A Study on the Product Life Cycle of Samsung Smartphone’s in India

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Abstract: This Mini Project is about a study on the product life cycle of Samsung Galaxy in India and the marketing strategy it has used for its smart devices in the Smartphone market. The project will look into products introduced within the last two years, its mission and goals and some of the key challenges it faces today. Then it will continue in exploring the marketing mix of Samsung Smartphone in their introduction stages, to have a deeper understanding on how Samsung has differentiate itself using the four components of the marketing mix to gain an advantage over its components. Further we will see how Samsung recognizes every need in the market and how it offers products for different customer segment. Samsung’s successful growth strategy in mobile phone business.

Keywords: Product, Product Life Cycle, Segmentation (types), Features, Popularity, Competitors.

I. INTRODUCTION
When a new product is being introduced in to a market, it normally undergoes a series of steps in the market; these steps are introduction growth, maturity and lastly the decline stage. These steps follow each other chronologically and thus referred to as the product life cycle (PLC). The PLC sequence or series is closely linked with the dynamics in the market environment and has subsequent effects on the product marketing mix and marketing strategies.

Marketing is about creating markets by satisfying target customers’ needs and wants better than competitors. Marketing is all about product, the product is a bundle of satisfaction that a customer buys. The marketing definition of a product is more than just what the manufacturer understands it to be.

In this industry, of fierce competition, the companies have been forced to come up with very creative technological innovation and winning marketing strategies. When iPhone was launched by Apple Inc. in 2007, they created the Smartphone market for the average consumers, before that the product was targeting only business users. From then Apples’ iPhone and Android phones, which are offered by Samsung, HTC and Nokia have tried their best in competing in this ever changing high-tech market and so far have qualified to be the big players in the Smartphone industry.

III. PRODUCT LIFE CYCLE
As consumers, we buy millions of products every year. And just like us, these products have a life cycle. Older, long-established products eventually become less popular, while in contrast, the demand for new, more modern goods usually increases quite rapidly after they are launched.

Because most companies understand the different product life cycle stages, and that the products they sell all have a limited lifespan, the majority of them will invest heavily in new product development in order to make sure that their businesses continue to grow.

3.1 Product Life Cycle Stages Explained
The product life cycle has 4 very clearly defined stages, each with its own characteristics that mean different things for business that are trying to manage the life cycle of their particular products.

a. Introduction Stage – This stage of the cycle could be the most expensive for a company launching a new product. The size of the market for the product is
small, which means sales are low, although they will be increasing. On the other hand, the cost of things like research and development, consumer testing, and the marketing needed to launch the product can be very high, especially if it’s a competitive sector.

b. Growth Stage – The growth stage is typically characterized by a strong growth in sales and profits, and because the company can start to benefit from economies of scale in production, the profit margins, as well as the overall amount of profit, will increase. This makes it possible for businesses to invest more money in the promotional activity to maximize the potential of this growth stage.

c. Maturity Stage – During the maturity stage, the product is established and the aim for the manufacturer is now to maintain the market share they have built up. This is probably the most competitive time for most products and businesses need to invest wisely in any marketing they undertake. They also need to consider any product modifications or improvements to the production process which might give them a competitive advantage.

d. Decline Stage – Eventually, the market for a product will start to shrink, and this is what’s known as the decline stage. This shrinkage could be due to the market becoming saturated (i.e. all the customers who will buy the product have already purchased it), or because the consumers are switching to a different type of product. While this decline may be inevitable, it may still be possible for companies to make some profit by switching to less-expensive production methods and cheaper markets.

Product Life Cycle Examples

It’s possible to provide examples of various products to illustrate the different stages of the product life cycle more clearly. Here is the example of watching recorded television and the various stages of each method:

- Introduction – 3D TVs
- Growth – Bluray discs/DVR
- Maturity – DVD
- Decline – Video cassette

The idea of the product life cycle has been around for some time, and it is an important principle manufacturers need to understand in order to make a profit and stay in business.

