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Role of Blue Ocean Strategy in Marketing of Mobiles

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Abstract

The concept of blue ocean strategy is well defined in the quote blue ocean strategy: "Do not Compete with Rivals-Make Them Irrelevant". "Blue Ocean Strategy" is considered to be a simultaneous pursuit of low cost and differentiation for creating a new space in the market. A proven and practical approach to creating breakthrough business ideas, blue ocean strategy seeks to make the competition irrelevant by creating a leap in value for both the company and its buyer. Today in the age of tough competition companies are using various strategies to have edge over to their competitors. But this new strategy is all together different and highlights the combination of innovation, creativity and risk taking abilities. The present study is based on primary data and it highlights the success of Samsung mobiles in the present market. Samsung by introducing entirely a new series of mobiles with different set of technologies has changed the attitude of customers towards the mobile purchase and it has definitely set new standards in mobile market. And the competitors of Samsung are unable to match this entirely new range of mobile by the company. This study is based on primary data which has been collected by using structured questionnaire by customers and distributors of Jabalpur. This paper will bring out the application of Blue Ocean Strategy with special reference to Samsung Mobiles.

Keywords: Blue ocean strategy, red ocean strategies, value innovation, competitor irrelevancy, competitive advantage

INTRODUCTION

Blue Ocean Strategy was introduced in 2004 by R Mauborgne and W.C. Kim. It is considered as new in the current scenario. This strategy suggests that every organization must create a new demand in the market space. This market space is referred as "Blue Ocean" [1]. There are some companies which keep on struggling in the available space with the other suppliers. It is important that every company try to create their own marketing space which could be referred to as Blue Ocean strategy [2].

This strategy can be referred to as a series based on managerial decisions which drives customers value higher while the driving cost remains down leading to a series which creates value innovation. This well-defined procedure considers the existing markets differently and identify new competitive factor which adds value and eliminates head-to-head competition. Whenever this strategy is applied, new demand in the market is created and it makes existing competition irrelevant.

SAMSUNG

Samsung Electronics Co., Ltd. is "South Korean multinational electronics company" having its head quarter in Suwon, South Korea. It is flagship subsidiary of Samsung Group and on the basis of revenue between the years 2009–13 it has been considered as world's largest technology company [3]. The company has their assembly plants as well as sales networks in more than 74 countries and they have employed around 290,000 employees.

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Samsung during the initial period started operating in India through lower cost mobiles which had only basic features, but as the smart phone concept started to begun through Apple iPhone, Samsung took a big leap when got associated with Google and launched the new Operating system for mobile phones "Android", Since then there was no looking back. Samsung has now became "world's largest handset maker" which has started from zero and has gained market dominance in even lesser than only 3 years.

Blue Oceans vs. Red Oceans

"Ocean" can be referred to as an industry or market. Market universe can be said to have two oceans i.e. blue and red ocean.

In blue ocean strategy, there is not much competition since games rules have not been set. Blue Ocean is considered to be an analogy for describing deeper and wider potential which exists in market space which has not been explored yet [4].

Blue ocean can be defined by market space which is untapped, opportunity and demand creation for profitable growth which is very high [5, 6]. Few blue oceans have been created which is beyond the industry boundaries which are in existence, most of them are created within red oceans through expansion of industrial boundaries. Figure 1 shows the framework of blue oceans.

"Value Innovation" is considered to be cornerstone in Blue Ocean Strategy. Blue ocean gets created when any company achieve value innovation which creates value in a simultaneously manner for company and also the buyer. *Innovation* (in service, delivery or product) must create and raise value for market. While simultaneously it helps in reduction or elimination of services or features which are valued lesser by current and future market. The Blue Ocean Strategy is based on six principles proposed by W. Chan Kim and Renée Mauborgne namely:

i. Look across alternative industries
ii. Look across strategic groups
iii. Look across buyer groups
iv. Look across complementary product and service offerings
v. Look across the functional-emotional orientation of an industry
vi. Look across time

