

# Micromax mobile



A study report on the ' Brand' Micromax | | | | By Punyadeep Singh PRN 59, MBA 09-11, SIOM Introduction The mobile phone market in India is worth 130 million handsets annually. While the big boys like Nokia, Samsung, LG, Motorola and Sony Ericsson make up for 70% share, the market has of late seen a slew of domestic firms such as Micromax, Karbonn and Intex making large inroads and new established brands like Videocon and Onida entering the field.

Among the domestic firms, one of the most promising brand is Micromax. Few years ago, when Vikas Jain's firm was delivering computer printers and monitors across India, he saw first-hand how pervasive Nokia had become. Just as in Europe, where most people's first mobile phone was made by the Finnish giant, it had repeated the trick of getting in first and carpeting the subcontinent with its no-frills handsets. Despite Nokia's dominance, the Indian mobile-phone market was far from being saturated. Jain saw his chance.

From a standing start two years ago, his company, Micromax, is now churning out 1 million phones a month. He believes that next month it could overtake Samsung, with 11% of the market, and seize second place in India. " When Nokia or Samsung roll out a new model they do so from its global portfolio rather than launching something specifically for India," said Jain, who set up the company in 1990s along with three friends from engineering college--Rahul Sharma, Rajesh Agarwal and Sumeet Kumar, all of whom are in their mid-30s to early 40s.

Micromax, started operations in 1991 as an embedded software design firm, but was incorporated as a company in 1998, when it branched out as a distributor of computer peripherals such as printers, monitors, scanners from manufacturers such as LG, Sony Inc. , Dell Corp. Today, Micromax is one of the leading Indian Telecom Companies with 23 domestic offices across the country and international offices in Hong Kong, USA, Dubai and now in Nepal. With a futuristic vision and an exhaustive R&D at its helm, Micromax has successfully generated innovative technologies that have revolutionised the telecom consumer space.

Micromax, as they claim on the company's website, is on a mission to successfully overcome the technological barriers and constantly engender " life enhancing solutions". Micromax's first innovation was a handset with 30 days of standby battery life — crucial in a country like India where power failures are common. Next there was a dual memory card phone, priced at ₹ 26, for callers who like to juggle the cheapest tariffs. The company's vision is to develop path-breaking technologies and efficient processes that incubate newer markets, enliven customer aspirations and to make Micromax a trusted market leader amongst people.

Micromax has a lot of interesting and thoughtful products to its credit on their versatile product portfolio. It was the first to introduce: 1. Handsets with 30 days battery backup 2. Handsets with Dual SIM / Dual Standby 3. Handsets Switching Networks (GSM - CDMA) using gravity sensors 4. Aspirational Qwerty Keypad Handsets 5. Operator Branded 3G Handsets 6. OMH CDMA Handsets, etc. With a 360 degree advertising and marketing

strategy sketched out, the company has an optimistic outlook for the telecom consumer space.

Currently present in more than 40,000 stores across the country, the company plans to have an aggressive market incursion to reach out to its customers through 70,000 operational stores in the coming year. One of the major aspects that contribute towards the substantial monthly growth of Micromax is its 80% sales in the rural areas. After building a strong presence in the rural market, where the prominence of both subscribers and operators is rapidly increasing, Micromax is now progressively moving towards establishing its foothold in the competitive urban towns as well.

Micromax recently ventured into the telecommunication industry with an end-to-end solution of Fixed Wireless Devices and Wireless Data Cards. In the year 2008, after delivering upon the technology of fixed wireless-powered desired products, the company forayed into one of the most predominant genres of telecommunication – Mobile handsets. Since then Micromax has received commendable response for its unique and interesting handsets. Innovation, Cost-Effective, Credible and an Insightful R&D are given high emphasis at Micromax in the telecom vertical. Micromax as a ‘Brand’ in the

Media Posted: Monday, February 8, 2010. 0:45 PM IST on livemint.com (website of the famous B-newspaper): “Micromax challenges Samsung, LG in mobile phone stakes”. The news further elaborates that Citigroup Global Markets Inc. has confirmed Jain’s assertion in a 3 February report, which said Micromax had a 10% market share, putting it at No. 3 behind Nokia and Samsung, which had 12-13%. The success of Micromax prompted US private equity group TA Associates to buy “less than 20%” of the firm for around

<https://assignbuster.com/micromax-mobile/>

\$45 million (Rs210 crore today) in December, valuing it above \$225 million and indicating confidence in its growth potential.

