

Marketing strategies adopted by Romanian smartphones producers. Case study: Visual Fan.

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Abstract: *The competition between smartphone producers at world level is increasing. The global players are threatened by smaller local producers from different foreign markets like China, India, Indonesia, Philippines and even Romania. An important element taken into account for the purchase of smartphones is the reputation of producers for quality and reliability. Firms compete on quality, price and marketing. The present article presents the results of a research based on a focus group consisting of 16 Romanian students regarding their opinions on the quality of smartphones sold by the Romanian producer Visual Fan, with the brand Allview. The results of the study highlight that the company should continue to innovate and personalize its smartphones and should continue to compete with different products in all market segments.*

Key-words: *niche strategy, personalization, partnerships*

1. Introduction

In order to create a market advantage the firm can bring superior technology, quality or brand strength. Speeding up innovation time is essential in an age of shortening product life cycles (Kotler and Keller, 2012, p.312). Most products can be offered with different features and the companies should consider how many people want each feature, the time required to introduce them, the costs and the possibility of competitors to copy it. A higher quality for less money is the recipe for success.

Regarding services offered to customers, the main differentiators are: ordering ease, delivery, installation, customer training, customer consulting and maintenance and repair (Kotler and Keller, 2012, p.330).

The perceived value pricing allows the company to offer more unique value than the competitor and they attract customers with high-quality products with low prices. Other pricing techniques used are: special event pricing, special customer pricing, low-interest financing, longer payment terms, warranties and service contracts (Kotler and Keller, 2012, p.405).

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Regarding distribution, the direct sales on the Internet allow important cost reductions and adoption of lower prices. Online retailers can provide personalized experiences from different customers but it is very important to ensure security and privacy.

Companies must use efficiently the most important modes of communication as advertising, sales promotion, public relations, events and experiences, direct marketing, interactive marketing, word of mouth marketing and the sales force (Kotler and Keller, 2012, p.489). Consumers and producers have the opportunity to use the Internet for more interaction and individualization. The Internet will continue to develop, becoming probably the most important communication instrument between companies and their target audience (Chiţu and Tecau, 2012). Social media promotes the flow of word of mouth and the online communities and forums can be a valuable resource for collecting and spreading information.

2. The analysis of the smartphone producers world market

In the smartphone market Samsung is the leader, having a share of 20% of mobile phone sales, followed by Apple and Huawei. Samsung and Apple dominate the business at global level but they are threatened by Chinese producers who have started with their local markets and are expanding in several foreign markets. There are new markets like India, Indonesia and the Middle East, with a high growth and where the Chinese producers have entered, although there is a strong competition from local producers.

There is a global trend towards more affordable prices for high-end devices in order to determine the customers to change the products after shorter periods of time.

As shown in the table below the results for Apple were not so good and is considered that customers are waiting for the new model Iphone 7 and the demand for older models has decreased. The launch of the more affordable Iphone SE has brought higher sales in established and emerging markets. (www.idc.com)

	2Quarter2016 Shipment volumes- mil. units	2Quarter2016 Market Share	2Quarter2015 Shipment volumes- mil units	2Quarter2015 Market Share
Samsung	77.0	22.4%	73.0	21.3%
Apple	40.4	11.8%	47.5	13.9%
Huawei	32.1	9.4%	29.6	8.6%
Oppo	22.6	6.6%	9.6	2.8%
Vivo	16.4	4.8%	9.1	2.7%
Others	154.8	45.1%	173.6	50.7%
Total	343.3	100%	342.4	100%

Source: IDC Worldwide Quarterly Mobile Phone Tracker, July 28, 2016

Table 1. *Top 5 smartphone vendors, shipments and market share*

Xiaomi is a Chinese startup which keeps the costs down by selling only online. Xiaomi has entered India and made a partnership with Flipkart, a local e-commerce firm. They are also targeting other markets from Southeast Asia, becoming an important competitor for Samsung, Huawei, HTC and LG. The price of its flagship phone Xiaomi Mi Note starts at 370\$. (www.techinasia.com)

OnePlus is another Chinese company founded in 2013 and which succeeded to target until 2014 16 foreign markets, including challenging markets like America and Britain (The Economist, 2014). Its flagship phone OnePlus One has a price between 299\$ and 349\$.

Another Chinese company is Oppo, targeting markets like Thailand, Philippines and Indonesia. Each Chinese producer has tried to capture another market segment, an example being Coolpad which had a huge success at the low-end of the market and in the Chinese countryside. Other Chinese producers as Huawei, Vivo and Xiaomi are selling premium style devices which focus on design, sound quality and imaging.

Lenovo has acquired Motorola Mobility, Google's handset division with 2.9 billion dollars and is planning to introduce a line of smartphones which will be sold only on the internet, so the competition between Chinese producers using only internet sales is increasing.