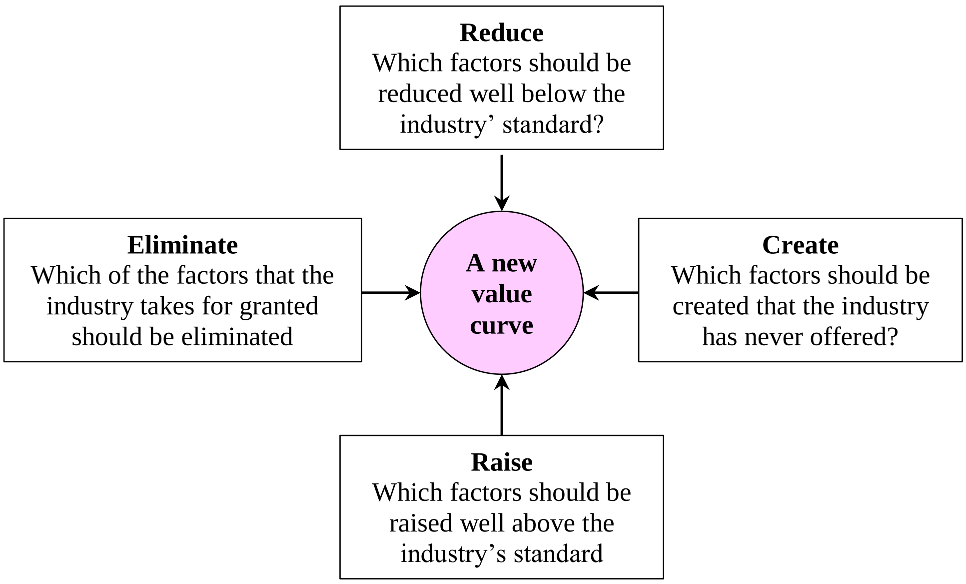

Figure 1. The four step framework of blue oceans.
(Source: Kim, W. chain-Harvard business school publishing corporation 2004).

Red ocean strategy represents to industries which exist today in the market space which is known. In red oceans, the boundaries for industries are properly defined as well as accepted and even competitive rules are known in the game. The companies keep on trying to outperform compared to their rivals for grabbing a larger share of product and services demands. Since the market space is so crowded, main prospect for profit and growth are reduced. Product becomes niche or commodities and cutthroat competition which turns ocean as bloody. This is the main reason why ocean is said to be as “red” ocean.

Objectives

This paper focuses on that how the Samsung Mobile adopted the strategies worldwide to become no 1in mobile handset. Further, paper would try to explore the possible applications of blue oceans strategies and how this strategy could be used in various market segments for identification of a new market and also providing products without competing with the others.

RESEARCH METHODOLOGY

This study is mainly based on collection of primary data and has highlighted success of Xiaomi and Samsung mobiles in present market [7]. Primary data has been collected through structured questionnaire by customers, retailers and distributors in Jabalpur. This research is based on information which is publically available. For fulfilling proposed objectives, available literature has been reviewed related to Blue Ocean strategy and Samsung mobiles. For analysis purpose percentage method is used. Diagrams have been used for presenting analysis [8].

LITERATURE REVIEW

Blue ocean strategy considers that industry structure and market boundaries are not provided and they could be reconstructed through beliefs and actions of the industry players. This view can be referred to as “reconstructionist view”. With the assumption that market boundaries and market structure exist in the mind of managers, the practitioners believe that with this view, the existing market structure do not limit their thinking.

As shown in Figure 2, presently In India Samsung had 19% of market share in comparison of 22.0% of Xiaomi and 15.0% Vivo, Oppo 10.0%, 14.0% Realme and others is 20.0% in the year 2021, but in the year 2020 Samsung were very aggressive in terms of product innovation and overtook Xiaomi by capturing 15.4% of market share till November 2019 it grown up till 22.5% [9].

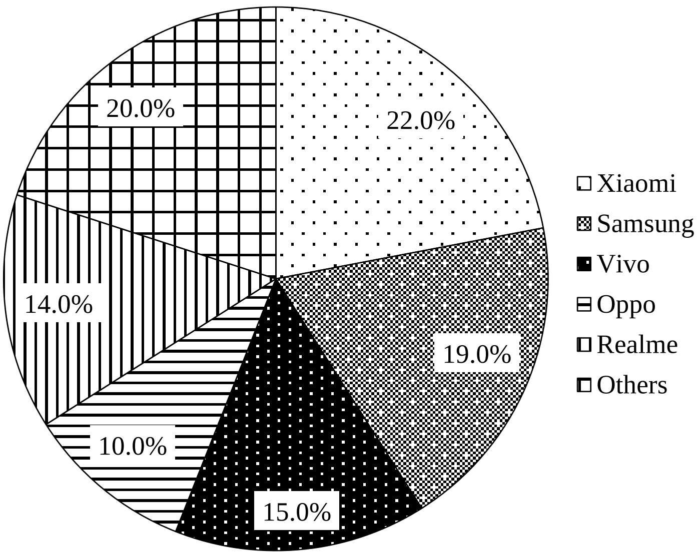

Figure 2. Smartphone market share Q3 2021.
(Source: Counterpoint Research Market Monitor, Q3 2021).

