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## A comparative study of marketing strategies of Samsung and Micromax in India

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### Abstract

The telecom industry in India is the third largest in the world with a subscriber base of .85 bn as of Sept 15, 2015. India has an overall tele-density of 60.34% of which the tele-density of the rural market, which is largely untapped stands at 40.01% while the tele-density of the urban market is 86.62%. Indian telecom industry underwent a high pace of market liberalization and growth since the 1990s and has now become the world's most competitive and one of the fastest growing telecom markets.

Samsung and Micromax are the biggest smart phones companies operating in India. This research paper seeks to compare and analyse the marketing strategies of Samsung and Micromax which are the two topmost promising smart phone companies in India.

**Purpose:** This research paper attempts to compare the marketing strategies adopted by Samsung and Micromax with respect to marketing mix, market segmentation, targeting, positioning and SWOT analysis.

**Keywords:** Marketing strategies, smart phones, Samsung and Micromax in India

### Introduction

Samsung is a South Korean multinational conglomerate headquartered in Samsung Town, Seoul. Samsung Mobile Division is one of the five divisions of Samsung Electronics (the world's largest information technology company measured by 2014 revenue). It is the largest manufacturer of devices running Google's Android with a 32% market share.

Micromax Informatics is an Indian multinational manufacturer of consumer electronics and home appliances, headquartered in Gurgaon. It was established in March 2000 as an IT software company operating in embedded systems. It entered the mobile phone business in 2008 and by 2010, became one of the largest companies making low-cost feature phones in India.

### Research methodology

The present research is secondary in nature and form. Necessary research materials have been gathered from websites, books, articles, annual reports of the companies under study.

### Limitations

As the necessary research material has been collected from the secondary sources, the limitations associated with the use of secondary data might have crept into the present study. The data used might suffer from personal bias and the quality and integrity may be difficult to ensure.

### Marketing mix

#### Product mix

**Samsung:** Delivering excellent results in recent years, Samsung mobiles are well known for their services, affordability and quick after sales service. Samsung's marketing mix in its product line is one of its major strong point that offers superior display quality.

**Micromax:** Micromax has a wide range of mobiles with different features offering a large variety to the customers. Micromax has been able to successfully identify the needs of the customers and develop products accordingly.

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Micromax believes that consumer in India have unique preferences with respect to mobile phones such as long battery life, dual GSM capability, low cost phones, WI-FI and gaming phones.

#### **Price mix**

**Samsung:** Samsung uses price skimming strategy in regard to its mobile phones. When customer demand is high due to a new release, the price is set to attract the most revenue. After the initial fervor and hype wanes, Samsung adjusts price points to suit more consumers in the market.

#### **Micromax**

Micromax adapted the penetration pricing strategy in the urban market because they thought that placing the product of the lower cost would serve the purpose of making the costumers rethink before buying the competitors' products which constituted the high segment market.

#### **Place mix Samsung**

Samsung's place mix includes a combination of direct and indirect distribution channels to make its products easily accessible to customers. Direct sales are available through company's website and retail stores, while partnerships with major retailers and mobile carriers provide indirect sales channels.

#### **Micromax**

Micromax has two place and distribution models. Firstly, they have business to consumer model which follows the following hierarchy:

Manufacturer → Distribution → Dealer → Retailer → Consumer

Secondly, they have business to business model in which they have corporate selling through corporate tie ups with major corporate and will be providing them at a less than market price as they would be saving on the commission to dealers and distributors.

#### **Promotion mix**

**Samsung:** Samsung's promotion mix involves various marketing communication tactics including advertising, sales promotion, public relations, personal selling and digital marketing to reach its target audience and build brand awareness.

#### **Micromax**

Micromax uses hoardings, banners, online marketing, print and TVC advertising and billboards to advertise its products. Point of purchase. Advertising is also a strong feature of micromax. The Company is trying to use Bollywood Celebrities and MTV to publicize its brand image. It is also introducing attractive exchange schemes.

#### **Market segmentation**

**Samsung:** Samsung's market segmentation consists of the following segmentation:

#### **Geographic**

It sells its products worldwide. It has Samsung Guru for rural areas as well as Galaxy series for urban areas.

#### **Demographic**

**Age:** Samsung targets young people, professionals, and University students.

**Family Size:** Samsung products are available to every family size.

**Income:** Samsung products are available to every income class with their own preference.

**Psychographic:** Samsung mobiles are available for every lifestyle personality whether it is sporty lifestyle or professional lifestyle. It offers mobile phones in different colors to attract especially girl's attention.

