3G phones contributed 5 percent of its entire sales, the survey said. Homegrown handset company Micromax was in third slot among Top 10 mobile handset brands for FY2010-11. The company grew 43 percent during the fiscal to register revenue of Rs 2,289

crore from Rs 1, 602 crore a year before, and grabbed a market share of 6. 9 percent.

For the first time, Canadian firm Research in Motion's brand BlackBerry ranked among top 5 mobile phone brands in India. Positioning itself at number four, the Blackberry garnered revenue of Rs 1, 950 in FY2010-11, up 61. 2 percent from Rs 1, 210 in FY2009-10. Its entry level Smartphone saw more sales in the fourth quarter than all other three quarters put together. The company grabbed a market share of 5. 9 percent. Taiwanese handset maker HTC posted 99 percent growth. HTC's revenue for FY2010-11 grew to Rs 450 crore from Rs 226 crore in FY2009-10 and holds 1. 4 percent market share. Most other Indian brands including Lava, Intex and Zen have shown almost a flat growth.

The mobile phone analysts expect the partnership with Microsoft and Nokia to be a game changer for the two companies post their expected launch of WP7 phone in the next 6-12 months. The price conscious Indian consumers could benefit in the current fiscal as domestic handset players like Maxx, Karbonn and Micromax roll out made in India handsets from their own manufacturing plants. As the 3G services extend nationwide, the 3G phones would see a much bigger traction triggering entry of more 3G-enabled phones at affordable prices. Motorola: From a market leader to its downfall in ten years

3. 1. Overview Motorola was the pioneer of mobile phones, and the top cellular phone company in the world until the late 1990s, when it was overtaken by Nokia.



This report will discuss some of the problems Motorola faced in 2006-07, after it failed to follow-up the success of its iconic phone model, the Razr, and was quickly overtaken by the competitors who launched innovative products to capture the market share. Motorola slashed the prices of most of its phone models in late 2006 to recapture the lost market share, drastically affecting its margins in return. After recording huge losses in 2007, Motorola announced that it would make an effort to revive its financial performance. It was widely believed at that time, that what the company needed was a path breaking new product to pull out of its difficulties.

But till about 2008 it had not been able to come out with a product capable of replicating the Razr's success. That problem was compounded by Motorola's slow entry into the 3G, or third-generation mobile segment. In addition to this, Motorola's then CEO, Ed Zander, was losing the credibility he had earned riding on the back of Razr's success, after he failed to check Motorola's loss of market share. He was replaced by Greg Brown, the then president and chief operating officer of the company. Under his guidance, Motorola's focus shifted to smart phones using Google's open-source Android mobile operating system, around 2009. The handset division has since then been spun off into the independent Motorola Mobility.

This section of the report will try to analyze Motorola's initial success as a mobile handset manufacturer and reasons behind its position as one of the Global and Indian market leaders from about 2000 to 2007, its downfall thereof and the current position of the company in terms of its market share. It will also discuss the new products the company is coming up with to increase its hold on the market once again.

3. 2. Successful Years: 2000 to

<https://assignbuster.com/marketing-strategies-of-gfive-and-apple-flashcard/>

2007 The years 2000 to 2007 continuously saw Motorola as one of the leaders of the mobile handset market. It was always steady at the second position, losing just out to Nokia, who continued to be the pioneer in the category over the years.

If one has to pinpoint one reason for Motorola's success during these years, it would have to be the Razr. One of the most significant things that happened at Motorola was the launch of the innovative Razr V3 clamshell phone. The Razr was the result of an off-beat project within Motorola involving a small close knit team of engineers who wanted to make a phone that was different from all the other phones in the market at that time. The Razr team's efforts were directed towards making a phone that was: ? sleek and attractive ? included several advanced features ? used techniques that had never been seen before ? made up of innovative materials.

Before the Razr, it was thought to be impossible to make a phone with advanced features like camera and MP3 player that small. However, the Razr defied established design principles and took the market by surprise. When it was launched in August 2004, the Razr became a groundbreaking product for Motorola. It was the sleekest cell phone in the market at that time, weighing less than 3.5 ounces, and just half an inch thick. The fact that it was a clamshell at a time when most of the successful phones in the market had a candy bar design also helped differentiate it. Soon after its launch, the phone became a major style statement, and a lot of celebrities were seen carrying it.

