

Flash Sale Strategy: A Sustaining Technique of Chinese Smartphones In The Indian Market

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Abstract: *Creating a product is easy, but what matters the most is how the product is developed according to the needs of customers, uniqueness, a convenient way to reach target markets, affordability, etc. Chinese smartphones have been successful in this case with the help of Flash sale strategy. It was the survival path to enter into the Indian market to attract the customers and obtain long term sustainability. Flash sale is a marketing strategy adopted by the Chinese smartphones, which offers discounts, promotion through E-commerce sites for a very limited period of time. The time period and limited availability encourage more sales. The purpose of this article is to study about the innovative marketing mix used by the Chinese smartphones in order to overcome the obstacles faced in the Indian market. The phone brands used for this study are Xiaomi, Oppo, OnePlus and Lenovo. Within a short period of time their sales volume had rapidly increased and ranks third after Apple and Samsung. A Flash sale strategy not only helped in the company's turnover, but also in building the brand image and long term sustainability which directly created the competitive edge.*

Key words: Flash sale strategy, Chinese smartphones, brand image, purchasing decision.

1. Introduction

From smoke signals to smartphones the manner in which we communicate with each other has evolved over time with the help of technology. The smart phone industry has been the best example for a paradigm shift and can observe a higher

technological boom in the near future. To maintain the competitive edge in the market the smartphone companies have to solve problems that customers face from their current smartphones rather than coming up with a brilliant design. In the modern century, customers prefer to purchase through e-commerce than that of brick and mortar because they no longer need to go through the troubles they face in the traditional mode and this also add an advantage in today's scenario where fuel prices are rising and parking spaces are reduced.

The smartphone companies use various strategies to draw in customers towards their products, one among them is a flash sale strategy. Flash sale is an exciting marketing strategy where they use discounts, time limit and limited stock as tactics to fascinate their customers. Chinese smartphone companies utilized these strategies to improve their sales in the Indian market. This article discusses about Xiaomi, Lenovo, Oppo and One-plus,

the main four Chinese smartphone brands. Xiaomi is an electronics company which manufactures smartphones, mobile apps, laptops and other consumer electronics. Xiaomi is ranked among the top five largest smartphone manufacturers. Lenovo is another electronics company which has a wide range of electronic devices. They have also acquired Motorola from Google. Oppo is the leading smartphone brand and they serve worldwide. OnePlus is a Chinese brand which focuses on high-quality products with user friendly design at an affordable price.

2. Significance of the Study

In the 21st century, smartphones have a great influence in people's daily life. Even though most of the people prefer online purchasing, there are a number of people who are not aware of various strategies used by the mobile industries to attract them. This research paper analyse about the awareness of the customers regarding the flash sale strategies used by the Chinese smartphones to fascinate their customers.

Indian consumers always have a concern about the quality of Chinese products and that is a big challenge faced by these Chinese smartphone companies to sustain in the Indian market. This study also focuses on the possibilities of flash sale strategy used by Chinese smartphones to sustain in the Indian market and to create a brand image among the Indian customers.

3. Research Gap

There is a constant change in the mobile culture among people. The youngsters always prefer something new and attractive. This forces the mobile companies to bring up with new innovations, designs, etc to attract new customers and to maintain the existing customers. This results in the constant change in this mobile industry.

4. Statement of the Problem

The importance of smartphones in our daily life cannot be ignored. Most of the people around the world use this as a tool of communication, entertainment, and to store data. A day without smartphone is miserable to most of us, therefore the scope of phone brands are increasing day by day. New innovations are being invented by all the phone brands to attract their customers. The phone brands bring out new strategies in their marketing as well, one among them is the flash sale strategy. This study helps to find out the impact of flash sale strategy on the purchasing decision of the customers. This study also analyse how flash sale strategy helped different Chinese phones to create a brand image in the Indian market.

5. Objectives

- To know whether customers are aware of the flash sale strategy used by Chinese smartphones.
- To analyse influencing factors on consumer buying behaviour of Chinese smartphones.
- To know whether flash sale strategy helps Chinese smartphones in creating a brand image among the customers.