However, the key to successful manufacturing is not just understanding, this life cycle, but also proactively managing products throughout their lifetime, applying the appropriate resources and sales and marketing strategies, depending on what stage products are at in the cycle.

IV. SAMSUNG: AT A GLANCE

Samsung was founded in 1938 by Lee-Byung and was originally called Samsung Sanhoe. It has risen to become the world’s largest electronics company, and now the largest manufacturer of mobile phones. The company headquarters are located in Seoul and worldwide Samsung employ 200,000 plus workers. Samsung account for around one fifth of South Korea’s total exports, and it has grown to have a significant influence on not only the country’s economic development but also its media, culture and politics – an impressive achievement for what was originally a small trading company specialising in groceries.

For Samsung Electronics, 2003 was a watershed year. It successfully positioned itself as one of the world’s best mobile phone manufacturers and its products were featured all over the media. Many were calling its mobile phones as “the best gift for Christmas” or “the Mercedes of mobile phones.” Samsung Telecommunication Business is a Business unit which deals with telecommunication. The parent of Samsung is Samsung Electronics. The president of Samsung is Geesung Choi. The products Samsung manufactures mobile phones, smart phones, telecommunications systems, MP3 Players, Laptop computers etc.

V. SAMSUNG SMART PHONE

A Smartphone (or smart phone) is a mobile phone with an advanced mobile operating system which combines features of a personal computer operating system with other features useful for mobile or handheld use. They typically combine the features of a cell phone with those of other popular mobile devices, such as personal digital assistant (PDA), media player and GPS navigation unit. Most Smartphone can access the Internet, have a touchscreen user interface, can run third-party apps, music players and are camera phones. In November 2009, the bada operating system for smartphones was announced by Samsung. The first bada-based phone was the Samsung Wave S8500, released in June 2010. Samsung shipped 4.5 million phones running bada in Q2 of 2011. Most Smartphones produced from 2012 onwards also have high-speed mobile broadband 4G LTE internet, motion sensors, and mobile payment mechanisms. In 2013, Bada merged with a similar platform called Tizen. In 2014, sales of smartphones worldwide topped 1.2 billion, which was up 28% from 2013.

Example: Samsung Galaxy

The Samsung Galaxy, known as Samsung GT-I7500 in some countries, is a mobile phone manufactured by Samsung that used the open source Android operating system. It was announced on 27 April 2009. It is succeeded by the Samsung i5700 Samsung Galaxy former logo used from 2010 until 2015. It is used as of release of Samsung Galaxy J1, Samsung Galaxy A8 and Samsung Galaxy Xcover 3. Samsung Galaxy Note series, Samsung Galaxy Grand, Ace, Samsung Galaxy S series, Mega, Mini, Young, Phablet, smartphones, Tablets etc, with Android as
Operating system along with touch screen and stylus as input.

VI. MARKETING MIX

In order to find out which strategy Samsung used to achieve its leading position in the smartphone market, I will take a look at its marketing mix. The marketing mix will point out the strategic choices of the company. Marketing mix is referred to blend of product, pricing, promotion distribution strategies made to produce a mutual satisfying exchange with the target market (Hutchison, 2009). The marketing mix is a synonym of 4Ps, which is made of the four relevant components of all product strategy. These are Product, Promotion, Price and Place. They hold the opportunity for the company to differentiate. (Borden, 1964). The four “P”s of product, price, promotion and place constitute the offer that an organization offers to the business. If this offers suits well the consumers’ needs, it should lead to sales. In addition, if it’s sufficiently managed, these sales should add profit to the business. (McDonald, 2013) suppliers need to understand the attributes and benefits the buyers’ value so that they customize each “P” to their needs, and the mix of the elements that will be appealing to the buyers. (Young, 2011).