Although the Razr was not cheap at \$450 at the time of its launch, Motorola had sold one million units of the phone in six months. The success of the Razr gave Motorola's image a new look, making the company look trendy. Motorola knew after the success of the Razr that it would only be a matter of months before its competitors copied its best features of the phone. But because the Razr had not been publicized before launch, the phone remained exclusive for more than six months, which gave Motorola considerable advantage in the fad-driven mobile phone market. In 2004-05, Motorola's profitability and market share increased largely due to the success of the Razr.

In 2005, the company's market share rose to 19%, up from 15% in 2003. Although Nokia was still the leading mobile maker in the world, mainly because of its clout in emerging markets like India and China, Motorola had managed to ward off the threat from Samsung, which was aggressively trying to gain the second spot. In the third quarter of 2005, the company sold a record 6.5 million Razr phones. Motorola's new found image as a cutting-edge company also worked to its advantage by attracting new customers, and revitalizing the Motorola brand. In late 2005, Motorola received the '2004 National Medal of Technology' from the-then President of America, George W. Bush, for technical innovation.

Also the PC World magazine included the Razr at #12 in its list of 'The 50 Greatest Gadgets of the Past 50 years.' 3.3 The Fall Motorola followed up the Razr with the launch of several versions of the phone. A CDMA version of the Razr called the Razr V3c was launched in November 2005. The Razr was also launched in several new colours. The most significant launch was

<https://assignbuster.com/marketing-strategies-of-gfive-and-apple-flashcard/>

thought to be that of the Razr V3i, launched in the second half of 2005. The V3i was said to be the successor to the Razr, and addressed some of the problems of the V3 phone (for example, instead of a VGA camera, the V3i offered a 1.23 megapixel camera, with an 8X zoom feature). The phone's looks were also slightly changed and the external display was also improved.

All in all, Motorola was concentrating on further cashing in on the success of the Razr by launching similar phones by just revamping the basic design of the hit phone, but was not working on introducing a phone that was markedly different from the Razr or had features that would have taken Motorola to the next level and helped it in keeping ahead of the competition. Meanwhile, Motorola's competitors in the mobile phone industry had been working toward launching successful phones of their own. Sony Ericsson, the fourth largest company in the mobile phone industry at that time, launched a line of Walkman phones, which combined various mobile phone features with music playing capability in early 2005.

It played MP3 files and featured an expandable memory stick slot, a 2 megapixel camera, FM radio and Bluetooth capability and offered 15 hours of battery life. Nokia came out with its Nseries multimedia phones in late 2005. The Nseries phones were convergence mobile devices supporting digital multimedia services like music playback, video recording, still camera, mobile gaming and internet services. These phones supported high speed wireless technologies such as 3G and came in a variety of designs like candybars, clamshells and slider phones. Additionally, Nokia also launched a range of business oriented smart phones called the Eseries in late 2005.

Samsung and LG were quick to copy the ultra-slim design that had been the main differentiating factor of the Razr.

In June 2006, LG Electronics launched the LG VX8500 phone, which was a slider phone-MP3 player combination. The phone featured a 1.23 megapixel camera, expandable memory card slot, and advanced voice dialing features and music streaming over Bluetooth. Samsung also came out with its ultra-thin line of phones in early 2006 -the A900 clamshell, the T809 slider phone and the T509 candybar. These phones featured colour screen, megapixel camera with digital zoom, music ringtones and Bluetooth support.

Meanwhile, most of the phones that Motorola launched after the Razr, failed to emulate its success. The phones that Motorola launched after the Razr included: ? the Rokr (a music phone featuring Apple iTunes software launched in 2005) ? the Slvr (a candybar thin phone launched in January 2006) ? the Pebl (a rounded phone with a matte finish launched in May 2006) ? the Krzr (clamshell phone modeled after the Razr, but with a longer and narrower design launched in the fourth quarter of 2006) ? the Rizr (a sliding phone where the numeric keys were hidden beneath the screen of the phone when closed, launched in late 2006) ? the Moto Q smartphone in 2006 (to compete with Research in Motion's Blackberry, and featuring advanced voice, audio, video, camera and data capabilities with a QWERTY keyboard. However, with the exception of the Slvr, none of the other phones managed to make an impact on the market.

When it was first launched, the Rokr seemed promising, mainly because of the support of Apple's iTunes, but it lost its footing after Apple decided to stop supporting downloads on the phone in September 2006. The Pebl was

<https://assignbuster.com/marketing-strategies-of-gfive-and-apple-flashcard/>

thought to be outdated even when it was launched, and the Krzr and Rizr phones were perceived as rehashed versions of the Razr, at a time when the market was ready to move on from the Razr phenomenon. The feeling was that that Motorola's focus was more on styling than features in its phones, and the customers found that the camera, music and voice quality in competitors' phones were superior to those in Motorola phones. Motorola's sales started declining in mid-2006.