6. Research Methodology

Research design

Since the population of this study is indefinite the sample size is 384. The sampling method used to collect data for this study was convenient sampling method. The primary

data for research was collected in the form of questionnaire through Google form. These Google forms were sent to customers through e-mail and the other social media forum.

7. Limitation

Time management was one of the main limitations in this study. As the smartphone market is prone to changes with new innovations, the findings of this study may vary in the future. The time taken for this study is around six months.

The study is restricted to the Indian market and the number of respondents is limited to 384 due to the time constraint and for the convenience of the study. The study is limited to the main four Chinese smartphone brands; they are Xiaomi, Lenovo, Oppo and OnePlus among other Chinese brands. Only respondents who use these mobile brands were considered in this study.

8. Scope for Further Study

Since the mobile industry is subject to change, further studies can be carried out in this industry regarding new innovations and technologies that can improve their sales and growth. The strategies used by these phone brands can change over time; therefore, there is always a scope for further study about the strategies that are prone to change. The comparative study regarding different phone brands, how different strategies help them to improve their sales can also be considered for further research.

9. Review of Literature

Smartphones have gradually entered into our daily life and it has computer ability and act as a communication tool, a source of entertainment, as the search engine, etc. Since the importance of these smartphones is increasing in our daily life there is a scope of growth in mobile industry. Apple is the only company who has not launched any products in a low price. There are many other phone brands like Xiaomi, Huawei that surpassed Apple in terms of sale because of their low price and other attractive features (Anh, 2016). The main reason for this is adopting a new strategy in the market which is known as Flash sale strategy. Flash sale is defined as a strategy, a technique or tactic adopted by a company which offers limited products for a short period of time at a huge discount (Ugarte, 2015). According to Forte, flash sales provide modern technology which allows retailers to enlarge their outlet channel for reduction and old stock. It is another way to dispose leftover stock and measuring the desire of inventory. Compared to in-store sales, flash sale allows customers to connect immediately and buy (Forte, 2016). Earlier, this was known as deal-of-the-day concept, which offers few deals on a daily basis to create demand. This model was adopted by online companies. The main aim to opt flash sale strategy is to create a buzz for new begin of products and promote with least investment. This strategy not only creates demand but also offers products at a lower price with better service. E-commerce sites like Flipkart, Amazon and Snapdeal are the only three online sites help distributors start for flash sales (Singh, 2015). India is such a huge market that new vendors would face difficulty to compete and be successful. Vendors should come up with smart ideas in order to sustain like focusing on pricing, better channels of distribution and promoting creatively. Xiaomi was successful in doing it so. It didn't spend a single penny on advertising their products in India. Xiaomi uses Drip sales approach which means sending messages to customers whenever they sign up to the website. This is usually applied during the launch of a new product. This helps in more coverage than any other promotional activity (Agrawal, 2014). It's just been four years for the existence of Xiaomi phones and it has become the third best smartphone seller after Samsung and Apple. This is because the brand offers high specification features at a lesser price. Xiaomi bagged the best sales compared to other phones which use flash sale strategy such as Lenovo and Motorola. They sell products in very less number which is

their strategy to increase market share. The main aim of Xiaomi is to reach the growth stage of its users and not to demand money for services (Clover, 2014). In the current scenario most of us prefer to purchase through online shopping because it is more convenient and easy. Online shopping is more accessible to buy almost everything. This is very useful in this present situation where the price of fuels are rising and lack of parking space. Many retailers started selling their products through online market to increase the number of their potential customers (Deblina Sahavashistha, 2012). People are ready to invest in quality smartphones; and there comes the value of brand. Even though there are lots of factors affecting the purchase decision like age, culture, income, etc., and brand is one of the important factors among them. The smartphone company has to evaluate different factors that affect the purchasing behaviour and they should bring out the necessary changes according to it (Mohan, 2014). The company's brand image plays a vital role in its growth. Nowadays, people prefer better branded products. Since the brand is an intangible in nature it is difficult to measure it. But the managers have to measure their brand value to compare their business with their competitors (Trillo, 2017). The Chinese smartphones like Xiaomi, Lenovo, Oneplus and Oppo were successful in gaining the market share within a short period of time since their existence. Among these Xiaomi acquired the better position in the market. Xiaomi mainly focus on middle income class therefore they sell their product at an affordable price. Even though the price of these phones is less, they didn't compromise with the quality of the product which in turn helped them to improve their sales (Yuan Xiao, 2017). Flash sale strategy has been a great advantage to these smartphones but one thing to be noticed is that it makes customers angry and disappointed which is a loss to the brand. The gap between the demand and supply is so high that leads to black market sales refers to those activities which takes place as illegal in the market (Srivastava, 2014).