6.1 Product

These are the goods and services that a company offers to the target market. The product in marketing refers to all activities relating to the product development, keeping in mind that there is a market for the product, it has to be appealing; it differentiates from other products existing in the market, and it can be produced at an affordable competitive price. Samsung’s smartphones evolve beyond its limitation in slim phones to embody the perfect combination of comfort, simplicity and sophistication. All their unique customized smartphones come with outstanding features. Products vary greatly in Samsung’s phone department. They have a number of Galaxy smartphones, Galaxy S4 being their fourth generation. Samsung galaxy Series are Android based and many more.

6.2 Promotion

These are all types of communications a marketer may use to give information to different people about the product (Borden 1964). All the promotion activities are designed to communicate with the market and thus promotes the sale of the products. Promotion provides information that will assist customers in making a decision to purchase a product. This includes: advertising, Public relations, personal selling and sales promotion. These are important tools that support positioning within the various market a company wishes to address (McDonald, 2013). It is also seen as informing, motivating the customers and reminding the consumers to purchase the product (Hutchison, 2009). Promotion is an essential tool for solving organizational problems like enhancing market position or persuading customers to behave in line with the economic interest of the business (McDonald, 2013).

Samsung uses different promotional tools across different media platforms to promote its smartphones. They use the television, print advertising, internet social media and outdoor media.

6.3 Price

This is the amount for what the product is to be paid. (Borden, 1964). Hutchison (2009) referred price as what customers will exchange for product. Among the four components, price is determined as an important variable since it is one of the key determinants of a product value. Price is thus one of the evaluative criteria used by consumers, as are the cost incurred in buying and owning or using the product (McDonald, 2013). He also noted that the price is very difficult aspect of the marketing mix to manage. McDonald (2013) urges that to maintain the integrity of prices; the company should implement a sound pricing strategy; this will support the company’s overall marketing strategy and profitability. After manufacturing innovative and cost effective phones worldwide for a long time, Samsung has been able to learn what is required to stay on top of its industry. It has not allowed Apple Inc. to grow in markets like Asia and developing countries like India due to its price policy. This is the results of manufacturing wide range of products with different price range.

6.4 Place

Place is also known as distribution. This is to how the product finally reaches the consumer (Borden, 1964). The distribution channels. Providing of products at a place where is convenient for customers to access. This is how to deliver and distribute the product to the customer (Hutchison, 2009) From a consumer point of view, the channel through which they purchase products provide the most direct relationship with the supplier (McDonald, 2013). So the development of a strategy for the channel is important for the relationship an organization has with its customer. Many distribution systems are made up of channel intermediaries such as wholesalers and retailers (Hutchison, 2009) According to McDonald (2013) a supplier must decide where to focus marketing efforts. That is, on a push approach, whereby attention is concentrated on the intermediary, to sell in more products, or on a pull approach where the supplier emphasizes the creation of demand so that intermediaries are encouraged to deal in that product. (McDonald, 2013).A marketer can use; intensive distribution, selective distribution, exclusive distribution and franchising to complement the other aspects of the marketing mix. Samsung uses variety of distribution channels. They distribute to various telecommunication companies like mobile phone retailers, Internet partners such as Amazon and other carriers. They also have Pop-up Samsung retail stores.
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VII. SEGMENTATION : SAMSUNG MOBILES

Samsung Electronics (Mobile Division) operates in one of the most competitive markets of the world. According to the US Federal Communication Commission 67 new Smartphone devices are introduced every year. Samsung traditionally had a conservative image that focused on low-price products for the lower end of the market. With low prices it was able to compete in the lower-market whereas in the upper market it had lesser penetration. To penetrate the upper-market Samsung had to give up their lower-market position and focus on innovation and perceiving a higher brand value. The following is the STP Analysis of Samsung Mobiles.