In the third-quarter of 2006, it fell short of analysts' expectations. The company reported sales of \$10.6 billion, while the market expectation was of \$11.1 billion. The sales increase of 17% was the smallest in five quarters. Operating earnings also fell to \$968 million from \$1.08 billion in the corresponding quarter of the previous year; and profits fell 45% to \$968 million. Motorola's shipments fell short of expectations - 53.7 million handsets were shipped in the third quarter of 2006, as against expectations of 55 million handsets. Analysts attributed this to the stiff competition that the company was facing in the developing markets from the Nokia phones. Following the disappointing results, Motorola's share price fell by 5%. In an attempt to increase sales and market shares, Motorola started discounting the prices of its phones in late 2006. The Razr's price was most deeply slashed and the phone started being sold in the US for around \$50 with a long term contract - a steep fall from its \$450 price in 2004. In the fourth quarter of 2006, Motorola sold 65.7 million phones, a 47% increase over the comparable quarter of the previous year. However, margins narrowed significantly. In January 2007, Motorola issued a profit warning that its sales and earnings in the fourth quarter of 2006 would be less than expected.

The company's share price dropped 8.37% following the announcement. Matters worsened in 2007, after the company witnessed a drop in sales as well as earnings in the first two quarters. In the second quarter of 2007, Motorola had shipped 35.5 million mobile handsets. In contrast, Nokia had shipped 100.8 million handsets (an increase of 29% over the corresponding quarter of the previous year). As of the second quarter of 2007, Nokia was the leader in the global mobile phone industry, with a market share of 38.0%. Motorola, with a 13.0% market share was in the third position, behind Samsung, which with a market share of 13.7%, had for the first time overtaken Motorola.

Vendor	Unit Shipments Q2	Market Share Q2 2007	Unit Shipments Q2	Market Share Q2 2006	Year-Over-Year Delta
	2007	2006 (%)	2006 (%)	(%)	(%)
Nokia	100.8	37.0	78.4	33.4	28.6
Samsung	37.4	13.7	25.2	10.7	48.4
Motorola	35.5	13.0	51.9	22.1	-31.6
Sony Ericsson	24.9	9.1	15.7	6.7	58.6
LG Electronics	19.1	7.0	15.0	6.4	27.0
Others	55	20.2	48.5	20.7	13.4
Total	272.7	100.0	234.7	100.0	16.2

Note: Vendor shipments are branded shipments and exclude OEM sales for all vendors. | Source: "IDC Worldwide Quarterly Mobile Phone Tracker", www.idc.com, August 2, 2007 | The reasons for Motorola's downfall are:

- The company's then decision to cut the prices of its phones in a bid to compete with Nokia for market share. The price cuts not only failed to increase the market share, but they also reduced Motorola's margins significantly.
- By slashing prices, Motorola also managed to turn the once-iconic Razr into a mass market commodity.
- Motorola failed to launch a dramatically new and challenging model in the market to sustain the growth seen due to the Razr. Instead of offering new technical features in

<https://assignbuster.com/marketing-strategies-of-gfive-and-apple-flashcard/>

its new models, the company produced clones of the Razr in terms of design.

- Competitors had outstripped Motorola with their phone offerings.
- Mere price cuts were not the solution to the company's attempts to regain its position in the market.
- The fall in Motorola's mobile phone shipments was attributed to slowing demand for the company's phones in Asia and Europe.

The management largely responsible for the success of Motorola started leaving the company. This affected the focus and the direction of the company.

- The then CEO of Motorola, Ed Zander, began losing his credibility both within the company and outside it. The company was not coming up with any new noteworthy products under his leadership whereas the company's competitors were offering innovative features with every new model.
- Motorola's fortunes took a further hit in late June 2007, with the launch of the Apple iPhone. In September 2007, Apple announced a \$200 price cut on the iPhone, which had debuted at \$599, to give a further impetus to sales.