During June 2021, Xiaomi could reach 17.1% in market share globally after growth in their sales (monthly) by 26%. Performance of Xiaomi during June, made it the number one Smartphone brand in the world based on phone sales, and it has exceeded Samsung, wherein production got disrupted since the factories got hit by COVID-19 that halted their manufacturing in Vietnam.

Samsung is being expected for recover the top position once its supply chain recovered from wave of new corona virus in Vietnam, there is a race among Apple, Samsung and Xiaomi as noted by Counterpoint Research.

FOCUS ON INDIA

India is currently considered to be second largest telecommunication market in the world. The base of subscribers stood at 1189.15 million during September 2021. The Tele-density among subscribers in rural areas reached to 59.33% in the month of September 2021 as compared to 58.96% during September 2020. The percentage indicated that potential growth in demand from rural sector.

Total mobile phones or wireless subscribers base has reached 1166.02 million during September 2021 from 1,148.58 million during September 2020. The internet subscribers reached to 794.88 million during September 2021. From this subscriber's base, number of "wired internet subscribers" stood at 24.29 million and the number of wireless internet subscribers stood at 787.94 million. Gross revenue in telecom sector was Rs. 64,801 crores (i.e. US$ 8.74 billion) during first quarter in FY22 [10].

The total data usage of wireless in India has grown 16.54% quarterly for reaching 32,397 PB in first quarter during FY22. Contribution of 4G and 3G usage of data to volume in wireless was 1.78% as well as 97.74% respectively, during third quarter of FY21. Sharing of 2G usage of data stood at 0.48% during same quarter. There is an expected rise in penetration of mobile phone over next five years and decline in the data cost would add 500 million internet users and this would create opportunity towards new businesses.

Till 2025, India would be a need of 22 million skilled workers in the 5G-centric technology like robotics, cloud computing, Artificial Intelligence (AI) and Internet of Things (IoT). Figure 3 shows the telecom industry of India.

