# FEATURES OF MARKETING ACTIVITY IN THE SMARTPHONE MARKET ОСОБЛИВОСТІ МАРКЕТИНГОВОЇ ДІЯЛЬНОСТІ НА РИНКУ СМАРТФОНІВ

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Candidate of Economic Sciences, Associate Professor, Senior Lecturer at Department of Management and Business Simon Kuznets Kharkiv National University of Economics In the article, the importance of marketing activity at an enterprise is justified. The role of marketing planning in the enterprise's marketing activity is substantiating. Different approaches to defining the essence of marketing and marketing plan are analyzed. The morphological analysis of the term "marketing plan" is performed. The author's view of the marketing plan defining is formulated. The necessity of the understanding of market activity features in different business areas is justified. The analysis of the worldwide smartphone market is performed. The analysis of the leading smartphone producers' activity in the last years is conducted. The main problems in their product and price policy are identified. The main directions for improving their marketing activity are proposed. The main features of the enterprise marketing activity in the smartphone market are identified. General measures of marketing activity for improving market position for smartphone producers are suggested.

**Key words:** marketing activity, marketing plan, smartphone market, smartphone producer, product, price.

В статье обоснована важность маркетинговой деятельности на предприятии. Обоснована роль маркетингового планирования в маркетинговой деятельности предприятия. Проанализированы различные подходы к определению сущности маркетинга и маркетингового плана. Проведен морфологический анализ понятия «маркетинговый план». Сформулирован авторский подход к определению маркетингового плана. Обоснована необходимость понимания особенностей маркетинговой деятельности предприятий различных сфер деятельности. Проведен анализ мирового рынка смартфонов. Проведен анализ деятельности ведущих производителей смартфонов за последние годы. Определены основные проблемы их продуктовой и ценовой политики. Предложены основные направления улучшения их маркетинговой деятельности. Выделены основные особенности маркетинговой деятельности предприятия на рынке смартфонов. Предложены основные мероприятия по улучшению маркетинговой позиции производителей смартфонов.

Ключевые слова: маркетинговая деятельность, маркетинговый план, рынок смартфонов, производитель смартфонов, продукт, цена.

У статті обґрунтовано важливість маркетингової діяльності на підприємстві. Зазначено, що маркетингова діяльність є однією з підсистем менеджменту, отже, має свої специфічні функції, серед яких слід виділити маркетингове планування. Обґрунтовано особливу роль маркетингового планування у загальній маркетинговій діяльності підприємства. Проаналізовано різні підходи до визначення сутності маркетингу та маркетингового плану. Наведений аналіз дав змогу визначити основні подібності та відмінності наведених визначень. Для більш наочного представлення наведено морфологічний аналіз поняття «маркетинговий план», який дав змогу сформулювати авторський підхід до визначення маркетингового плану. Для того щоби маркетинговий план був ефективним, він повинен враховувати особливості тієї сфери діяльності, в якій працює підприємство. Оскільки метою дослідження було виявлення особливостей маркетингової діяльності на ринку смартфонів, то проаналізовано світовий ринок смартфонів за останні роки. Наведений аналіз дав змогу виокремити п'ять лідерів серед виробників смартфонів на світовому ринку. Аналіз проводився на основі статистики світових продажів смартфонів. Виокремлено основні проблеми, з якими стикались лідери виробництва смартфонів, а також проаналізовано їх причини. Акцент в аналізі зроблено на продуктовій та ціновій політиці зазначених підприємств. На основі аналізу запропоновано напрями вдосконалення маркетингової діяльності підприємств – виробників смартфонів. Крім того, аналіз дав змогу виокремити основні особливості маркетингової діяльності підприємства на ринку смартфонів та запропонувати загальні маркетингові заходи, вжиття яких дасть змогу поточним лідерам ринку смартфонів покращити свої позиції на відповідному ринку. Серед них можна виділити створення нових технологічних виробів, які дадуть змогу підприємствам займати нові сегменти ринку або навіть виходити на нові ринки; поширення впізнавання бренду серед потенційних покупців через спонсорську та виставкову діяльність; підвищення якості смартфонів та застосування новітніх технологій у їх виробництві.