### 3. 4 Current Status

In a bid to take stock of the situation and attempt to get back to the its previous position in the market, Motorola has noted two major changes. They are: ? Change in the leadership and the subsequent split of the company:- In late 2007, Motorola announced that CEO Zander would be stepping down. Experts felt that Zander had failed primarily because of his lack of initiating innovation and his slow reaction to the markets. Greg Brown, the then president and chief operating officer of the company, was made the CEO in Zander's place. On March 26, 2008, Motorola's board of directors approved a split into two different publicly traded companies. This came after talk of selling the handset division to another corporation.



These new companies would comprise the business units of the current Motorola Mobile Devices and Motorola Broadband & Mobility Solutions. Originally it was expected that this action would be approved by regulatory bodies and complete by mid-2009, but the split was indefinitely delayed due to company restructuring problems and the 2008-2009 extreme economic downturn. On February 11, 2010, Motorola announced its separation into two independent, publicly traded companies, effective Q1 2011. The two new companies are called Motorola Mobility (cell phone and cable television equipment Company) and Motorola Solutions (Government and Enterprise Business). ? Introduction of new phones with latest features:

Towards the late 2000's, Motorola shifted its operation systems from their proprietary software to Google's Android operating system and in October 2009, Motorola announced a forthcoming Smartphone named " Droid" that launched on the Verizon network on November 6, 2009. " Droid" was a major success for Motorola Mobile Devices. It received the prestigious " TIME Gadget of the Year" award in 2009. In 2010, Motorola launched " Droid X" and " Droid 2". Droid X was a major success, which has helped Motorola to regain much of its market share in the US. On January 5, 2011, Motorola Mobility announced that the Atrix 4G and the Droid Bionic were headed to AT and Verizon (respectively), with expected release dates in Q1 of 2011.

The Atrix was released on February 22nd as the world's first phone with both a Dual-Core Processor and 1GB of RAM. The phone also had optional peripherals called such as a Multimedia Dock and a Laptop Dock which launched a WebTop UI. Hot on the heels of the world's first Dual-Core phone, Motorola released the Xoom Tablet two days later on February 24th as the

<https://assignbuster.com/marketing-strategies-of-gfive-and-apple-flashcard/>

world's first Android 3.0 tablet and followed it up shortly afterwards with an update to make it the world's first Android 3.1 table. The Apple iPhone: A Leader in Innovation 4.1. Overview The first generation iPhone was launched in the US on June 29, 2007. Even before its launch it was hyped to be the next word in mobile handset market. It was hailed as the Smartphone to have and own.

After its launch, the overwhelming global response for the gadget only went on to reiterate that the customers were enamored by its touch user interface and its sleek and beautiful design. Apple went on to launch the second generation iPhone, the iPhone 3G in July 2008, while the third generation of the phone, the iPhone 3GS, was launched in June 2009. Its latest model the iPhone 4 was launched in June 2010, and the launch of the CDMA version was in February 2011. With the launch of every new generation model, iPhone only went from strength to strength and solidified its position in the Top 5 Mobile OEMs in the financial year 2010 - 2011. 4.2.

Entry into the Mobile Phone Market The foundations for the development of iPhone were laid in 2003 when Steve Jobs declared at an executive conference that the future of mobile communication and information exchange lay with mobile phones. The mobile market seemed to be a lucrative business so Jobs decided to venture into the handset market. Apple first stepped into the handset business in collaborating with Motorola through their model Rokr E1 in September 2005. MotoRokr was the first handset to use Apple iTunes software. But the product turned out to be unsuccessful. According to Jobs, the failure of MotoRokr was due to its poor design (over which Apple had no control).

<https://assignbuster.com/marketing-strategies-of-gfive-and-apple-flashcard/>

In the following year, Apple discontinued its support from Rokr. Apple fell back on its experience on developing the ipod and itunes software to develop a new generation mobile phone. It knew that in order to survive in a highly competitive handset market that was dominated by companies such as Nokia and Motorola it had to come up with an innovative product that has a number of useful features. Apple's engineers were already working on the future generation of touch screens which Apple wanted to use in its new handset. The mobile phone was named iPhone and was designed by their Head of Design, Jonathan Ive. 4. 3. Segmentation & Targeting Strategy of Apple iPhone

Apple iPhone uses a large variety of consumer research in order to further improve the iPhone according to the change in market demands. Staying close to the end user and listening to the customer is the secret behind their success. Through the use of focus groups, feedback from consumer surveys and brand awareness studies, Apple ensures that the iPhone stays in the view of the world. iPhone's target customers can be grouped in four age groups. They are: ? 15-20 years ? 20-25 years ? 25-45 years ? 45 years and up According to Apple, each of these age groups have their own areas of concerns and targeting them helps the organization make the iPhone a pan-age group product. High School and College level customers demonstrate social/personal use.