Variables

The variables identified in this study are flash sale strategy, the customer's purchasing decision, brand image and e-commerce.

Flash sale strategy is an innovative marketing tactic which attract customers through various tactics like discounts for a limited period of time, limited stock, advance featured phones at affordable price. The Customer's purchasing decision is all about the willingness of a customer to buy a product or services. There are a lot of factors affecting the customer are purchasing decision; few among them are price, features, quality, trend, brand image, customers need, income, age, etc. Brand image is the general impression or opinion of a product or services given by the customers. Brand image play a vital role in its sales, customers are more satisfied using products with good brand image. It is important for a company to maintain their brand image in order to attract more customers and to have long term sustainability. E-commerce is a platform where we buy goods and services using the internet. It is more convenient as it helps customers to get their desired product at their door steps. This study connects all these variables to get an idea about how flash sale strategy help Chinese smartphones to improve their sales and brand image in the Indian market.

10.Data Analysis and Interpretation

Tools used to analyse the data collected were Cross tabulation, Chi-square test, Mean, Standard deviation and simple percentage. Each table and interpretations are classified on the basis of objectives of the study.

Table 1. Awareness About Flash Sale Strategy

Cross Tabulation					
			Have you heard about different flash sale strategies used by different phone brands		Total
			Yes	No	
Age	16-25	Count	230	108	338
		% within Age	68.0%	32.0%	100.0%
	26-35	Count	27	2	29
		% within Age	93.1%	6.9%	100.0%
	36-45	Count	1	1	2
		% within Age	50.0%	50.0%	100.0%
	above 45	Count	8	8	16
		% within Age	50.0%	50.0%	100.0%
	Total	Count	266	119	385
		% within Age	69.1%	30.9%	100.0%

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	11.074 ^a	3	.011

Most of the Respondents under the age group of 26-35 are aware of the term flash sale strategy compared to the respondents under the age group of 16-25 and above 36. The significance value is .011, which is less than 0.05; therefore there is no significant relationship between awareness of flash sale and the age group.

Sources	Result
Word of mouth	105
Social Media (Facebook, YouTube, etc.)	171
Advertising on forums	79

Brand website	29
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From the above results, it is noted that Social Media which is about 44% of the total respondents play a major role in creating awareness about flash sale strategy than that of other sources. Word of mouth ranks second, which is 27% and followed by advertising forums resulting 21% and 8% for the brand website.

11. Factors influencing consumer buying behaviour towards chinese smartphones.

Cross Tabulation					
			Which of the following attract you towards an online product?		Total
			Trend in the market	Your interest and preference	
Age	16-25	Count	80	258	338
		% within Age	23.7%	76.3%	100.0%
	26-35	Count	4	25	29
		% within Age	13.8%	86.2%	100.0%
	36-45	Count	1	1	2
		% within Age	50.0%	50.0%	100.0%
	above 45	Count	3	13	16
		% within Age	18.8%	81.3%	100.0%
	Total	Count	88	297	385
		% within Age	22.9%	77.1%	100.0%

Majority of the respondents purchase smartphones based on their interest and preference as compared to the trend in the market. From the above table 22.9% of the respondents look for the trend in the market whereas 77.1% give more importance to their interest and preference while purchasing a smartphone. The significance value is more than 0.05 that is 0.481 hence; there is a significant relationship between various influencing factors and the age group of respondents.

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2.466 ^a	3	.481

The above table demonstrates the variables that customers consider while purchasing smartphones. In this table, classification is made between individuals who have used the Chinese smartphones and individuals who have not used these Chinese smartphones. The users of Chinese smartphone give more importance to functions and features of a smartphone followed by price (including offers), usability and battery life. The non-users of Chinese smartphones give priority to functions and features of a smartphone followed by usability, price (including offers) and battery life. The significance value is 0.793, which is more than 0.05 stating the fact that there is a significant relationship between purchasing factors and the users of the smartphones.