Ключові слова: маркетингова діяльність, маркетинговий план, ринок смартфонів, виробник смартфонів, продукт, ціна.

**Formulation of the problem.** For achieving effectiveness, the company has to make different managerial decisions, as well as decisions in the marketing sphere. Such a need emerges from the essence of numerous people involved in the enterprise marketing activity. Marketing is the part of the general managerial activity of the company. In this case, marketing also has specific functions, especially marketing planning. Marketing planning helps marketers to plan people activity and generate resources for achieving the company's goal by implementing marketing measures. At the same time, it is necessary to focus that different businesses have their specifics and need special marketing activities for getting the best results.

Analysis of recent research and publications. There are a lot of authors who consider in their works problems of marketing activity. There are J. Chen, G. Armstrong, R. Duermyer, P. Kotler, D. Lavinsky, R. McKenna, M. Wood, etc. But each company should create a unique set of marketing activity. In this case, the topic, which is chosen for investigation, has actuality for today's economic environment in whole and for the market of very popular products – smartphones – especially.

**Setting task.** The purpose of the thesis is theoretical analysis and identification of the features of the marketing activity of smartphone producers.

**Presentation of the main research material.** Marketing is a process of many different aspects such as building customer relationships and satisfying customer needs. The main marketing actions are social interactions and decisions by the management. The practical process involves researching customer needs to develop the provided products to meet the needs, together with the quality that meets

# ІНФРАСТРУКТУРА РИНКУ

the price. Research is essential in order to gain a relationship with the customer that will become valuable in return [8, p. 29].

Marketing is a combination of product, price, distribution, and marketing communications; by understanding these aspects, a company can make organizational marketing decisions. It can also be considered as a leadership style, whose goal is to accomplish customer needs and requirements by using an appropriate marketing mix. The marketing strategies can set a certain direction for the entire company's policy. The main tools for the company to influence its customers through marketing actions are selecting the right products, pricing, delivery channels, and marketing communications tools [1, p. 12-15, 21]. The main focus of the marketing should be the customer. All company functions should concentrate on fulfilling customer satisfaction, in both financial and social level [6, p. 21].

The procedure of marketing can be divided into several steps, which should be followed in order to achieve successful marketing in actions. The first step is to find out what the customers need, want, and require. This may vary between different customer segments. The next step is to develop the product or service to meet these requirements in order to satisfy the possible customer needs and requirements. After that, the customers must be informed about what the company has to offer. This stage includes finding the correct marketing channels to communicate with the customers. If that step is successful and customers show interest in the services, the next goal is to satisfy the customer needs with the product. This means providing the promised value in the outcome of the provided product that the customer has paid for. The last important step is to create long-term relationships with customers by following their satisfaction level and by responding to that, for instance by rewarding loyal customers with small benefits [8, p. 29-30; 12, p. 14-17].

There some issues, which should be answered in the plan of marketing [3]:

 the company should understand its strengths and weaknesses, opportunities and threats by analysis internal and external environment;

 the company should implement a customeroriented approach to analyzing its products and services; the understanding of the real market position of the company should be given by customers;

the company should analyze its target segments of the market for understanding the structure of the product portfolio and selecting the best market-ing strategy;

 the company should know current, latent, and potential competitors for planning ways for improving its marketing position;

 the company should make decisions on efficient use of its resources;  the company should write a marketing plan based on collected information about internal statement, consumers, market features, competitors. This pan has to include specific, measurable, attainable, relevant and time-based goals (SMART goals); marketing and sales policy for achieving these goals;

- the company should implement the plan and evaluate its success. The marketing plan is the constant document, which needs to be reviewed and improved all the time for getting better results in the market.

The aim of the marketing plan is to help the company in the decision-making process. The marketingrelated considerations could be for instance selection of a marketing strategy, marketing implementation, target groups and services, cooperation partners, marketing communications tools and the budget [12, p. 28]. A marketing plan describes specific short-term implementations on how to increase the income of the company in the long-term [15, p. 4].