The 25-45 years group is more interested in business applications of their gadget and social/personal uses, and finally the 45 years and above group gives Apple an insight into its targeted well-refined and professionally highly-placed customers. 4. 4. Features of iPhone There are four generations of

<https://assignbuster.com/marketing-strategies-of-gfive-and-apple-flashcard/>

iPhone models, each accompanied by one of the four major releases of iOS (formerly iPhone OS). Addition of new and innovative features in every new model has helped the iPhone keep ahead of the competition and differentiate itself from other products available in the market. ? The original iPhone was a GSM phone that established design precedents like screen size and button placement that have persisted through all models. ? The iPhone 3G added 3G cellular network capabilities and A-GPS location. The iPhone 3GS added a compass, faster processor, and higher resolution camera, including video recording at 480p. ? The iPhone 4 has a rear facing camera (720p video) and a front facing camera (at a lower resolution) for FaceTime video calling and for use in other apps like Skype. The phone also featured a higher-resolution display. 4. 5. Market of iPhone in 2011

When Apple Inc. announced the financial results for its second quarter of 2011 it stated record sales revenue of \$24. 67 billion with net profit of \$5. 99 billion. The major contributor in this exceptional financial performance exhibition was the Apple iPhone, and most notably the Apple iPhone 4.

Apple Inc states that it sold 18. 65 million iPhone devices within the second quarter of 2011 that accounted for almost half of the total revenue generated by Apple Inc in FY 2011 Quarter 2. The company generated surplus cash flow showing \$6. 2 billion cash generated from operations exhibiting its high liquidity ratio and going concern status. If we take a look at Finnish giant Nokia their sales were Euro 10. 4 billion and net profit was Euro 439 Million with just 26% market share in smart phones as compared to 41% in first quarter of 2010. Nokia although sold more devices as compared

to Apple and sold 108.2 million devices out of which 24.2 million are smart phones.

Nokia still remains the highly sold mobile handset in the world but Google Android OS is slowly turning the heat on and it is expected that in the first quarter of 2012 Google Android OS will bring a third competitor for market leadership. Although Apple Inc suffered low sales as compared to the Nokia but the short life cycle of iPhone caused Apple Inc not to focus on market penetration and rather adopt a market skimming strategy while setting up prices for their devices. As the hype is created by Apple before the arrival of a product in the market so people are curious and are more willing to pay high prices for the products manufactured under the brand name of Apple Inc. If we look at the pricing of Nokia and Apple then the average price per device sold floats at \$87 for Nokia while \$638 for Apple.

With such high prices and smart minded marketing strategy Apple Inc has taken over Nokia in revenue terms and it is expected that Apple Inc will suffer huge sales due to introduction of much hyped iPhone 5 in the market later this year while Nokia has signed a deal with Microsoft to offer Windows Phone 7 powered Mobile Handsets/Smart Phones in 2012. 4. 6. Apple in India iPhone's launch in India has been dubbed the biggest failure of a top-notch brand from a well regarded company in recent times. Unlike the initial argument that it was the steep price tag that queered the pitch for iPhone in India, there is more to the debacle than just the pricing. Besides a very high price tag, the other major reason behind iPhone's failure in India is that there was a very weak link as far as consumer confidence was concerned.

Apple's rivals in India, industry observers and analysts say that a flawed sales and distribution model and communication failure were the biggest reasons behind iPhone's debacle. The company failed to strike a connection with the Indian customers. Selling huge numbers in India was not even Apple's game plan, it seems. Around the time of its launch, the company had said that it hoped to sell 10 million units. While Airtel ran commercials outsourced from Apple for four weeks on a few TV channels, Vodafone used the envelopes of the mobile phone bills sent to its customers to apprise them of iPhone's launch in India. Apple said that in India, it would ship 100,000 phones by December 2009. Clearly, Apple wasn't expecting big sales from the market.

Analysts argue that by downplaying India, the world's second largest and fastest growing telecom and handsets market, Apple may have missed not only a big opportunity to sell one of its blockbuster brands but also to lay the ground for its future products. Clearly, Apple had a big opportunity to establish itself in this market and, if not break market leader Nokia India's monopoly, then at least give it a tough fight. It's an opportunity that is now being assiduously chased by rivals such as Samsung Electronics Co. Ltd and Research in Motion Ltd, or RIM, the makers of BlackBerry. Some market observers argue that Apple's distribution and sales strategy in India was flawed from the word go.

