Product Life Cycle in Mobile Sector: A Comparative Analysis on Nokia and Samsung

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Abstract:
The Indian mobile industry is the fastest expanding in the world and India carries on to add more mobile communications every month than any additional country in the world. The telecom boom in the country provides great opportunity to handset manufacturers and the hottest segment for these producers is the entry level segment. Among the fastest expanding sectors in the country, telecom has been zooming up the growth curve at a fiery pace. The last few years saw India adding many firsts to its list of achievements. Some of these are -the world's very low call rates, fastest growth in the number of subscribers (15-20 million per month), fastest sale of a million mobile phones, the world's cheapest mobile mobile phone, and the world's most economical 3G phone. The product life cycle is a significant concept in marketing. It describes the stages a product passes through from when it was first thought of until it finally is removed from the market. Not every products attain this ultimate cycle. Some continuously grow up while others rise and fall. In this paper we compare product life cycle of nokia and Samsung.

Key Words:
Mobile industry, product life cycle, marketing.

Preface:
Nowadays mobile phones have moved beyond their primary task of voice communications and have graduated to become an important entertaining device for mobile users.

We are in an era where users buy mobile phones not just to get in touch, today’s youth apply it to exhibit their thoughts, for social networking, to display their interests, play games, read news, browse on the internet, listen to music, chat immediately with friends & families and even check their bank balances. There are numerous mobile manufacturers providing handsets. The market in India is dominated by mobile. For mobile we certainly have 840 million plus customers unlike many other markets, mobile is becoming the prominent device for voice, for value-added services, and significantly for mobile Internet also. It's somewhat similar to what exactly we observed in Japan in 1999 where, because of the limitation of broadband and computing. There’s an entire host of services becoming created around mobile phone.

An effective managing mobile services requires an understanding of the factors that underlie the evolution of the market. Factors such as market potentiality and timing and speed of adoption are of great importance for telecom operators for capacity planning. Understanding the evolution of mobile marketplace and its most likely future trend is equally essential for policy makers. Among the fastest expanding sectors in the country, telecom has been zooming up the growth curve at a fiery pace. The last few years saw India adding many firsts to its list of achievements. Some of these are -the world's very low call rates, fastest growth in the number of subscribers (15-20 million per month), fastest sale of a million mobile phones, the world's cheapest mobile mobile phone, and the world's most economical 3G phone.
The product life cycle is a significant concept in marketing. It describes the stages a product passes through from when it was first thought of until it finally is removed from the market. Not every products attain this ultimate cycle. Some continuously grow up while others rise and fall. Product life cycle consists of mainly four stages: 1) introduction, 2) growth, 3) maturity, 4) decline.

**Review of Literature:**
A company’s differentiating and positioning strategy must change as the product market and competitors change over time. Most Product Life Cycle curves are portrayed as bell-shaped. This curve is typically divided into four stages: introduction, growth, maturity, and decline (Wassen, 1978). A product has a life cycle to assert four things. Products have a limited life; product sales pass through distinct stages, each posing different challenges, opportunities, and problems to the seller; profits rise and fall at different stages of the PLC; and products require different marketing, financial, manufacturing, purchasing, and human resource strategies in each stage of their life cycle. (Kotler, 2000) According to Johansson (1997) in the typical marketing illustration, the product life cycle follows as S curve, with the growth period corresponding to where the S has its steepest ascent.

This is when a new product is often introduced in foreign markets to capture first mover advantages. The PLC is a conceptual tool which provides a means of describing the sales patterns of products be they goods or service products, over their time in the market (Meldrum and Mc Donald, 1995) Researchers have identified from six to seventeen different PLC patterns. Three common alternative patterns of PLC are agrowth slump maturity pattern often characteristic of small kitchen appliances, the cycle recycle pattern describes the sales of new drugs and the scalloped pattern especially for new product characteristics, uses or users.

The PLC concept can be used to analyze a product category, a product form a product or a brand (William, 1967). The PLC concept is best used to interpret product and market dynamics. As a planning tool the PLC concept help managers characterize the main marketing challenges in each stage of a product’s life and develop major alternative marketing strategies (Kotler, 2000) Wasson (1978) believes that fashions end because they represent a purchase compromise and consumers start looking for missing attributes. In Launching new products a company can pursue one of four strategies – Rapid Skimming, slow skimming, rapid penetration, and slow penetration. In the growth stage a rapid climb in sales could be observed. Early adopters like the product and additional consumers start buying it. New competitors enter, attracted by the opportunities. They introduce new product features and expand distribution.

