

# **Disruption causes to Micromax by once a Market leader now a Myth**

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## **Abstract**

In India, Micromax has been a leader in the democratic change of technology by reducing obstructions to widespread adoption of modern technologies while also providing cheaper breakthroughs across its product line. The brand Micromax, which symbolises the excitement of life and female empowerment, is particularly appreciated by teens and young adults. From 1.15 million devices in the market at the end of June 2009 to 2.57 million devices in the market at the end of March 2010, their handset revenue increased by 123.48%. Additionally, they were selling cell information cards for computers under their own brand to their service providers in India. From \$1.33 billion in 2016 to just \$94.26 million in 2022, Micromax's total revenue fell sharply. Poor performance was shown in smartphone shipments, which fell to barely 370,000 in 2022 from 9.65 million in 2016.

**Keywords:** Micromax, Disruption, Marketing Strategy, brand

## **INTRODUCTION**

Rajesh Agarwal, who previously worked as a dealer of computer hardware, started Micromax Mobile in 1991. In 1998, Rahul Sharma, Sumit Arora, and Vikas Jain, three more Indians, joined Rajesh as co-founders. Together, the four helped the business transition from being a simple distributor to a marketer of telecom equipment. In 2008, Micromax also entered the market for mobile phones. In both rural and urban areas, people are familiar with the name Micromax Cell, which has grown to become India's third-largest phone advertising company. Having a cell phone with a 30-day battery life since 2008, this company has achieved great success in the market thanks to its ingenuity and originality. Since then, they haven't made a comeback and have released numerous devices with fantastic features at affordable prices, fiercely competing with market titans. As young people make up the largest portion of the

Indian demography, they focus especially on teenagers. With consideration for cost and scope, they have skillfully described their target audience. Both the extent target group, made up of telephone users who are making their first purchase, and the cost target group, made up of repeat customers, are available.

## **JOURNEY OF MICROMAX**

Micromax Informatics Private Limited, the original name of the company, was founded in March 2000. As a result, it entered the smartphone market in March 2008, which was 1.5 years too late. After then, there's no need to look back because domestic mobile phone employment in India is now at its highest level. Mr. Vikas Jain and three friends formed the company Micromax Informatics in 1991.

Micromax Informatics, formerly an Indian business, is now a mobile communications corporation with its headquarters in Gurgaon, Haryana. As the largest producer of wireless cellular handsets in the nation, the corporation. As of right present, the company has 23 offices spread out around the United States as well as locations in foreign nations including Dubai and, most recently, Nepal. As of March 31, 2010, Micromax was the biggest firm in India and the biggest seller of smartphones there when it came to devices that were shipped across the entire nation.

When the company entered the Indian smartphone device industry in 2008, significant advancements were made. The whole firm market share climbed from 0.59 percent in September 2008 to 6.24 percent between March 2010 and March 2011.

The firm website claims that they were India's organisation with the quickest growth. They were also among India's top 5 mobile phone manufacturers. As of March 31, 2010, total handset sales had climbed by 123.48 percent from the sector's June 30, 2009, 1.15 million unit low. Additionally, they promote mobile computer statistical gadgets under their symbol name to their Indian clientele. From \$1.33 billion in 2016 to just \$94.26 million in 2022, Micromax's total revenue fell sharply. Poor performance was shown in smartphone shipments, which fell to barely 370,000 in 2022 from 9.65 million in 2016.

## **MICROMAX'S BUSINESS APPROACH**

Typically, businesses start off focusing on the national market before gradually expanding into local markets. Limited literacy, inadequate infrastructure, limited disposable income, and a resistance to using contemporary technologies are some of the causes of this. Micromax chose a different path in spite of these challenges. They were aggressively building a

beautiful brand for city markets, and a 10% share in rural markets helped them establish their reach. They were India's third-largest GSM cell phone supplier, according to IDC, behind Nokia (31.2%) and Samsung (8%) in terms of market share. The corporation was selling anywhere from 7 lakh to 1 million mobile phones per month. same based on its own projections.

Micromax has a very clear idea of who its target consumer is, and it has then tailored its product to meet those needs precisely. The youth are the most significant client sector in India, therefore the company decided to concentrate on them. They also make up the greatest segment of the population. The logo communication strategy was designed to appeal to people between the ages of 15 and 24. Their target market, in terms of both pricing and quantity, is clearly understood by them. The pricing goal group is made up of second-time phone buyers as either a replacement or an upgrade, whereas the quantity goal group is made up of first-time phone buyers. As a result of this segmentation, it was necessary to address a wider variety of needs of these two groups of clients.

## MARKETING STRATEGY OF MICROMAX

- i. **Sponsoring Indian Cricket Matches:** Indians adore cricket more than anything else, thus Micromax decided to sponsor Indian cricket matches. They then sponsored other series and appropriated the name from Hero Honda. They succeeded in winning millions of clients over with this tactic. They gave the BCCI 20 million Indian rupees in 2014–15 for each game. They are aware of their investment of that amount and why they are making it.
- ii. **Reach to Indian market:** They began opening their own stores around Indian cities not long after releasing their own mobile devices on the market. They aggressively opened stores and service centres, even surpassing Nokia, compared to other Indian mobile companies. Through this, they swiftly established their own personality and became well-known in all cities.
- iii. **Product strategy:** Indians' preferences are known to Micromax. both Sasta and Tikau. An Indian is the best person to understand this sentence. Micromax carried out this action. At the appropriate time and price, the right product was launched. A large variety of products with various characteristics, such as dual SIM, QWERTY keypads, 30-day battery backup, were offered by the firm. This resulted in the business selling about 2.3 million mobile phones each month.