The Indian manufacturer Micromax has also made a partnership with Google to make a cheap Android One phone and in 2013 they have approached the Russian and Romanian market, where there is a strong demand for lower priced smartphones.

Another Indian competitor Karbonn has created an Android One phone with the price of 100\$ and the Indian producer Xolo is targeting the low end and mid-range smartphone market.

Other smartphone producers from Indonesia are offering low-end, feature phone devices.

3. Marketing strategies adopted by the Romanian company Visual Fan

The company Visual Fan was founded in 2002 in Brasov, Romania and started to produce and sell electronic products. Starting from 2004 the Allview brand was recorded. In 2008 the company has introduced mobile phones with dual SIM and in 2010 it was the first company which introduced a PC tablet on the market, followed in 2011 by the first smartphone under Romanian brand (www.Allviewmobile.com). The tablet, with the price of 899 lei, was assembled in China but having localized software application. Other brands sold on the Romanian tablet market are E-Boda and Evolio. Evolio appeared in 2006 and it was known as a GPS equipment distributor. Evolio Brand is known for navigation systems, e book reader, laptop and tablets. In 2014 Evolio has launched its first smartwatch and started to offer products and accessories on six monthly instalments with no interest rate. In the same year

the company expanded into the German market and is selling tablets, smartphones and GPS devices in Germany and Austria via its new online store. In 2013 Evolio has created a partnership with application developers who are rewarded with a revenue share for applications that are preinstalled on Evolio devices (Romanian Information Technology Report, 2016). Evolio has illustrated the sales potential of low-cost, low-margin devices with local content.

The tablets from E-Boda have prices ranging from 70\$ to 230\$.

At the moment, the company Visual Fan ranks second in the Romanian smartphone market, after Samsung, with a continuous increase in turnover from 2.5 million euro in 2005 to 62 million euro in 2014.

In April 2016 Allview has launched 2 smartphones Viper, approaching the young segment of the market.

Clients want to have confidence in the company's ability to provide the required quality and to maintain this quality (Neacşu, 2015, p. 105).

In order to differentiate from other competitors and to continuously improve the quality of the products, the company brought the idea of smartphone personalization, the customer having the opportunity to print a photo, a graphic model or a quota on the telephone's cover. The display can be also assorted to clothing or to the environment because of the Cameleon function, which allows to use the colours from the environment in the interface of the phone. Customers can download images and photos from the Allview site. The smartphones have an original design and are equipped with energy saving modules, allowing the access to the main functions of the phone. The smartphones face the requirements of high speed Internet and are very attractive for the customers ([www. Bizbrasov.ro](http://www.Bizbrasov.ro)).

The target of the continuous improvement of quality is the development of the company simultaneously with satisfying and attracting loyal customers. (Madar and Neacşu, 2013). To achieve the quality required by society is necessary to identify the customer requirements and expectations (Madar A., 2016)

Another feature included in the new models meets the requirements of parents who want to control the access of children to the smartphone, by deciding which games and applications can be used by children and for how long. The price of the smartphone V2 Viper is 499 lei.

One of the best smartphone offered by Allview is X2 Extreme with a price of 2149 lei, a very competitive price in comparison with Samsung S7 Edge with a price of 3700 lei.

Another strategy adopted by Allview for different models of smartphones is the update of the operating system.

Regarding service activity, starting from May 2016, the company together with its partner Diangi Group has implemented 2 new concepts called Service Phone and 12 Days Commitment. Through the Service Phone, the customers who have the smartphone in service, will receive another one until their smartphone is repaired.

The second concept 12 Days Commitment means that the company will guarantee the repair of any problems in 12 days and if the period of repair will exceed this time, the customer will receive a new product. This is a similar strategy with the one adopted by Apple.

The price range for smartphones offered by Allview is between 69 lei and 2149 lei, in comparison with Samsung with prices between 63 lei and 3330 lei. Many products like Allview M9 Join or Allview A5 Ready P4 Emagic are offered by partners like RCS RDS free of charge, together with a subscription.

Because the technology is evolving very fast and expenditures with research and development and new, improved materials, are increasing, the prices for new models are higher but the company is trying to obtain the optimum ratio quality-price.

In Romania, Allview has a distribution through the mobile phone companies as Digi Mobil, Orange and Telekom and the products can be also ordered online on the company's site www.allview.ro or other sites like www.emag.ro, www.cel.ro, www.telekom.ro.

Allview exports in several foreign markets like Poland, Bulgaria, Germany, Spain, Hungary, Holland, Moldavia, Slovakia, Bosnia, Serbia, Czech Republic, Malta, Cyprus, Greece and Lithuania. The biggest market is Germany, followed by Holland and Spain (www.allview.ro).