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Satisfaction	385	4.00	20.00	14.6727	3.90138
Valid N (listwise)	385				

Classification

	Frequency	Percent	Valid Percent	Cumulative Percent
Not Satisfied	76	19.7	19.7	19.7
Validly Moderately Satisfied	238	61.8	61.8	81.6
Satisfied	71	18.4	18.4	100.0
Total	385	100.0	100.0	

In this table, the comparison is made between the expectation of respondents before purchasing the smartphone and satisfaction level after purchasing the smartphone. As per descriptive statistics table, Mean value is 14.6727 and Standard deviation is 3.90138. The difference between Mean value and Standard deviation gives the value of not satisfied that is 11 whereas the sum of Mean value and Standard deviation gives the value of satisfied which is 19. Respondents who have satisfaction level equal to or above 19 are satisfied with their smartphones whereas respondents whose satisfaction level is equal to or less than 11 are not satisfied with their smartphones. The other respondents who fall between the values of 11-19 are moderately satisfied with their smartphones.

This table results that most of the respondents are moderately satisfied (61.8%) with their smartphones. Respondents who are satisfied (18.4%) with their smartphones are less than that of respondents those are not satisfied (19.7%)

12. The Impact of Flash Sale Strategy in Creating Brand Image

Factors Influencing Brand Image	Total Number of Respondents
Quality	302
Competitive Price	83
Discounts	52
Advanced Features	164

Most of the respondents suggest the quality of the smartphones help in creating a good brand image for any smartphone company followed by its advanced features, competitive price and discounts offered by the smartphone company.

13. Findings

Flash sale is the best way for the seller to create a good brand image, loyalty and helps to sell their products quickly. Most of the people get easily attracted to the flash sale strategies, but many of them especially youngsters are not aware of the term “flash sale strategy” even though they buy products through online which are sold out with this strategy. But they can easily identify it if the concept is explained with the examples of Chinese smartphones like Oneplus, Xiaomi, etc. Social media has been the most effective medium to create awareness in the market. Word of mouth is another effective way to promote a product and it can only be attained by loyal and satisfied customers and Chinese smartphones like Xiaomi, Oppo, Oneplus, and Lenovo have already gained this benefit in the Indian market.

There are numerous factors that influence customers purchasing decision. In case of these smartphones the most important factor is functions and features that these smartphones are consisted of and followed by the price factor whereas usability for other smartphone users. Most of the customers prefer to buy smartphone based on their interest and preference rather than the trend in the market. When it comes to satisfaction level it was found that a large portion of customers are satisfied.

The brand image plays a vital role in the existence and growth of any company. There are a lot of factors that have a direct impact over the brand image of a smartphone company. The quality of the product is considered to be the most important factor that influences the brand image followed by advanced features, competitive price, discounts etc. Chinese smartphones were successful in creating the brand image among the Indian customers. Most of the customers prefer these Chinese smartphones over other phone brands and are willing to recommend it to others. These Chinese smartphones were successful enough in creating the trend in the market. The trend in the market, quality of the product, price and the flash sale strategy they used helped the Chinese phone brands to improve their sales in the Indian market. This also helped them to create a good brand image, brand loyalty among its customers, and it also aided them in creating a good competitive edge.

14. Conclusion

From the above data and findings, this study enlightens the facts about Flash sale strategies used by Chinese smartphones which led to rapid growth in their sales volume over the last few years. This helped them to maintain strong competitive edge in the Indian market. With the mixture of innovative ideas, appropriate technology, right software, accessibility, affordability any product can acquire the maximum market share. The phone brands mentioned in this article has set out the best example of the threat of new entrants as per Porter’s Five Force model. The result is analysed through primary data based on the questionnaire within the study limit of six months.

The concept of Flash sale strategy has eliminated the myth of “low quality China products” and has gained the brand image irrespective of the period of its existence. Trends and preferences will change over a period of time and considering that as an opportunity would definitely help any company to survive in both Indian as well as international market. This study would be further scope to check whether Flash sale serves the purpose only in the smartphone industry.

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