I. SEGMENTATION:

One of the fundamental principles of marketing is the segmentation of the market. Segmentation means the splitting of the market into groups of end users who are:

1. Maximum similarity within each group
2. Maximum difference between groups.

Based on recent Marketing definitions, Behavioural and Psychographic Segmentation are the definitions that best represent Samsung’s current Segmentation Strategy.

a. Geographic

It has Samsung Guru Segment for rural areas as well as Galaxy segment for urban areas. Samsung is one of the largest manufacturers of mobile phones and it shares the highest cell phone customers with Nokia in India. It has something for everyone.

b. Demographic

Samsung has mobile phones for youth, age of 16-29, for businessmen etc. for middleclass youth it has Samsung Guru which is for govt. lower class workers also. Guru has many variants; it is coming in 3G also. It is a good option if you want to get a cheap 3G handset. Samsung Galaxy is a good option for youth as it has many attractive features as Wi-Fi, 3G. Galaxy is also for Businessmen.

c. Psychographic

Samsung mobile is available for those customers too who have their choice based on their lifestyle. Samsung came with some so fancy mobile phones specially for girls and cheaper touch screen stylish phones so that everyone can enjoy touch screen The rate of normal mobiles. Samsung has its range of mobile phones start from 1200 to 32,000.

II. TARGETING:

After segmenting the market based on the different groups and classes, the targets need to be chosen. Samsung mobiles have the following target customers:

- Trendy young people
- Professionals
- Large businesses
- The common cellular phone users
- Organizations such as: services to public safety, the government, and both utility and manufacturing enterprises
- Institutional sales for colleges
- Target is not only number driven but also about acquiring and retaining customers.

III. POSITIONING:

Positioning is about the customer perception about the brand as being different from the other brands on specific dimension including product attributes. The strategies adopted by Samsung to position itself in the Mobile Phone market are as follows:

- It focuses more on the real margin which comes from mid-to-high-end segments
- Samsung Concept Store
- Market making & category creation in small towns
- Wider Care Network
- Access to Samsung care line
- Pioneering in the 3G segment of mobile phones.
- Branded itself as a synonym for quality.
- Created a Unique Brand Image for itself as a high end value driven brand.

VIII. MARKETING STRATEGIES OF SMARTPHONES

- Focused on all the electronics manufacture
- Enhanced product portfolio
- Wide distribution channels
- Adjust preferences for specific markets
- Target all the segments
- Focused on competition
- Increased commitment to emerging market
- Provide more than extra
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IX. BRAND OF SMARTPHONES OWNED

Mostly, they use Samsung smartphone with the percentage of 55%. iPhone comes second with 20% and then HTC with 15%, Nokia comes with 10%.

<table>
<thead>
<tr>
<th>Brand of Smartphone Owned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Samsung</td>
</tr>
<tr>
<td>55%</td>
</tr>
</tbody>
</table>

X. COMPITITORS (PLAYERS)

An increasingly crowded smartphone market also wreaked havoc on the company’s profits, said analysts. The South Korean company faces stiff competition from Apple on the high-end of the smartphone market thanks to the iPhone 6 and 6 Plus, while simultaneously facing pressure on the lower-end from makers Xiaomi and Huawei in China.

10.1 Worldwide Smartphone Vendor Market Share (Share in Unit Shipments)

<table>
<thead>
<tr>
<th>Period</th>
<th>Samsung</th>
<th>Apple</th>
<th>Lenovo*</th>
<th>Huawei</th>
<th>LG Electronics</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>24.6%</td>
<td>18.3%</td>
<td>5.6%</td>
<td>5.2%</td>
<td>4.6%</td>
<td>41.7%</td>
</tr>
<tr>
<td>2014</td>
<td>30.7%</td>
<td>15.2%</td>
<td>6.6%</td>
<td>4.7%</td>
<td>4.3%</td>
<td>38.6%</td>
</tr>
<tr>
<td>2013</td>
<td>31.5%</td>
<td>16.9%</td>
<td>4.7%</td>
<td>4.2%</td>
<td>4.7%</td>
<td>30.1%</td>
</tr>
<tr>
<td>2012</td>
<td>28.9%</td>
<td>22.9%</td>
<td>5.0%</td>
<td>3.4%</td>
<td>3.2%</td>
<td>36.6%</td>
</tr>
</tbody>
</table>

Source: IDC, May 2015

* Motorola figures have been captured under Lenovo.