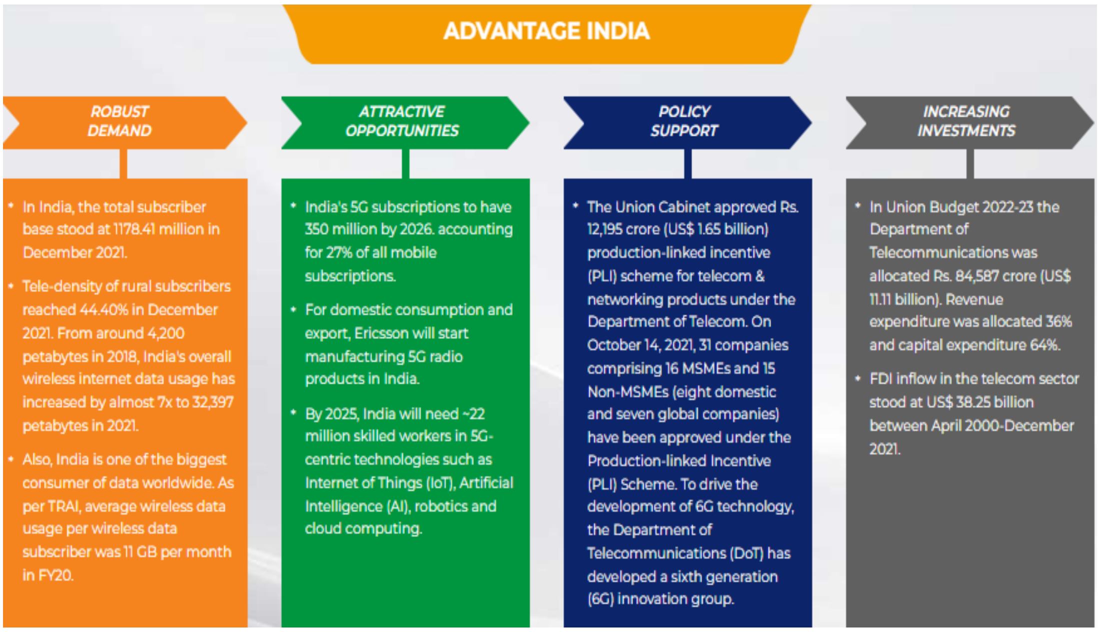

Figure 3. Telecom industry in India. *(Source: (1) onhike.com/an-overview-of-telecommunication-sector-in-india/127654; (2) www.ibef.org/industry/telecommunications.aspx).*

RESEARCH ANALYSIS

The study was done in the city of Jabalpur during the month of November-December 2021. It includes total 500 respondents out of that 355 (71%) Were male and 145 (29%) were female. The samples covered 330 (66%) unmarried and 165 (33%) married respondents. The age wise distribution of the sample covers 220 (44%) of the respondents between the age group of 15–25 years, 240 (48%) of the respondents were between the age group of 25–35 years whereas 40 (5%) and 20 (3%) of the respondents were between 35–45 and above 45 years.

To achieve the objective of the paper various questions were asked and the responses were analyzed for study purpose which highlights the following analysis.

As shown in Table 1 and Figure 4, 40 (8%) of the respondents were self-employed, 80 (16%) of them were professionals, 183 (37%) of them were salaried, 140 (28%) of them were students, 7 (1%) and 50 (10%) of them were housewives and others respectively.

When asked about their educational qualification 330 (67%) of the responded as they are post graduates, 133 (26%) of them as Graduates, 24 (5%) and 13 (2%) as Higher Secondary School pass and High school pass respectively (Table 2 and Figure 5).

When asked about their Income group 151 of them were in the group of less than 10000, 261of them were less than 30000, 49 were less than 50000 per month and 39 were 50000 and above income group level (Table 3 and Figure 6).

When asked about that which brand handset they are using 112 of them are using Samsung, 99 of them are using Xiaomi, 76 of the respondents are using Vivo, 51 of the respondents are using Oppo, 71 of them are using Realme, 14, 12, 22 and 43 were the users of the One Plus, Nokia, and other brands of phone (Table 4 and Figure 7).

Table 1. Occupation.

Self-employed	Professional	Salaried	Housewife	Student	Others
40	80	183	7	140	50

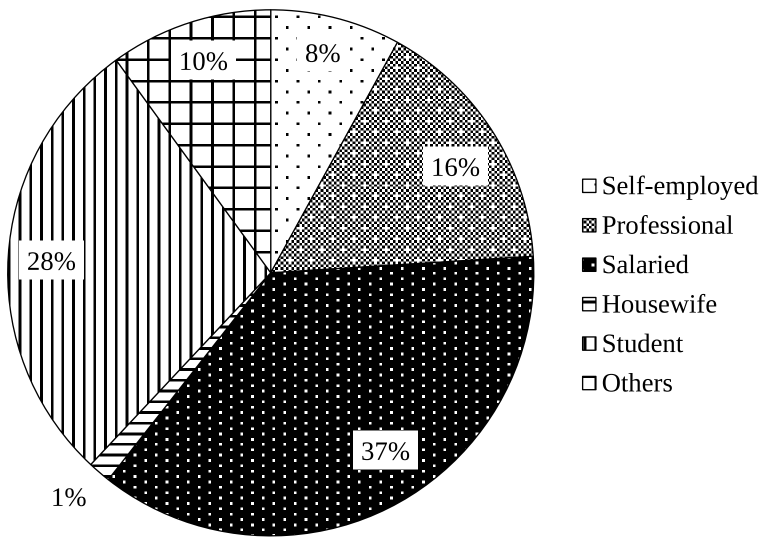

Figure 4. Occupation.
(Source: Primary data collected by researcher).

Table 2. Educational qualification.

