Research Paper Commerce

Cellular Handset: Increasing Market Share of Domestic Companies, A Warning Bell for Mncs ?!!!

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ABSTRACT

In India teledensity has increased in last 5 years with higher rate. A few catchy reasons can be said as… reduced rate of tariff, comparatively affordable rate of cellular instruments, level of competitions in both service provider and handset manufacturers etc. Reductions in rate of cellular instrument are quiet because of Indian companies' presence in the field. In last 2-3 years Indian companies have started occupying their place in the market. Their market share has considerably increased in a couple of years. Because of the policies adopted by Indian companies even MNCs like Samsung, Sony, Nokia and apple have to modify their marketing strategies, product, promotion etc. In this paper the study of market shares of Indian companies, reasons behind increase in their share, as well as future of domestic and MNCs is made.

Keywords : Market share, Cellular handset, Domestic Companies, MNCs

Introduction

In the last decade, the maximum development witnessed by Indian economy is in the field of telecommunication. More precisely can be said as cellular phones. It is developed in form of their network i.e. service providers as well as handset manufacturing companies. The service providers are not just limited up to telecommunication but enhanced to internet and so as compatible handsets are being manufactured by the various companies. Now days it is not just an instrument for incoming and outgoing but plays multiple role. It's an entertainer, a media player, a camera, a watch, an alarm, a personal secretary to remind your upcoming task, a guide when you want to reach at unknown place and also a laptop up to some extent. Earlier a limited no. of companies was available in the list for a buyer to have a good handset and they were mostly foreign brands. But in last 5 years situation has changed. Now choosing a right handset is a tough task. The list of brands is in two digits and models in three digits.!!! This list includes considerable no of Indian brands. This has motivated the researcher to undertake a research on the same.

Objectives

The objectives of the research are to know the share of Indian concern manufacturing cellular handsets. In addition to this it is also intended to predict the future trends in the same line. For this purpose, the researcher has collected data from the secondary source, mostly different websites. The researcher has also placed his own observations.

Market Share of mobile hand sets in India

According to survey made by ORG market share of different companies in India in the year 2007-'08 was Nokia 59.5%, Sony 8.1%, Samsung 7% and Motorola 5.9%. It can be seen that major market was covered by the foreign concerns. While in the last 2 years the situations have turned. As per the survey made by voice and data the market share is as follows for the year 2012-'13.

Name of the Company	Market share in %
1) Samsung	31.5
2) Nokia	27.2
3) Micromax	8.7
4) Karbonn	6.4
5) Apple	3.6
6) HTC	3.3
7) Blackberry	3.1
8) Lava	2.8
9) LG	2.3
10) Sony	2.2

It can be seen from the above data that market share of Nokia has become less than half as compared to year 2007-'08, while Samsung has reached on the top position. The position is maintained by this Korean brand worldwide. The reason why share of Nokia has decreased in market share is that may be by rejecting Android in anticipation of sure success of tie up with Windows but the game inverted. Their expectations or speculations couldn't prove right. They are late in market. Android approached samsung and both are ruling the market now. But one remarkable thing we can notice is the entry of Indian Companies in the third as well fourth position leaving behind techno giant Apple, HTC and even Sony.! It is a matter of pride for any Indian to find any Indian company overtaking MNCs.

Reasons Behind Increasing Market Share of Indian Companies

According to Ibrahim Ahmad, Group Editor of Voice & Data, "The rise of smaller local players like Micromax, Karbon, Lava, and Zen is a clear indication that consumers want cheaper feature rich phones. The next phase of mobile penetration in the bottom of the pyramid India will be driven by these companies."

1)*Cost Effective*

If we study the reasons behind increase in the market share of Indian company is they provide good quality at cheapest rate. Though they are inferior compare to foreign brands, they manage the short life smoothly. Especially, when a new user of touch screen mobile wants to be limited up to a budget phone ranges from 5000 to 8000 Rs., Indian companies are the best choices. Because of aggressive marketing strategy, these companies have taken over the market of lower categories Chinese brands. They have established more reliable Image compare to Chinese companies.