To begin with, the company licensed the iPhone to two service providers (Airtel and Vodafone) who didn't have any experience in the retail selling of handsets, which is a complex business in India involving different strategies for different income groups. Second, these service providers decided to sell

<https://assignbuster.com/marketing-strategies-of-gfive-and-apple-flashcard/>

the handset only at their outlets, thereby limiting its availability. Also, they antagonized the big organized retailers in the process (the Top 10 organized retailers are estimated to have a 50% share in total sales). Third, selling not being their core area of expertise, these companies couldn't pitch it to the potential consumers aggressively.

The service providers' strategy to sell it with a lock-in clause may not have gone down well with consumers. This meant iPhone buyers cannot retain their handset should they wish to switch operators despite having paid the cost of the handset upfront. This condition was a big dampener, especially because from next year, Indian consumers will have the freedom to change service providers without having to change their number or handset. The other most evident flaw was its inability to strike a connect with consumers. Unlike in the US, where a month-long marketing and advertising blitz preceded the debut of the iPhone, Apple didn't run any of its own campaigns in India.

All the marketing communication was left to the two license holders. What consumers saw was a round of print advertisements on the launch date that announced the arrival of iPhone and a few billboards in key cities. While Airtel ran commercials outsourced from Apple for four weeks on a few TV channels, Vodafone used the envelopes of the mobile phone bills sent to customers to tell them about iPhone's entry into India. Some advertisers say iPhone's positioning in the market was ambiguous. " iPhone was positioned as a lifestyle product but in India, the company or its licence holders did nothing to make it seem inspirational. On the contrary, Nokia did a smart thing by positioning N96 as a convergence product.

It immediately struck a connect with its target consumer for the communication was focused on its attributes. Airtel spent only around Rs3-4 crore on iPhone's advertising. On average, they spend around Rs14-15 crore on their new launches. The license holders, however, argue that they were discreet in advertising for strategic reasons. Apple's strategy was not to sell a million phones in India. It only wanted to establish a presence in the country. Customers who were interested in buying iPhone were already aware about iPhone's launch in India. To be sure, some of iPhone's rivals also went for a low-key entry into the market at the time of their launch but now, with the market heating up, they are pulling up their socks.

Its own failure notwithstanding, iPhone managed to stir the Smartphone market in India quite successfully. To pre-empt its success, Nokia launched its N96 series, Samsung came out with its own version of the iPhone, and RIM is set to launch its BlackBerry Storm model soon. Google Inc. has also come out with its Android mobile phone software that can help Apple's competitors better many of the iPhone features. Apple refused to share its future strategy for India. Analysts, however, say the company will have to plug many gaps in its distribution and marketing and most importantly, open a direct communication channel with consumers, if it wants a meaningful presence in India. 4. 7. Future of iPhone

Google's Android may be the most popular smart phone device, but Apple's iPhone is more adored. The latest Nielsen statistics show that Google's Android leads the U. S. Smartphone market with 39 percent of the market share in June compared to just 28 percent for Apple. Android's lead, however, is largely due to its diversity of offerings. If the Android phones

<https://assignbuster.com/marketing-strategies-of-gfive-and-apple-flashcard/>



were divided by the manufacturers, Apple would lead the market with 28 percent. RIM (BlackBerry) and HTC would follow with 20 percent each. After that, Motorola has 11 percent and Samsung has 10 percent. In addition, a recent Change Wave Research poll revealed that 70 percent of Apple iOS customers are “ very satisfied” with their product.

This compares to 50 percent for Android and just 26 percent for RIM. The research reported that of the 4, 163 surveyed consumers planning to buy a Smartphone in the next 90 days, 46 per cent planned to buy an iOS running device. Trailing behind in second place the research found that 32 per cent were planning to buy a Google Android powered device. Apple has clearly issued a challenge to other manufacturers regarding user interface and input technology. Apple CEO and co-founder Steve Jobs referred to the current crop of smart phones as “ hard to use” and described the problem as being in the bottom 40% of the handset. Apple has determined that the best alternative is to remove the keyboard entirely.