- iv. **Price strategy:** Both urban and rural areas of India were targeted by Micromax, which offered them technologically cutting-edge mobile devices at competitive prices. They adhered to the penetration pricing approach. This tactic is employed to gain market share in areas with established, more powerful competitors. Customers were drawn to Micromax products because they offered the same technology at a lesser price than items from more established manufacturers. Due to its reduced price, Micromax's product was later adopted by the rural market, but its popularity in metropolitan areas was limited.
- v. **Place strategy:** High awareness was ensured for the product together with the rival brands by placing it at well-known stores like Croma, the mobile store, Reliance Digital, etc. Partnerships with regional distributors for convenient accessibility helped to reach clients who did not frequent the well-known businesses.
- vi. **Promotion strategy:** Micromax exploded onto the market with advertising through radio, web, exchange programmes, and social cause campaigns in order to further boost its visibility.
- vii. **Distribution strategy:** In comparison to the industry norm of 6% to 10%, larger margins of up to 15% were provided to the dealers for the B2C model. They were able to further encroach on urban markets because to this. In the B2B model, where corporate selling was involved, partnerships with large corporate houses helped to preserve distributors' profit margins while enabling Micromax to offer the corporate houses a price that was lower than the market. As a result, the professional target market was attained.
- viii. **Customer acquisition & retention:** The customer's trust was earned by Micromax thanks to its superior after-sales support and 2-year extended warranty. Customer retention was greatly aided by exchange offers.

#### UNDERLYING CAUSE OF BRAND POPULARITY

Samsung and Nokia were overtaken by Micromax to take the top spot in India's. Consequently, the key drivers were ....

- i. **Clear strategy:** The company's approach appeared to revolve around providing the correct value at the appropriate cost. They achieved this by focusing on the P's of marketing, and by doing so, they were able to connect with 130,000 retail locations across 560 districts in India.

- ii. **The right funders:** Sequoia Capital managing director Mohit Bhatnagar joined the company's board of directors after Micromax announced on September 20, 2010, that the investment firms had acquired modest shares in the business. The investment round, which totaled Rs 200 crore (\$43 million), also included Madison India Capital. Earlier, in January 2010, TA Associates contributed \$45 million to Micromax.

## **FUNDAMENTAL REASON BEHIND MICROMAX'S FAILURE**

The failure of Micromax can be attributed to a number of factors, but the main one was the introduction of 4G in India and the revolution that Reliance Jio sparked. At a time when the market was focusing on 4G handsets, Micromax discovered that it had a massive inventory of 3G smartphones throughout its supply chain. There were also a lot of factors that contributed to its failure. The additional factors that contribute to rejection are as follows,

### **i. Brands**

Due to India being their largest market, international companies conspire to invest in our nation. A lot of clients can be attracted through branding. Because of this, international companies like MI, Facebook, and Realme frequently shake hands with Indians. They invest a lot of money into their public relations and marketing efforts, which attract and influence people.

### **ii. Quantity & Production**

Chinese items are simple to purchase because they are made in greater quantities and cost less than Indian ones. One of the world's largest mobile phone marketplaces, according to Statist, is the one found in China. Because of this, Indian consumers are the primary market for Chinese smartphone makers. Distributors are given volume-based targets by Xiaomi, Vivo, and Oppo. As an alternative, a company like Samsung sets goals according to worth.

### **iii. Specification**

Smartphones seem to get more cameras every year. Despite the fact that the quad camera is popular today, nobody is certain of all the purposes that cameras employ it for. Still, all we want is more camera phones. Next is gaming; Chinese smartphones have low-cost Snapdragon processors that allow you to enjoy videogames that require more RAM and memory.

### **iv. Time of being E-Commerce**

Every day, more people use the e-commerce platform. We all like to shop online because it offers us several benefits like a discount, return policy, free delivery, and

replacement policy. You don't need to visit malls or small businesses because it supplies us with goods and services that we can access at home. Without having to negotiate, the merchants may easily sell. Simply scrolling down the website will let customers choose whatever goods they choose. One item that I omitted to mention was the profit margin and commission that were charged. Oppo and Vivo controlled the entire offline market. To keep their trademarks in front of consumers' eyes, they were paying merchants and distributors additional sums of money.

**v. No Transparency in Organization**

Micromax made the decision to hire new executives and officials, but they were unable to communicate and could not agree on anything. Resignations of Top-Level Executives and CEOs at a time when the business most required their counsel indicate more serious turmoil is at work. Any business expansion requires open communication and a teamwork mentality.

## **CONCLUSION**

The segmentation's underlying idea was modified to better meet the diverse needs of those two groups of consumers. In contrast to other similar enterprises, they have taken a different path by entering the city market after first entering the rural sector and gauging the market share there. Innovation is their main strength, whether it is in the invention of far-reaching products, marketing techniques, distribution strategies, or after-income providers. The organization's strategy undoubtedly worked hard for it, and the results more than met everyone's expectations. Micromax has amassed a sizable market share of 6% in just a few short years of existence. Micromax's total revenue fell sharply. Poor performance was shown in smartphone shipments, which fell to barely 370,000 in 2022 from 9.65 million in 2016. Indian consumers are the primary market for Chinese smartphone makers. Distributors are given volume-based various alternatives of smartphones. Chinese smartphones have low-cost, quality and sufficient configurations. Resignations of Top-Level Executives and CEOs at a time when the business most required their counsel indicate more serious turmoil is at work. For Micromax, these are may be valid reasons for slowdown in Indian smartphone market.

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