Explanation:

**Samsung** retained its #1 leadership in the worldwide smartphone market with a 24.6% share in 1Q15, 6.3% above Apple.

10.2 Smartphone OS Market Share, 2015

<table>
<thead>
<tr>
<th>Period</th>
<th>Android</th>
<th>iOS</th>
<th>Windows Phone</th>
<th>BlackBerry OS</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>78.0%</td>
<td>18.3%</td>
<td>2.7%</td>
<td>0.3%</td>
<td>0.7%</td>
</tr>
<tr>
<td>2014</td>
<td>81.2%</td>
<td>15.2%</td>
<td>2.5%</td>
<td>0.5%</td>
<td>0.7%</td>
</tr>
<tr>
<td>2013</td>
<td>75.5%</td>
<td>16.9%</td>
<td>3.2%</td>
<td>2.9%</td>
<td>1.5%</td>
</tr>
<tr>
<td>2012</td>
<td>59.2%</td>
<td>22.9%</td>
<td>2.0%</td>
<td>6.3%</td>
<td>9.5%</td>
</tr>
</tbody>
</table>

Source: IDC, May 2015

**Apple** continued to find success with larger screened iPhones. With a constant consumer demand in key markets and a reputation pumped by Apple Watch, iPhones are expected to keep up strong sales for the rest of 2015.

**Lenovo** is once again in the top three with 5.6% share of the market, proving that its Motorola acquisition is paying off nicely.

**Huawei** remained in the number four position with a continued push on premium devices from its Ascend Mate 7, P-Series, and Honor portfolio.

**LG** regained the number five spot from Xiaomi as it once again bet big on entry-level 4G-enabled devices.

**Explanation:**

- **Android** dominated the market with a 78.0% share.
- **Example:** Android players such as Lenovo, Huawei, LG, Xiaomi, and ZTE.
- **iOS** saw its market share for Q1 2015 decline slightly to 18.3%
Example: Apple
- **Windows Phone** experienced a slight rebound of share to 2.7%.

Example: Lumia, HTC and Samsung had a decrease in Windows Phone, K-Touch and BLU
- **Blackberry OS** continued to decrease across regions. However, the BlackBerry Classic launched in 4Q14 shipped triple amount this quarter.

7. **BRANDS**

<table>
<thead>
<tr>
<th>Top Ten Best Smartphone Brands</th>
<th>Top Five Indian Smartphone Brands</th>
</tr>
</thead>
<tbody>
<tr>
<td>Samsung</td>
<td>Micromax</td>
</tr>
<tr>
<td>Apple</td>
<td>Lava</td>
</tr>
<tr>
<td>HTC</td>
<td>Xolo</td>
</tr>
<tr>
<td>Sony</td>
<td>Karbonn</td>
</tr>
<tr>
<td>LG</td>
<td>Intex</td>
</tr>
<tr>
<td>Nokia</td>
<td></td>
</tr>
<tr>
<td>Motorola</td>
<td></td>
</tr>
<tr>
<td>Blackberry</td>
<td></td>
</tr>
<tr>
<td>Micromax</td>
<td></td>
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<tr>
<td>Google</td>
<td></td>
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</table>

8. **PLC of Samsung Smart Phone**

<table>
<thead>
<tr>
<th>Stages</th>
<th>Time Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>2001-2006</td>
</tr>
<tr>
<td>Growth</td>
<td>2006-2011</td>
</tr>
<tr>
<td>Maturity</td>
<td>2011- till now</td>
</tr>
</tbody>
</table>


Example: Samsung R220

- **Product**
  - Entered India in 2001
  - Launched very few models due to lesser demand & innovation
  - Launched 1st model Samsung R220 with Simple blue display.
  - Competed with the then market leader ‘Motorola’ and Nokia.