PG	UG	HSSC	HSC
330	133	24	13

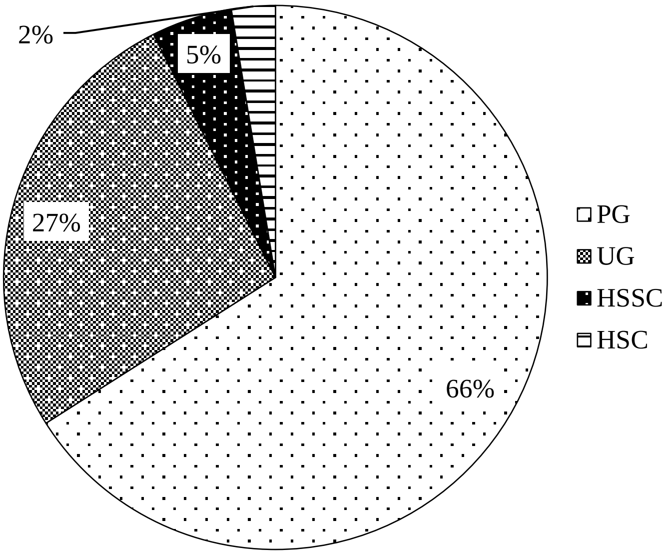

Figure 5. Educational qualification.
(Source: Primary data collected by researcher).

Table 3. Income group (monthly).

Less than 10000	Less than 30000	Less than 50000	50000 and above
151	261	49	39

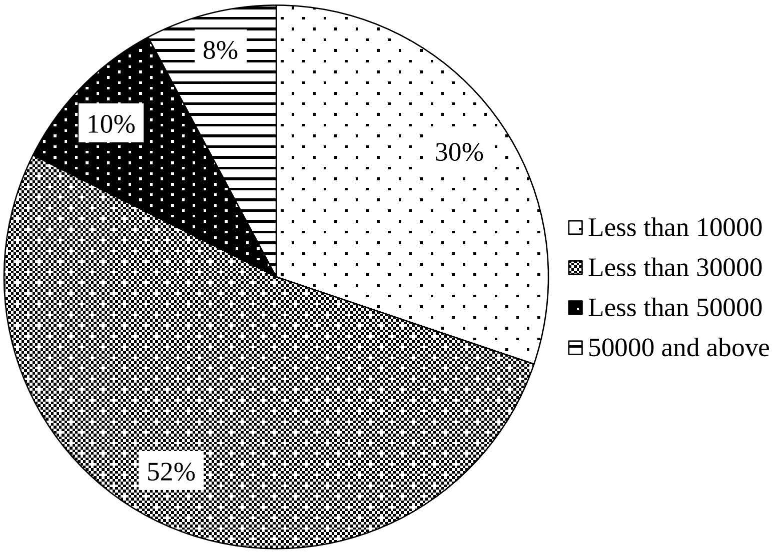

Figure 6. Income group (monthly).
(Source: Primary data collected by researcher).

Table 4. Which company handset you are using.

Samsung	Xiaomi	Vivo	Oppo	Realme	One Plus	Nokia	iPhone	Others
112	99	76	51	71	14	12	22	43

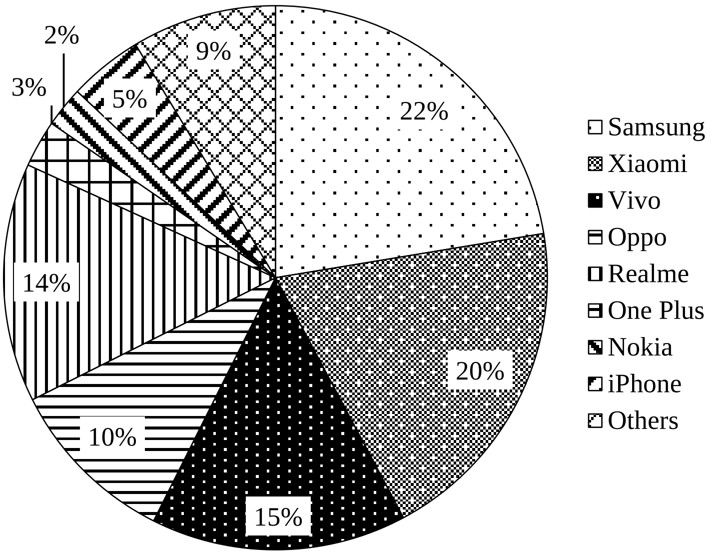

Figure 7. Which company handset you are using.
(Source: Primary data collected by researcher).

Table 5. Features.