For better understanding the essence of the marketing plan and its role in enterprise marketing activity, it is necessary to make a morphological analysis of the concept "marketing plan" (table 1).

Thus, the marketing plan is a written document for marketing activities designed to reach the income of the company in the long-term.

For understanding the marketing planning features of the smartphone market, it is necessary to analyze it.

The statistic shows the global market share (in sales) held by smartphone producers worldwide, from the first quarter of 2016 to the second quarter of 2018 (fig. 1).

This figure shows that there are five biggest producers of smartphones in the world.

The first place is Samsung Co. Samsung, known as the producer of different kind of electronic devices, especially mobile devices and home entertainment systems. This is the global leading smartphone sellers for a long time. Since 2016, Samsung Co. has maintained a share of 20% to 30% in the smartphone market. Before the last year, Apple has been its closest competitor over the years, while trademarks such as Lenovo and Huawei have also grown their market share in the smartphone market.

Samsung has different lines of products. One of the most effective is the Galaxy series, which company firstly produced and released in 2009. The company's smartphone sales have increased fast from 2.4 million units at the beginning of 2016 to 71.6 million in the Q2 (2<sup>nd</sup> quarter) of 2018.

Samsung is the leader in the market for smartphones, and also maintains a market share of 20% to 22% of mobile phone shipments.

Apple is the second largest producer of smartphones in the world. Its sales more than 210 million units (iPhones) over the world in 2016. In Q4 of 2016,

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Huawei is the third largest producer of smartphones, with 10.6% of the share of smartphone markets. The company realized more than 45 million smartphones to end users in that period.

According to the IDC Quarterly Mobile Phone Tracker [7] (table 2), smartphone producers sold a total of 355.2 million units worldwide during the third quarter of 2018 (3Q18). As a result, total sales in a year decreased by 6.0%.

As we can see, there is a negative tendency of the total decreasing of the worldwide smartphone market. In this case, the threat to the smartphone market existence arose. Specialists [7] make a forecast that the market will back to growth in 2019.

Based on table 2, we can see two tendencies. Firstly, Samsung has a decrease in its market share but up today stays a leader in the smartphone market. Secondly, Chinese smartphone producers improve their market positions. The best example is that Huawei in the Q3 of 2018 got second place in the global smartphone market and at the same time overtaken Apple.

Let's consider in more details the features of product policies by leading smartphone producers.

Samsung today has the leadership position in the worldwide smartphone market but in the third quarter of 2018 declined its market share up to 20.3%. It was big problems with the sales of the Galaxy S7 and S7 Edge. Just sales of new S8 and S8+

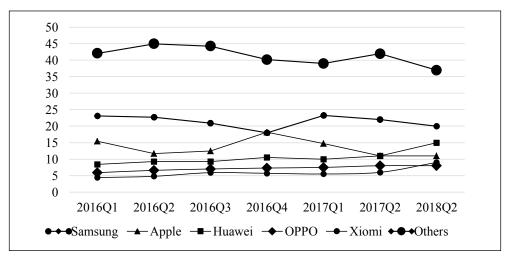


Fig. 1. Smartphone market [7]

Table 1

## Morphological analysis of the concept "marketing plan"

Source	Definition	Genus						
D. Lavinsky [9]	Identifies everything from who your target customers are to how you will reach them, to how you will retain your customers so they repeatedly buy from you.	Everything will retain customers repeatedly buy.						
R. McKenna [5]	Written strategy for selling the products/services of a new business.	Written strategy for selling.						
R. Duermyer [3]	A business document outlining your marketing strategy and tactics.	A business document.						
Business Dictionary [13]	The product specific, market specific or company-wide plan that describes activities involved in achieving specific marketing objectives within a set timeframe.	A plan that describes activities involved in achieving specific marketing objectives.						
Investopedia [2]	A business's operational document for advertising campaigns designed to reach its target market.	A business's operational document.						
G. Dacko Scott [4]	The value proposition of a business and sets out the schedule for a set period of time.	Proposition and schedule.						
Biz Filings [14]	The marketing portion of a business plan addresses how you will get people to buy your product or service in sufficient quantities to make your business profitable.	A portion of a business plan.						
M. Wood [15], A. Puustinen, UM. Rouhiainen [12]	A concrete form of the documentation process and contains structured information about the markets and suggestions on how to accomplish the selected goals of marketing.	The concrete form of the documentation process.						
M. Wood [15, p. 4]	Specific short-term implementations on how to increase the income of the company in the long-term.	Specific short-term implementations.						