- **Price**
  - Followed ‘Penetration Pricing’ strategy
  - Launched Samsung R220 of Rs.9000/- (apx.)
  - Launched phones in the range of Rs. 8000 to 20000

- **Place**
  - South Korea
  - Mother Warehouse (Delhi)
  - Sub-distributor s(All the State)
  - Samsung Dealers/Organised retail
  - Customers

- **Promotion**
  - Samsung follow discounting policy. (as par mobile phone)
  - Offered a good amount of backend profit to retailers
  - Advertisement in Print Media

**Step II: Growth Stage (2006-2011)**

**Step III: Growth Rate 14.80%**

- **Product**
  - Launched phones without external antenna
  - Had better features like games,alarm ergonomic keypad, display etc
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- Wide range of simple or Dual sim mobile marked beginning of growth stage (GURU)
- Launched wide range of touch screen mobile phones to compete nokia

b) Price

- Followed ‘Price penetration’ strategy in beginning of ‘growth stage’
- Launch simple mobiles with price of Rs. 2000 – 4000
- Touch screen (9000 – 22000)

c) Place

- Launched Smart phones with android
- Galaxy series
- Launched Windows phones to compete Nokia Windows mobile

c) Place

- Focussed on Galaxy S series phones to compete with All the competitors

- Followed ‘Price penetration’ strategy to sustain growing competition
- Launched models ranging from Rs. 1000 to Rs. 3000
- Frequently reduced prices of popular & low end models to compete with Micromax, Samsung, LG, etc.

d) Promotion

- Special Offers on Credit card payment for above price of Rs. 20000
- TVC for Galaxy Series
- Discount Coupons
- Print Media (Business Magazines)

ISSUES / CHALLENGES

Smartphones have issues besides those affecting other mobile telephones.
- **Battery life**
  A high-capacity portable battery charger
  Compared to earlier non-smartphones, smartphone battery life has generally been poor and a significant drain on customer satisfaction.

- **Social**
  Smartphone addiction
  It was found that unprotected adolescent sexual activity was more common amongst owners of smartphones, or any backlit devices, can seriously affect sleep cycles.

- **Legal**
  Smartphone wars
  A "patent war" between Samsung and Apple started when the latter claimed that the original Galaxy S Android phone copied the interface—and possibly the hardware—of Apple’s iOS for the iPhone 3GS.

- **Medical**
  Mobile app
  With the rise in number of mobile medical apps in the market place, government regulatory agencies raised concerns on the safety of the use of such applications. These concerns were transformed into regulation initiatives world wide with the aim of safeguarding users from untrusted medical advice.

- **Security**
  Mobile security, Malware, Mobile virus and Media Transfer Protocol
  Smartphone malware is easily distributed through an insecure app store. Often malware is hidden in pirated versions of legitimate apps, which are then distributed through third-party app stores. Malware risk also comes from what’s known as an “update attack”, where a legitimate application is later changed to include a malware component, which users then install when they are notified that the app has been updated.

The theft of a mobile phone, an online petition has urged smartphone makers to install kill switches in their devices. In 2014, Apple's "Find my iPhone" and Google's "Android Device Manager" can disable phones that have been lost/stolen. With BlackBerry Protect in OS version 10.3.2, devices can be rendered unrecoverable to even BlackBerry's own Operating System recovery tools if incorrectly authenticated or dissociated from their account.

- **Sleep**
  Sleep Stages
  Using smartphones late at night can disturb sleep, due to the brightly lit screen affecting melatonin levels and sleep cycles.

**CONCLUSION**

By the secondary research I conclude that, Samsung is already seen as the current leader in the smartphone market. This was due to its innovative products such as its flagship Galaxy S4 and Note II, which was launched with a massive marketing spend of more than $4 billion USD in 2012. This is four times Apple’s budget. It focuses on being an aspirational brand to its target market of young consumers, they are seeking for this generation “Y”. Though Samsung is facing some minor challenges still they are able to satisfy the targeted market with its innovative, creative and attractive features.

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