Operating system	Innovative applications	Look and appearances	Economical	User friendly	Latest technology	Others
77	73	61	65	77	117	30

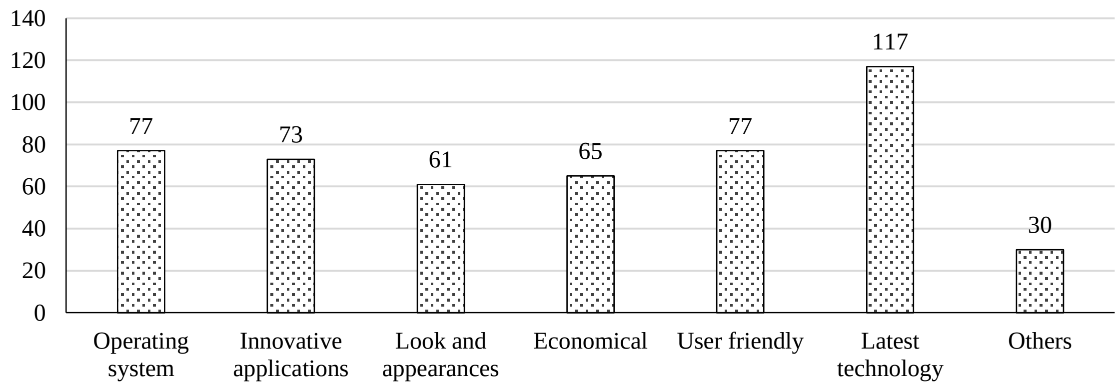

Figure 8. Features.
(Source: Primary data collected by researcher).

The question asked to the Samsung user that what are the reasons of them using Samsung mobile phones (a multiple choice question), 73 of them like the operating system, 73 of them liked the innovative application, 61 of them have chosen Samsung for its looks and appearances, 65 of them likes it because of it being economical, 77 likes it being user friendly, 117 likes the latest technology and 30 likes the other qualities of Samsung mobile phones (Table 5 and Figure 8).

Other than Samsung mobile user have asked about if they are given a chance to change their mobile phone brand what features they will be looking at (A multiple choice question); 70 would like it to be economical, 53 will look for the looks and appearances, 95 of them would want it to be user friendly, 150 will look for the latest technology, 45 want free applications, 54 likes the quick navigations, 77 will look for advance and innovative features, 62 of them are brand loyal, 29 need the variety and product options in the brand, 43 need a reliable product and 85 of them would want all of them (Table 6 and Figure 9).

Table 6. If you are given a chance to change your current Handset, which features would you like to possess in the new one.

Economical	Appearances	User friendly	Technology (latest)	Free apps	Quick navigation	Advance and innovative features	Brand loyalty	Product options and variety	Product reliability	All the above
70	53	95	150	45	54	74	62	29	43	85

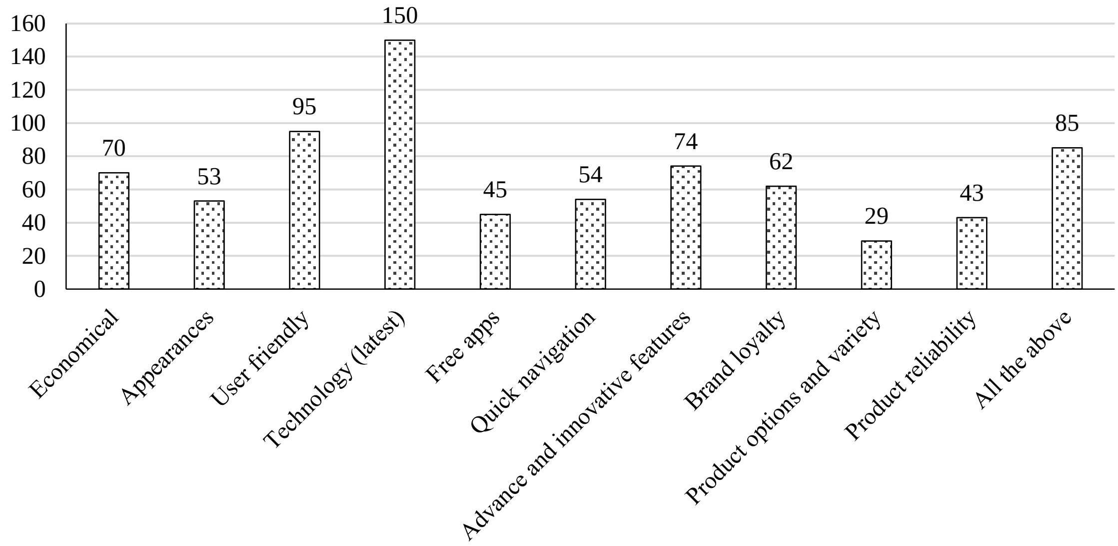

Figure 9. Regarding handset change which feature would you prefer.
(Source: Primary data collected by researcher).