Period	Samsung	Apple	Huawei	OPPO	Xiaomi	Others		
2016Q1	23.8%	15.4%	8.4%	5.9%	4.4%	42.1%		
2016Q3	20.9%	12.5%	9.3%	7.1%	5.9%	44.3%		
2017Q1	23.3%	14.7%	10.0%	7.5%	5.5%	39.0%		
2017Q3	22.1%	12.4%	10.4%	8.1%	7.5%	39.6%		
2018Q3	20.3%	13.2%	14.6%	8.4%	9.7%	33.8%		

Worldwide smartphone selling

moved the situation in a positive way. At the end of 2018, Samsung expanded its product portfolio with Galaxy S9 and S9+. These models are very technological and have high prices. Also, the product mix by Samsung includes more affordable by price models – J-Series and A-Series. These models have a flagship-like design but with lower price (A-series) and significantly low price (J-series). A refreshed A7, A5, and A3 together with a freshly updated J-Series, and new flagship S9/S9+ should give Samsung a wellbalanced product portfolio this year. Experts believed that Samsung's bigger problem is the loss at the midprice and low-price products. Refreshed product portfolio with new features could possibly help to decide Samsung's problems. Samsung should look to new A-series devices to fill the gaps in the middle price segment of the smartphone market.

Huawei got second place in the top leaders of the smartphone market. At the end of 2018, the company sold more than 52.0 million smartphones and took 14.6% of the worldwide market. Huawei reached this result by selling its P-series and updated Mateseries. These smartphones are at the top of the most advanced market. And also, similar to Samsung, Huawei produced its Honor brand for young people with lower price but good online services. All these features give the possibility for Huawei to be in the Top-5 of global smartphone produces and be a strong competitor for Samsung and Apple.

The new iPhones by Apple helped the company to increase its guarter sales a little to 46.9 million smartphones up 0.5% compared with the 46.7 million units of the previous year. Apple once again released three new devices: the new 6.5-inch iPhone XS Max and 5.8-inch iPhone XS and iPhone XR with more affordable price. The new XS Max and XS have a higher level of selling comparing with the last year's iPhone X. These models are more advanced: a new screen size, high power, improved camera, upped the storage, faster processor via the A12 Bionic chip. Apple removed iPhones X and SE from the product portfolio due to low price and not appropriate quality. Also, for iPhones 6S, 7, and 8 Apple decreased prices. These measures should balance product portfolio. The great hope for improving Apple market position is to increase sales of the most popular iPhone XR.

OPPO like Samsung illustrates sales decreasing over the year. But today OPPO maintained the fifth

place (8.4% in total market) with 29.9 million smartphones in 3Q18. OPPO is not a popular smartphone producer in Europe but it has a strong position in Asia and Africa regions. Despite this, sales in these regions are enough for the company to get a strong position in the global market. OPPO designed the Find X and R17 products which growth recent sales. OPPO's camera-focused R9s was a crucial model in China, had good sales in that helped it to see strong shipments in the market. OPPO's growth has in the rest of Asia and in some countries of the Middle East and Africa regions. OPPO had an active policy in both above-the-line and below-the-line activities in India and focused on its after-sales service efforts in Indonesia by increasing its number of service centers.