The company has created partnerships with distributors from different countries, like Pro Comunicaciones from Spain. Similar partnerships are made with companies from Moldavia, Bulgaria or Germany. In Bulgaria, they have concluded contracts with the dealers of Mtel, Vivacom and of the retailer GSM Handy.

In 2012 Visual Fan has opened an office in Germany.

The most important sites used by Visual Fan to communicate with the customers are www.allview.ro, www.allview.de for Germany, www.allviewmobile.com and www.lumea-allview.net. The sites are available in 6 languages and customers can place orders, receive information about selected products and can compare different products. On <http://ticket.allview.ro/> there is an assistance center available in Romanian and English language. This application is designed for questions of the customers and for customer support.

The most important advantage of the company Visual Fan is the partnership with mobile phone providers, allowing the customers to buy the products at very low prices linked to subscriptions.

The promotion strategy adopted by Visual Fan included the participation at different world events, like the Mobile World Congress Barcelona and CeBit Hannover, which allowed the company to enter new European markets and to find new partnerships and distributors.

The company has sponsored different sport events like Cheile Râșnoavei Adventure in 2013.

Videos were posted on Youtube from sites like Mobilissimo.ro and offer information about smartphones, tablets and smart watches.

Many promotions are regularly sent by mobile phone companies through e-mails to their customers, RCS RDS, being very active and offering a big range of products with the Allview brand.

4. The research method

In order to identify the opinions of students regarding the quality of the smartphones with the Allview brand, a focus group with 16 students from the Faculty of Economic Sciences and Business Administration from “Transilvania” University was conducted. The most important objectives of the research were the identification of products bought by students, the perception of price in relation with quality, advantages and disadvantages in comparison with competing products and proposals for improvements.

The interview guide used was conceived on separate discussion topics depending on the objectives set out in order to facilitate the identification of participants’ opinion at the focus group.

5. Results

Analyzing the offer of products made by Visual Fan, most of the students are interested to buy smartphones, followed by tablets and headphones.

Regarding the budget allocated to the purchase of smartphones, 75% are willing to pay between 200 and 1000 lei and 25% are willing to pay more, for higher quality products.

After studying the reasons for buying the products, 8 students have mentioned that they were attracted by the subscription offered by different telecom providers, 2 students received recommendations from other friends and the rest were attracted by price after making research on the market.

From the total number of 16 students, 10 were satisfied with the products, considering the quality as good and very good, the rest of the students not being satisfied with the quality. The advantages of the products mentioned were: similar design with Samsung, good quality of materials, long lasting battery, a good ratio quality-price, good performance at games and applications.

80% of the students mentioned that they expect from a smartphone a good quality camera, a long lasting battery and an attractive design

6. Conclusions

The Romanian companies entered the local market by using a niche strategy and targeting consumers with lower incomes, a niche which was not approached by prestigious brands like Apple or Samsung. The strategy used later was to move from selling low-end tablets to mid-range tablets and to offer new products with unique features at higher prices and high-end devices at affordable prices.

An advantage of the Romanian companies is the knowledge of the local culture and that is why they are very flexible and can better adapt their offer to the customers'

requirements knowing the fact that approaching the consumer in connection with the cultural values is the producer's choice. In the European context the cultural differences might generate more „heterogeneity” than in other markets (Epuran and Tescasiu, 2015).

The market research has shown that the consumers are using their devices for an increasing number of tasks as mobile banking or online shopping and there is a rising preference for more expensive high-quality products (www.Euromonitor.com)

The company Visual Fan is continuously innovating and it brings new models on the market at very short periods of time. The sustainable innovation of the processor, operating system, screen, camera and applications should be taken into account for each upgrade of the smartphones. Some of the customers of Allview smartphones are complaining about the quality of the camera, so the company should increase its efforts to improve this feature. The lack of immediate action measures will generate undoubtedly deficiencies with medium and long-term effects (Băltescu, 2015, p.85).

The trust of the customers will increase in time if they continue to offer good quality products at affordable prices. The personalization strategy should continue, by offering new features adapted to customers' needs. In order to attract more customers the company should offer together with the smartphone a small gift like phone cases or earphones.

The results of the research show that the customers are expecting more durable products and products which can function on a longer period of time, without problems. In opinions of respondents, the service activity should be improved by offering customers a remarkable user experience and higher loyalty.

The company should continue to use online shopping and sales through specialized shops with well trained sales persons. The product experience in retail stores is another factor that influences the consumer buying decision. A pleasant experience could be the success factor of the sale.

The company should offer online chat to give the customers advice about the products and should use opinion leaders.

The relationship with mobile phone service providers should be expanded in Romania and in different foreign markets, as a strategy of joint venture co-branding.

The company should be also more involved in social responsibility programs, in order to create a better image among consumers. An example is the programming marathon called “Entrepreneurship” organized with the help of Brasov City Hall and Transilvania University, the original applications made by students, with a strong social impact, being promoted on European level.

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