Table7. Latest technologies which are provided by Samsung mobile.

Android OS	Free apps market	Cloud sharing	All the above	others
201	83	31	172	13

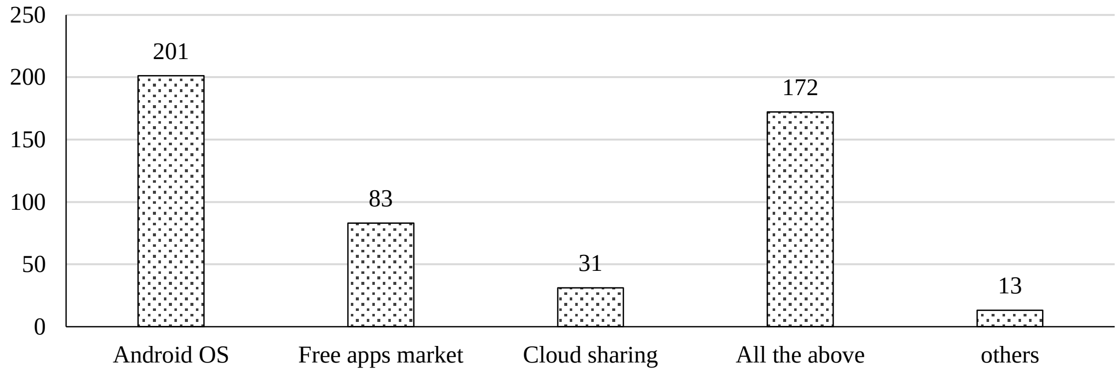

Figure 10. Latest technologies which are provided by Samsung mobile.
(Source: Primary data collected by researcher).

This question is to know the product awareness of Samsung, in which 201 of them said Samsung is providing Android Operating Systems, 83 of them said it gives free market of latest applications,31 of them said it gives the cloud sharing facility, 172 of them said All the features and 13 have said other features like navigation, multiple mail access etc. (Table 7 and Figure 10).

When asked that if Samsung phones are better than the other phones available in the market or not and if yes Why? To which 95 of them said it is because of the latest technology, 54 have said because of free market of applications, 57 of them think that it is economical, 114 of them think that it has a wide range of products, 131 think all the features are as reasons and 49 of them said other reasons (Table 8 and Figure 11).

Table 8. On what basis Samsung is better than other smartphone available in the market.

Latest technology	Free apps market	Economical	Product range	All the above	Others
95	54	57	114	131	49

