

A Treatise on the effects of the pandemic on Smartphone sales, in India, 2020

¹Sachin Bhardwaj

¹Symbiosis Institute of management studies, Symbiosis international university

ABSTRACT

The year 2020, witnessed what is arguably the most eventful 365 days, to the closing of a decade of similarly monumental changes in the course of history. India too has undergone a change in the seat of power, the ideological implications of which will steer the country into the new decade. An important aspect of these changes, is the altering relations with superpowers like China and the USA, especially in light of the global pandemic that has caught unawares, most nations in the world. Diplomatic resolve is rarely contained within the political boardrooms, and more often than not, decisions taken by our leaders find the common man grappling with unexpected challenges in everyday living- a part of which also relates to the smartphone revolution that completed 27 years in India, with the poor surpassing the Personal computer and landline stages, to connect directly to the world wide net. This paper will enquire into the extent of permeation of the pandemic situations, into the thriving smartphone market of the second most populous country. It will also outline the underlying currents that allowed for both negatives and positives to operate towards an altogether shift of masses' sentiments towards certain products. Finally, a thorough correlation of facts and available figures and graphs to drive home the conclusion.

Article Received: 10 August 2020, Revised: 25 October 2020, Accepted: 18 November 2020

Introduction

Ravi Agarwal, the Managing Editor of Foreign Policy magazine and author of India Connected, stated in his book how every Indian, no matter how poor, demands a smartphone to enjoy the virtues of the internet, so much so that 2020 had an estimated 700 million countrymen on the internet, two-thirds of which were men. This number scheduled to rise to a billion by 2025. In spite of being considered a fast-growing global economic power, India continues to remain very poor, with a per capita income of 2104 USD in 2018-19, as compared to USA which reached a record high of 55,809 USD in 2019. Therefore, the average Indian cannot buy an apple iPhone and in truth, does not need to. The alternative smartphone brands, most of which are Chinese, emerge as saviours.

However, in 2020, one cannot mention China without simultaneously making note of the pandemic and its repercussions on the global markets. While it is irrelevant in context to discuss about the origin of this virus- covid19, the rumours of it being lab sanctioned as biological

weaponry, was greatly fuelled in the first half of the year. Coronavirus has a mortality rate of only 1.4%, but the panic created by fake news, coupled with the hasty and half-baked decisions our leaders had to take to contain infection, left enough space for blunders economically. Months of lockdown, unforeseen expenses in the medical sector, PPE kits, ICU beds, the general lack of hygiene of the masses, everything came under the lens due to covid, leaving extreme distaste towards Chinese actions among the world leaders. Almost immediately, POTUS Donald Trump started a diplomatic severing of all trade relations with China and started promoting manufacture of all industrial and consumer goods within US borders. While this led to the war for developing 5G between the tech giants in the respective nations, a number of countries, particularly India, also fell in line with the 'anti-Chinese goods' sentiments.

Significant in his context is to analyse both the growing need for smartphones, and differential reasons for the rise or fall of the sales in different quarters of the year.

A Record of Sales- The Data

The first quarter of 2020 (Q1), recorded a standard 33.5 million units shipped, which came to an unfortunate nearly half in Q2, with only 17.3 million units, as compared to 33 million in Q2 of 2019. The nationwide lockdown announced by New Delhi in late March came with the ceasing of all non-essential operations, including tech giants like Amazon and Flipkart resorting to the delivery of daily grocery items and medicines. This expansive lockdown continued till mid May after which e-commerce deliveries were resumed, however, the smartphone market had already taken a dip in the face of the stringent measures of the government and in spite of a 4% rise in shipments in Q1, India found itself considerably lagging behind China that only witnessed an 18% drop in shipments, due to the virus.

The damage was not restricted to the loss of sales and revenue, but the production centres struggled with availability of staff in addition to new regularities on the manufacture which limited the output.

Despite the gamut of misfortunes, Xiaomi, a smartphone brand from China that is assimilated at local factories in India, topped the sale charts with 5.3 million units shipped by June 2020, dominating 30.9% of the local markets. Second in place was Vivo, another China-based brand that commands 21.3% of the market with 3.7 million