2) *Easy to Replace*

As we can observe that innovations are continually taking place, people especially youngsters want something new. As its cheap and having almost similar finishing touch like any Big Brand they buy it and sell it now and then. Easy replacement is possible if it is spend less.

3) *Fast in Imitation*

These Indian companies like Micromax, Karbonn, Celkon, Zen, iBall etc are powerful in following innovations undertaken by the giants like Samsung and apple. Indian companies innovate less and imitate more. They provide almost similar features at less than half rate. Some of the models of micromax i.e. Canvas series and other companies' models are such popular that even Samsung has to introduce the lower categories models to maintain their segment as micromax was overtaking in that segment.

4) *Hit in a New Segment of 5 inch*

A new segment of 5 inch mobile phones popularly known as 'Phablet', canvas series of Micromax has captured market like anything. This segment is originally created and developed by Samsung through his famous series Galaxy Note. But Micromax hit the market with almost similar features but around 40% price of the Samsung Galaxy Note. Micromax Canvas 2 sales of January was 174000 Units. Due to overfull demand it was temporarily in shortage and surprisingly sold for premium of 500Rs to 1000Rs by the retailers. Following the same track, other companies like Karbonn, Zen, iball, intex, celkon etc. companies have also jumped into the same market segment. Eventhough Samsung also supposes took this seriously and had to introduce similar featured product name Galaxy Grand and quarto but could not get that much success due higher rate though having highest brand reputation. Not only was this but introduction of installment scheme also one of the reasons to save and maintain market and to compete with local brands in India.

5) *Improved Image of Indian Brands*

Earlier it was being perceived that Indian products are cheap in quality and do not posses the look what any foreign brand has but this belief is broken by today's brands like Micromax, Karbonn, Celkon, Zen etc. They give the same finishing touch what any MNC product can have.

Chief marketing officer at Micromax, Shubhodip Pal, said to the *Times of India*, "While the Rs 13,000 to Rs 20,000 is currently the sweet spot in the smartphone segment, we want to further increase our presence in the premium-end with relevant products."

The firm is providing products under 20,000 but competing the products of almost doubled priced Samsung products. e.g. Micromax Canvas 4 is having competition with Galaxy S4 of Samsung. Indian companies have started improving their quality and proving their market share.

Future of Domestic concerns

As per IDC data in the Asia/Pacific excluding Japan region, dometic companies shipped 46 million units, while Samsung and apple combined shipped 35 million units in second quarter this year. In India tele density is 47.89% with 562.21 million subscribers base which is around half than any developed country i.e. 90 to 100 %. It is due to a huge blank market share of rural india. As per United Nations Population Division publication, the projected number of mobile subscribers will be around 900 millions by the end of the year 2015-16.

As per the latest data from the International Data Corporation (IDC) in the second quarter for 2013, Samsung market share is reduced by 6%. From 32 percent of first quarto to 26% in the second. It is due to domestic player's competition such as Micromax and Karbonn. Samsung is still number one in the Indian smartphone market but its share has fallen.

Instead of Nokia, Micromax is becoming a keen competitor for Samsung. Having nearly 22 percent market share. In the first quarter the company had 19 percent market share. Micromax also shipped 2 million devices during the second quarter and its Canvas series has played vital role in increase the market share. Karbonn is at number three with a 13 percent market share.

Naveen Mishra, lead analyst — telecom practices, CyberMedia Research, says: "With a 900 million teledensity in India, 40-50% of the Indian market is still untapped. In the next three-four years, we will continue to see a clutter at the lower end. Some of the brands, though, are scaling up to smartphones already. But overall, the mobile phones market is going to remain cluttered till high penetration levels are achieved."

Conclusion

Thus, market is becoming easier for the domestic handset players as they know the typical Indian village taste with affordable price. It is expected that in the next 3 to 5 years, the overall market share of Indian handset may be dominated collectively by the local players. As per as high end market is concerned, the domestic companies have yet to prove. In premium segment the competition is not that tough. It is more among the MNCs. The past image of Indian companies becoming hurdle in proving quality and winning the faith. The issues of complains regarding performance and consistency are still there with Indian brands like Micromax. Which are comparatively less with Samsung, Sony or HTC. This image results in hesitation for paying high and that's why they need to prove in quality and consistency.

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