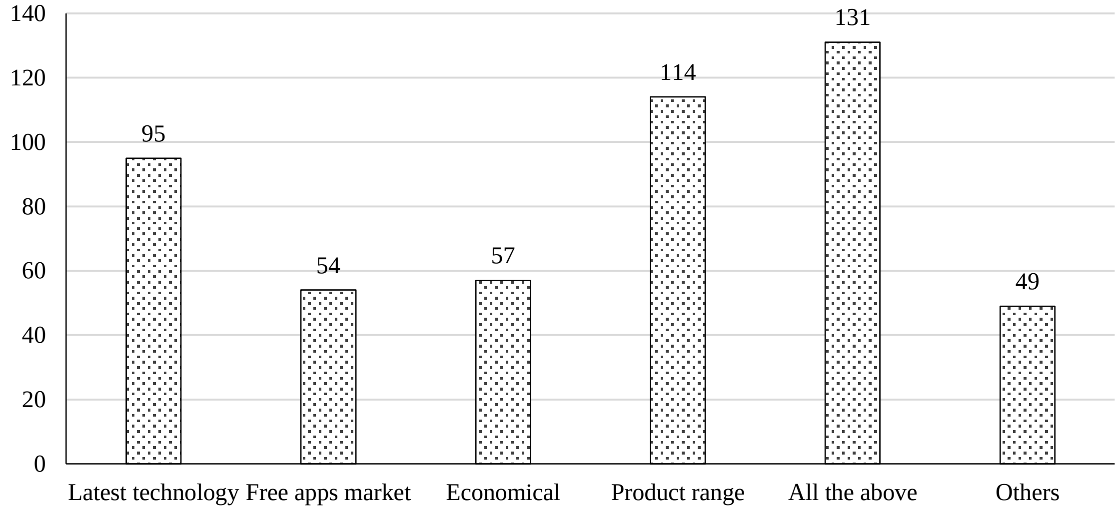

Figure 11. On what basis Samsung is better than other smartphone available in the market.
(Source: Primary data collected by researcher).

Table 9. Reasons behind Samsung mobiles fast growth and increased market share.

Product range and variety	Advertising	Mouth publicity	Economical	Retailers approach to sale	Innovative technology	Free apps support
184	57	46	25	32	109	47

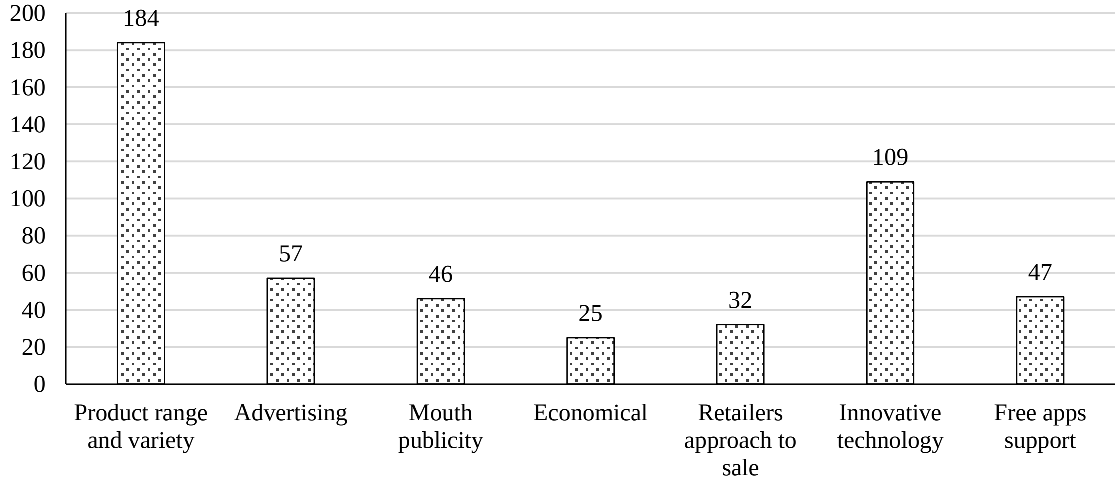

Figure 12. Reasons behind Samsung mobiles fast growth and increased market share.
(Source: Primary data collected by researcher).

When asked the reasons of Samsung's fast growth and increased market share; 184 of them have said it is because of wide product range and variety, 57 of them thinks it is because of advertising, 46 of them says mouth publicity is responsible, 25 thinks that it is economical, 32 thinks that the retailers approach towards selling Samsung phone makes it better placed in the market, 109 of them thing the innovative technology that Samsung is using is a factor while 47 of them think that free application support makes it growing with such a fast pace (Table 9 and Figure 12).

Findings

On the basis of the primary data collected through various sources we found that the Mobile market has been captured by Samsung Mobile very aggressively and looking to dominate the phone market for a very long time. The primary data collected through a structured questionnaire confirms the same thing and been able to give us the reasons of the same which are:

1. Wide product range which is available in market.
2. Economical Smart phone availability.
3. Free application market provides approx. 400000 applications.
4. Looks and appearances of the devices.
5. The capacitive touch of the devices is very responsive.

CONCLUSION

The blue ocean strategy expresses the importance of market expansion through selling innovative product in untapped market. This concept has been applied by Samsung effectively and today it has become number one sellers in the mobile market throughout the world. The innovative approach of Samsung by introducing entirely new range of product unmatched to competitors gave company a competitive edge and has become leader today. The present study which was conducted at the city of Jabalpur also confirms the popularity of Samsung in the mobile market.

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