This will allow for a far more flexible user interface that will be driven by the application being accessed. The iPhone virtual interface is driven by a modified version of Apple’s OS X operating system, already seen by many as an archetype for consumer friendly interfaces. Handset navigation has long been a source of frustration for consumers. Handset manufacturers and operators have struggled with the challenge created by squeezing more functionality into the handset without making the operation too complex. Apple has moved this debate front and center with its bold proclamation of a leapfrog device that has revolutionize the handset market. Rise of G’FIVE

When IDC published its latest report of the top 10 manufacturers in India there was one name which took everyone by surprise- G'FIVE. No one ever expected this silent crawler to reach such heights within so short a span of time. Founded in 2003, G'FIVE targets to be the first international consumer electronic product brand leveraging on mature supply chain system in China. G'FIVE focuses on the international market, especially emerging markets, and its products are mainly sold in South Asia, Southeast Asia, Middle-east, Africa, and South America. Reaching out of Hongkong, China, G'FIVE now has tens of factories and assembly lines in Shenzhen, an operation center in Hongkong, and sales teams and offices in India, Dubai, Egypt, and Peru.

Eight years back, no one could have imagined how the utterly unknown Chinese handset manufacturer G'FIVE would ever see the better part of positive growth. Most didn't even know that G'FIVE existed. Few gave G'FIVE a chance to even survive. For the world, Nokia was then the head of the handset tribe, controlling a 42. 2% pie of the worldwide sales to end users. Nokia was the metaphorical emblem for Western dominance, and overtaking the giant for a lesser known Chinese handset maker, whose product quality was criticized from the very beginning, seemed an illogically distant dream – if at all even a dream. Today the situation is fantastically different. It defied all the odds stacked up against it and is proving to be a tough competition for the established players in this industry.

It is a completely different tale than the one that was expected, and especially so in India, where the majority of the 1. 3 billion-strong population are turning their attention to low-priced handsets. First there was Micromax which destroyed the previously held concepts of handset marketing, and <https://assignbuster.com/marketing-strategies-of-gfive-and-apple-flashcard/>

now G'FIVE seems to have caught on faster than Micromax. In reality, displacing the once dominant Nokia, which had a market share of 78.8% when 2006 started (a figure which has dropped to 36.3% today), which just about appeared an eccentric objective, seems to be more plausible now. G'FIVE has become the No. 1 mobile handset brand exported out of China to international market in terms of unit sales volume.

They have 300 handset models and launch 2 new models every week, and have come up with creative features like metal surface, super-slim, double battery, super long stand-by, and free-to-air TV. The G'FIVE started its business in India in June 2009 and now has got good position in the market, as has been reported by the IDC. At present the company is proving to be tough competition to the top 2 mobile manufacturers in India, Nokia and Samsung mobiles which already have their production plant in India. 9501012690. The sudden rise of G'FIVE can be greatly attributed to the fact that it sells mobile handsets with an ideal combination of good quality at cheap price. The sales of G'FIVE received a massive boost when the government reduced the import duties on cellphones from China to almost nil.

G'FIVE greatly benefited from this relaxation in the duties. The Company currently reports 300 mobile models in its existing portfolio with a price range of Rs. 1,400 to Rs. 6000 making them affordable for general category customers. The latest models of the company feature IPTV, push-mail, Triple Sim (GSM+GSM+CDMA), dual memory card slot, dual LED torch, internal memory of all is made expandable up to 16 GB, voice changer, motion sensor, song changer, flip models with QWERTY keypad, PC camera, drawing

<https://assignbuster.com/marketing-strategies-of-gfive-and-apple-flashcard/>

board, Piano, Navigation wheel, butterfly lights and many more. The new handsets also features projector system, Free-to-air TV, Marathon battery up to 2200 mAh and steel body with super slim design.

The G'FIVE is taking care of music lovers provides the facility of external sound box, dual embedded speakers, universal audio jack of 3.5 mm and Yamaha chipset for amplification G'FIVE has remained a silent killer in the industry and hardly promoted its products or its brand at the national level. It therefore came as a shock when IDC reported that G'FIVE has emerged as the largest handset player in India after Nokia for the quarter ending September 2010. Nokia further slipped by around 5% to post a market share of 31.5% and G'FIVE took the second spot with 10.6%; beating Samsung at 8.2%. G'FIVE as a brand is not visible in the Tier I cities and metros. But it has been doing enough branding and marketing campaigns in Tier II and III cities.