The maturity stage normally lasts longer than the previous stages and poses formidable challenges to marketing management. The maturity stage divides into three phases: growth, stable, and decaying maturity. In this stage some companies abandon weaker products and on new products. Finally the decline might be slow as in the case of oatmeal; or rapid as in the case of the Edsel automobile. Sales may plunge in zero or they may petrify at a low level. Unfortunately most companies have not developed a well thought out policy for handling their aging products, (Alexander, 1964) Smith,(1994) suggests the life of your product or service changes as market s change, and customers’ needs change over time, or new alternatives come on to the market meeting customer needs. It also suggests that any given product or service is likely to proceed through a number of stages in its life from birth to death. According to Dwyer and Tanner (1999) products have been likened to living organisms. They are introduced to the market or have a birth. Then they grow (n sales) mature and at some point die out.
This cycle of development, introduction, growth, maturity and decline in sales is called the PLC.

Need for the Study:
The Nokia and Samsung played an important role in the Indian mobile market, so this paper discusses the product life cycle comparative analysis of Nokia and Samsung.

Objective: The main objective of this paper is to study the product life cycle of Nokia and Samsung.

Methodology: This paper mainly based on secondary data. The articles which are published on the Nokia and Samsung and from the website of Samsung and Nokia.

Marketing Strategies of Nokia:
1. Focused on handset manufacture only
2. Enhanced product portfolio
3. Large distribution channels
4. Adjust preferences for specific markets
5. Customer satisfaction
6. Focused on replacement (Recycling)

STRATEGIES OF NOKIA

1. Entered India in 1995. Launched very few models due to lesser demand & innovation. Sold both GSM & CDMA phones. Launched 1st model Nokia 2110 with Nokia tune. 2110 was 1st model capable of sending/receiving SMS. Competed with the then market leader ‘Motorola’. Followed ‘Price Skimming’ strategy. Launched Nokia 2110 at Rs. 22000 (approx.). Launched phones in the range of Rs. 15000 to 25000.

PRICE
GROWTH STAGE (2002 – 2009)
Launched phones without external antenna. Had better features like games, alarm, ergonomic keypad, display, etc. Models like Nokia 3310/3315 marked beginning of growth stage. Launched models like N95 to compete with Apple’s i-phone.

PRODUCT a PRICE a 1. Followed ‘Price skimming’ strategy in beginning of ‘growth stage’. 2. Launch price of 3310 was approx. Rs. 21000/- 3. As profits & popularity increased prices were slashed to Rs. 5000/- in 2003 for popular models like 3310. 4. Later-on in coming years, Nokia adopted ‘Price penetration’ strategy.

MATURITY STAGE (2009 – 2011)

DECLINE STAGE (2011–)
Nokia’s poor product design which did not attract consumers. Shifted focus on Windows as its main OS. Strong Dependence on brand equity. Changing technological Environment.

SAMSUNG PRODUCT LIFE CYCLE

SAMSUNG R220
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.

GROWTH STAGE (2006 – 2011)
Launched phones without external antenna. Had better features like games, alarm, ergonomic keypad, color...
display etc. 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 PRODUCT PRICE a . Followed ‘Price penetration’ strategy in beginning of ‘growth stage’ . Launch simple mobiles with price of Rs. 2000 – 4000 . Touch screen ( 9000 – 22000) pre-paid connections(Idea, airtel, vodafone) were given free with select any samsung models . Gifts (kitchen ware). .Dealers & retailers got a large amount of ‘backend profit’ to increase the sales & drive growth, PROMOTION a . TVC, Sales promotion , Print media Launched Smart phones with android Galaxy series Launched Windows phones to compete Nokia Windows mobile Focussed on Galaxy S series phones to compete with All the competitors PRODUCT Followed ‘Price penetration’ strategy to sustain growing competition Launched models ranging from Rs. 6000 to Rs. 60000 Frequently reduced prices of popular & low end models to compete with Micromax, Sony, LG, etc. PRICE PROMOTION . Special Offers on Credit card payment for above price of Rs. 20000 2. TVC for Galaxy Series 3. Discount Coupons 4. Print Media ( Business Magazines). to sustain in market by Changing with technological Environment.

References:

PRODUCT LIFE CYCLE OF SAMSUNG

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<th>Stages</th>
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<td>Growth</td>
<td>2006 - 2011</td>
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<tr>
<td>Maturity</td>
<td>2011 – till now</td>
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Conclusion:
In the comparative analysis of the both products Nokia’s poor product design which did not attract consumers. Shifted focus on Windows as its main OS Strong Dependence on brand equity.


https://www.slideshare.net/mrasadiya/plc-analysis-of-nokia-and-samsung