#### **Micromax**

The company divides the market into segments having customers who are homogeneous according to their needs, in the following way:

**Geographic:** Urban and Rural

#### **Demographic**

**Age:** Company targets youth

**Gender:** Male and Female

**Income:** Micromax focuses on low income group

#### **Psychographic**

Micromax divides the market based on the attitudes and lifestyles of customers. It offers smartphones to the segment which is more into social networking and is more tech savvy, and feature phones to the segment which uses mobile phones for basic functions like calling and text messaging.

#### **Targeting**

**Samsung:** Samsung targets trendy young people, professionals, common cellular phone users and large businesses. It also attempts organizational and institutional sales. Target is not only number driven but also about acquiring and retaining customers.

#### **Micromax**

Micromax targets youth with selfie phones, women with phones with design and aesthetics (Bling model). In the rural areas it offers cheap, basic functioning and long battery life phones (X series) of late, the company has also started targeting tech savvy youth with smartphones with the Android operating system.

#### **Positoning**

**Samsung:** Samsung focuses more on the real margin which comes from mid to high end segments. The company focuses on Samsung concept stores with a wider care network from big cities to small towns. Samsung has branded itself as a synonym for quality and has created a unique brand image for itself as a high end value driven brand.

#### **Micromax**

Micromax positions itself as a brand that offers good quality and functionality at affordable prices. The company differentiates itself from its competitors by providing low end smart phones to cater to the rural segment. It is the first brand to launch a smartphone specifically targeted at women.

**SWOT analysis**

**Samsung**

|                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                               |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Strengths</b>                                                                                                                                                                                                                                                                                                          | <b>Weakness</b>                                                                                                                                                                                                                                               |
| <ul style="list-style-type: none"> <li>▪ Innovative designs</li> <li>▪ Integration of open-source operating system</li> <li>▪ Cost and Quality Focused</li> <li>▪ Too large product diversity</li> <li>▪ Low production cost</li> <li>▪ Strong brand reputation</li> <li>▪ Very strong R&amp;D Department</li> </ul>      | <ul style="list-style-type: none"> <li>▪ Low profit margin</li> <li>▪ Lacking own operating system</li> <li>▪ Damaging image by infringement</li> <li>▪ Less quality than Samsung</li> <li>▪ Large dependence on other software.</li> </ul>                   |
| <b>Opportunities</b>                                                                                                                                                                                                                                                                                                      | <b>Threats</b>                                                                                                                                                                                                                                                |
| <ul style="list-style-type: none"> <li>▪ Growing online market from sales channels such as amazon.com</li> <li>▪ New technologies (foldable phones)</li> <li>▪ Growing middle class in developing countries looking for premium handsets.</li> <li>▪ Introducing geography specific phones can boost the brand</li> </ul> | <ul style="list-style-type: none"> <li>▪ Large number of competitors</li> <li>▪ Threat from Chinese competitors who are gaining competitive advantages.</li> <li>▪ High risk due to large portfolio</li> <li>▪ Better quality products from others</li> </ul> |

**Micromax**

|                                                                                                                                                                                                                                     |                                                                                                                                                                   |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Strengths</b>                                                                                                                                                                                                                    | <b>Weakness</b>                                                                                                                                                   |
| <ul style="list-style-type: none"> <li>▪ Promise to provide an economical handset</li> <li>▪ Capitalized on the local market knowledge</li> <li>▪ Extensive distribution network</li> <li>▪ Debt free financial position</li> </ul> | <ul style="list-style-type: none"> <li>▪ Limited global presence</li> <li>▪ Not preferred by Tech-savvy people</li> <li>▪ Low price means low quality.</li> </ul> |
|                                                                                                                                                                                                                                     | <b>Opportunities</b>                                                                                                                                              |

**Findings of the study**

- Micromax is having 22% market share whereas Samsung is not too far behind with 21% market share.
- Micromax is more focused on rural market because they want to provide innovative and cheaper phone to gain more market share. Samsung is more focused on urban market targeting people from 15 to 45 who follow the latest technology trends.
- Micromax follows penetration pricing strategy whereas Samsung is following skimming and penetration pricing strategy.
- Micromax has very good reach within India - big cities as well as small towns. It mobiles are easily available with the low prices, that's an advantage it has over Samsung which is still a sort of a premium brand being more expensive.

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**Conclusion**

India is a land of diversity. The tastes, needs, demands, and preferences of people are ruled by their socio-economic statutes. Both Samsung and Micromax are fully and well aware of this reality and have been able to capture a significant share of the Indian smartphone market due to their successful marketing strategy of affordable pricing, a wide range of handsets incorporating latest features with trendy looks coupled with aggressive marketing campaigns and promotion.

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