Jain estimated that the firm will close the fiscal with sales at around Rs1, 500 crore. The Brand Micromax has now started gaining acceptability not only with the consumers but also with the images, which now has started portraying it with a positive image. Whereas increased consumer sales support the acceptance among the consumes, following quoted are some extracts from the news reports that show that media is also looking up to this brand. “ Micromax seems to have taken a breath of fresh air and totally remade their presence.

From their previously drab website, they’ve moved into a much more vibrant state and there’s clearly a significant difference in their mobiles as well, at least cosmetically”, quotes [www. tech2. in](http://www.tech2.in) in a review for its newly launched model X360. Micromax has also tied up some pretty big brands like Yamaha for enhancing their audio experiences and the X360 comes with an MTV branding and exclusive content. Apart from the mobile handset market, Micromax was recently in the news for its alliance with BSNL. State-owned Bharat Sanchar Nigam Ltd. ntered into an agreement with Micromax for sale and distribution of 3G data card to its subscribers. As per the agreement, Micromax would sell and distribute 3G data cards in the form of USB to the BSNL subscriber in various cities. In another venture, Micromax launched the India’s first operator branded 3G mobile phone H360, in association with MTNL. The H360, pre-loaded with applications to enable video calls, mobile TV, social networking, wireless business solutions through web browsing and other Internet-based services.

Product Differentiation So, as listed Micromax has been quite effective in the marking a difference with almost every product that it launched. The range that they have covered varies quite a large variety. Right from the handsets with 30 days battery backup, dual SIM, handsets switching networks (GSM - CDMA) using gravity sensors, aspirational QWERTY keypad handsets to operator branded 3G handsets to the most exciting OMH CDMA Handsets, etc.

Every product of Micromax had the potential to grab the attention of media as well as the consumers in a market which is already flooded with mobile phone handsets and a launch is there in every day or two. Image Differentiation: From Rural to the Urban grounds Micromax specialized in entry-level and mid-segment handsets priced between Rs1, 800 and Rs2, 400 when it started selling the devices in 2008, confining itself to small towns and rural areas in the first 12-18 months.

Encouraged by its success, the firm expanded to larger cities and now has a distribution network of 55, 000 retailers, which it plans to scale up to 70, 000 by the end of March as part of its strategy to raise sales to 1. 5 million handsets a month. The journey is also now ps through the wide range that Micromax plans to offer to its consumers in the coming period. Micromax is planning to expand its range in keeping with new market demands. It is readying several high-end handsets, including phones that will run onGoogle's Android and Microsoft's Windows Mobile operating systems.

The handsets are expected to be available in " April or May", Jain said. Micromax has also tied up with a Bollywood celebrity " who will be

announced shortly” as brand ambassador, Jain said. Channel Differentiation  
Micromax has invested Rs100 crore to set up a plant in Baddi in Himachal Pradesh as it feels outsourcing manufacturing completely leaves the door open for supply-side uncertainties. Production will be scaled up from an initial 50, 000 per month. “ If everything goes right, by the third phase in March 2011, the Baddi plant will be making about 500, 000 handsets,” Jain said.

If the plant isn't able to cope with the numbers, the fallback plan is to acquire a facility in South Korea, Taiwan or China, he added. Nokia has a plant in Chennai, established in 2006 at a cost of around \$150 million, from where it also exports. Summary Till very recently, Micromax was seen as a second grade brand with hardly any brand value. But with the recent reports listing the figures in the company's favour as well as the huge branding done by the company itself along with the interesting product portfolio has taken the brand to a respect position.

And the position is still is very promising for the future. For a company which still has not been listed on any exchange, a turnover of about 1500 Cr. can be termed as huge. Certainly the company has the potential to be a threat to the foreign giant as it has been successful in studying the Indian mindset better. ----- Micromax spent heavily on branding during the recent India v SA; Jaypee Infratech Cup A recent Economic Times report