In the initial stages, the company has been targeting Tier II and Tier III cities, and 80% of sales of G'FIVE handsets are coming from these cities. After having reached a formidable position, G'FIVE is now positioning itself in metros and Tier I cities. It is also looking forward to tie-ups with some of the large format retail outlets. But then, one great quarter does not make a market leader - and G'FIVE knows that pretty well. Almost amazingly, G'FIVE has attempted to market itself right at the base level, rather than just depending upon word-of-mouth or corporate sales. There are over 20,000 sellers in this market and the place is flooded with Chinese handsets and look-alikes - and G'FIVE is one of the few 'branded' products that can be found in every handset shop.

The mass market buyers apparently love it; as for the sellers, they have their reservations and preferences. But even here, G'FIVE has scored a tactical victory over both the premium brands and the low-priced competitors. The mobile handset traders agree to the fact that G'FIVE handsets offer a very handsome margin, and therefore, they try and push this brand to the low-price loving customers. G'FIVE has remained a strong warrior in the low-price segment. The company offers dual SIM handsets with a camera at a price tag of Rs. 1200, fulfilling the needs of people at the lower rungs of the pyramid. The company has its own manufacturing facility back in Hong Kong, and therefore has more room to play as far as pricing is concerned.

Besides, it is cutting costs immensely by keeping its marketing budget low, a benefit it is passing on to buyers to undercut the competition. In India, G'FIVE has a retail presence at 40, 000 stores and is planning to add 20, 000 in the next few months. But G'FIVE has a strong global presence in 14 countries. Apart from India, in some countries including Nigeria, Bangladesh & Pakistan it is among the top five handset players. It is also highlighting its global footprint to market the brand in India. Now G'FIVE mobile is a well-known brand with consumers in India. Metal surface, super-slim, double battery, super long stand-by, and free-to-air TV is traits in the G'FIVE mobile phones. The company is promising to give the best quality product in low cost with high features.

G ' FIVE mobile plans to launch other electronic products in the Indian market like net book, laptop, music box, digital frame, etc. Clearly, G'FIVE is not an underdog anymore. It is not just another name in the crowd, despite the fact that there are 35 manufacturing vendors in the market today (a rise  
<https://assignbuster.com/marketing-strategies-of-gfive-and-apple-flashcard/>

in count by 600% since January 2008). G'FIVE has very scientifically chosen the right target segments and product models to maximize its sales in India. In recent quarters, there has been a phenomenal rise in the sales of dual and triple-SIM cards slot phones. During Q2, 2010 alone, this category accounted for 38.5% of the total Indian mobile handset shipments - a phenomenal rise from under 1% in the same quarter a year ago (as per IDC).

To tap this opportunity, all the handset models that G'FIVE has launched in India over the last three quarters - T560, U800, F2, G9000i, et al - have all been multi-SIM card slot phones. The company claims that it has over 300 models in the Indian marketplace, and that it comes out with two new handsets every week. G'FIVE also offers prices at points which are precisely as per the doctor's prescription. Targeting consumers in the lower-middle segment and the bottom of the pyramid, G'FIVE has built a portfolio of products, which aim to provide a plethora of features, with acceptable quality and at very affordable prices. G'FIVE has remained a strong price warrior in the segment. The company offers dual SIM handsets with a camera at a price tag of Rs. 1200, fulfilling the needs of people at the lower rungs of the pyramid.

The company has its own manufacturing facility back in Hong Kong, and therefore has more room to play as far as pricing is concerned. Besides, it is cutting costs immensely by keeping its marketing budget low, a benefit it is passing on to buyers to undercut the competition.

5. 1 Segmentation Strategy of G'FIVE There are three distinct brand segments in which the G'FIVE target market can be divided- the MNC brand, the Indian brand and the Chinese brands. They all collectively contribute to sales of around 13

million handsets per month. The MNC brand segment sells about 7 million handsets a month but it's losing its share. Indian brand segment does about 2.5-3 million handsets a month and is growing. The third segment is of Chinese brands which again does about 2.5-3 million handsets a month. The emerging trend is that the consumer is upgrading to multimedia phones over basic phones. Now for even an entry-level customer, features like dual SIM, FM, color, flash are must. Over 75% of the handsets are with camera. Demand of GPRS and Bluetooth enabled devices is increasing. Another trend they have noticed is that among younger consumers, communication is not only voice but texting, email, social networking. There is a sudden surge in Qwerty handsets. Among the more evolved consumers, smart phones are clearly the trend.

### 5.2 Targeting Strategy of G'FIVE

G'FIVE also realized the potential of cricket to get brand recognition.

Just before the ICC Cricket World Cup, G'FIVE launched six TELLY series handsets which w