Xiaomi is one of the newest electronics companies and is arising in the smartphone market fast. The great strengths of Xiaomi are the production of high-quality smartphones with cheap prices. These advantages gave the possibility for Xiaomi to fast increasing its market share and take fourth place in the worldwide rating of smartphone producers (9.7% in 3Q18). Today Xiaomi is the biggest mobile phone producer in China. Xiaomi crowded out Samsung and Apple from Chinese market of smartphones. Weaknesses of Xiaomi are: it is not presented in the U.S. market and has no original products - they are often similar to the models by other smartphone producers. Because of cheap prices for the products, Xiaomi continues its global expansion in the smartphone market. The company started with increasing its presence in India, Indonesia, several European countries like Spain, Ukraine. Today Xiaomi's product portfolio includes Redmi 5A, Redmi 5 Plus, and Redmi Note 5, and the newer Redmi 6/A/Pro. These products and price policies give chance for Xiaomi to further expansion of the worldwide smartphone markets.

**Conclusions from the study.** As we can see, the biggest smartphone producers have different problems and trends in their product and price policies. All of them need to create the best marketing plan based on their strengths and weaknesses and take advantages for opportunities. Their plans should be different but should have similar elements.

The main goal for all companies, which performed their activity in the smartphone market, is determined to be more effective than competitors using technologies, innovation, and expertise of the smartphone industry. Smartphone producers should build their brand by giving awareness to consumers in the quality and excellence of their products. The main objectives of the marketing activity of the companies are the following:

 create new devices using advanced technologies for taking new market segments or entering other markets;

 continue to grow and develop innovative technologies;

 participate in different shows and sponsoring events for brand name presentation;

make different kind of interviews or other survey methods for getting a response from the customers and to improve their satisfaction.

So, the marketing activity of smartphone producers should include a series of measures aimed at stimulating sales and service of the company, as well as increasing customer satisfaction and maintaining market share in the smartphone market. Each company should create a marketing plan based on smartphone market features.

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### FEATURES OF MARKETING ACTIVITY IN THE SMARTPHONE MARKET

The purpose of the article. Business success is based on its marketing activity. Marketing success is affecting all business aspects. Marketing is a managerial subsystem, which includes several elements: product, price, place, and promotion. Without marketing, customers have no possibility to get awareness about products and services despite their quality. Marketing helps businesses to eliminate sales decreasing or improve the situation.

Any marketing activity should start from the marketing plan. Companies have to decide questions about the best marketing measures. These decisions are very important for companies because of the big range of possible communications with customers and other stakeholders. In this case, marketing activity should be managed and, first of all, carefully planned by the managers.

**Methodology.** Marketing planning plays a vital role in achieving the company's goals. The essence and structure of the marketing plan are analyzed. Definitions of the marketing plan by different authors are considered. The morphological analysis of the concept "marketing plan" is performed. As a result, the marketing plan is defined as a written document for marketing activities designed to reach the income of the company in the long-term.

**Results.** A typical marketing plan is a written document for marketing activities designed to reach the income of the company in the long-term. A good marketing plan should help answer key questions about business and act as a reference document to help to execute a business marketing strategy. It will also help to develop a structured approach to creating services and products that satisfy customers' needs. A marketing plan also should be based on the features of the company and the customer market.

The smartphone market is one of the most advanced markets in the worldwide economy. There is a high level of competition in the smartphone market. The analysis of the worldwide smartphone market is made. The strongest leaders and their potential competitors in the smartphone market are identified. Given analysis has shown that in the modern conditions new producers of smartphones increase their market share very fast and bear a big threat to older competitors. In this case, smartphone producers should pay much attention to marketing activity and create effective marketing plans. They should base on the features of the smartphone market.

The main features of marketing activity and tasks for smartphone producers are identified: generate new ideas to penetrate other markets or segments within the wireless industry; continue to grow and develop products; spread brand name by attending shows and sponsoring events; implement surveys or other experiments to gain customer feedback and improve satisfaction.

**Practical implications.** The introduction of proposed marketing measures in the smartphone producer's activity will allow young companies to increase their market share and mature companies to maintain their market share in the smartphone market.

**Value/originality.** In the article, the modern situation in the smartphone market is considered. The main direction for smartphone producers in the case of their marketing activity is identified. It is the first step for further researchers and businesses to improve their marketing activity.