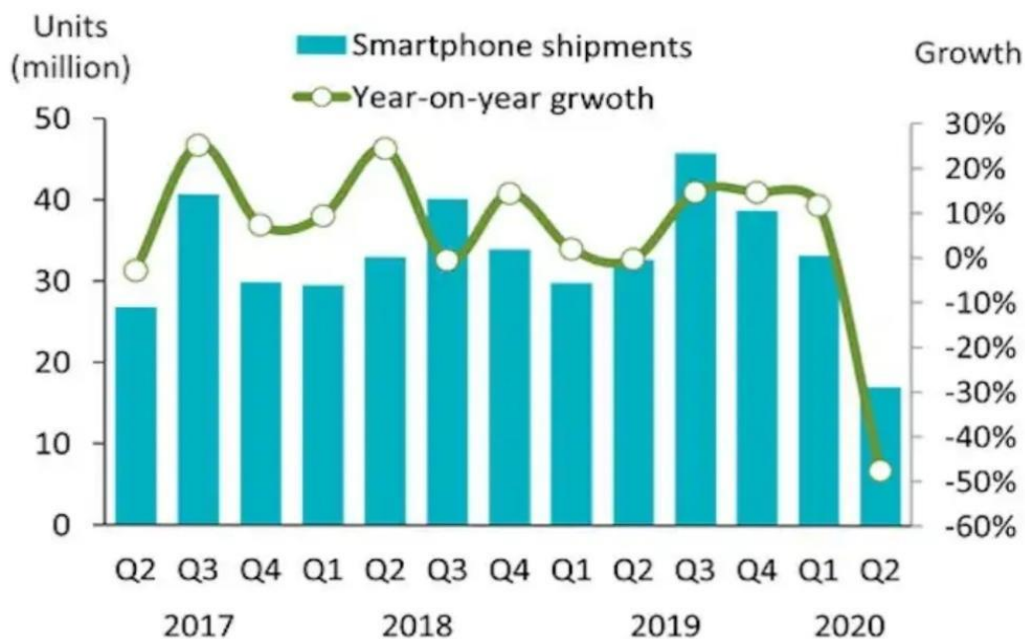
units shipped. And finally, Samsung, the major investor in Indian markets, secured third place with 16.8% in Q1 of 2020.

Consolidating its hold on only 1% of the market, Apple has unwittingly held its position with the least incidence of damage, as iPhone shipments fell only 20% year on year to 250,000 in Q2 of 2020.

An expected turn of events was when OnePlus 8 became the best selling smartphone in the second quarter, pushing down Samsung and Apple to second and third position, respectively. With a market share of the 23%, OnePlus took over the premium phone (any smartphone priced above 30,000) market, especially with reduction in pricing of the OnePlus 7T and Nord which offered 5G and a Qualcomm Snapdragon 765.

Quarter 3 of 2020 saw a near miraculous recovery for Samsung after Q3 of 2018, with a 24% share and a 9% year to year growth due to the 53 million units shipped in the time. This is due to a growing demand for smartphones bought online as the footfall in stores is reduced manifold. However, premium phones took a backseat as phones of the mid-tier (10-20,000) won Samsung the top spot on the charts.

It is imperative that we explore the different factors that contributed to these market fluctuations.



The Pandemic On a Screen

The unprecedented lockdown and the resultant difficulties faced by the vendors and manufacturers which includes both low supply due to a complete standstill in production, and dismal demand due to a reduction in purchasing power of the consumer, were only the superficial causes to a problem that bore deeper into the unstable economy. The import delays, prohibition on online and offline sales, even as the need for smartphones exponentially grew in the event of the pandemic, when people of the country were compelled to go online for their education, office work, buying of essential items and food.

To understand the movement of smartphones as goods in the market, we must also take into immediate consideration the demography under the lens of study. A smartphone became an inevitable need in every household that had children in school. With the exception of board exams and college final years, all classes were to be scheduled online as per the guidelines of the government. Thousands of low income households that depended on government school education for their multiple children, were left aghast with clashing class and exam timings on a single phone that belonged to the head of the family. Moreover, the technical and technological

boundaries posed a great threat to these families that risked losing their child education to dire circumstances of situational and financial crisis.

While the wealthier kids already had access to laptops, and those that didn't, had the means to avail a larger screen, that is, a laptop, instead of a smartphone, the majority lower middle class resorted to a hasty shopping of smartphones to supplement school and office work.

More and more teachers who had to take classes online on various media platforms, bought smartphones with better RAM and internal storage to make easier their work of handling the future of 40 children in a screen space.

Doctor consultations that did not require surgery or regular procedures such as a dialysis, started being conducted online. Emails, excel sheets, power point presentations and Google meetings has encompassed the world in an uncomfortable demand for forced digitization.

All these consequently led to a spur in the smartphone sales no sooner had the restrictions been relaxed, particularly Q2 of 2020 onwards.

It is therefore not overarching an assumption, that these majorly middle class households were the ones actively contributing to the sales of the mid-tier smartphones in the market, ensuring that brands like xiaomi, vivo, oppo thrive at the cost

of the more premium brands like OnePlus and Apple and Samsung phones in the higher range, in Q2 and Q3.

Crests and Troughs- Contributing Factors to Consumer Choice

A cesspool of reasons have promoted Samsung as the flag bearer of smartphones in Q3, 2020. The most conspicuous of which was the Anti-China sentiments that are a natural consequence of the pandemic, and is in no way characteristic of the demographic alone. Fuelled by Trump's 'Make in America' campaign, several countries in the world boycott the use of lower end Chinese phones which were no doubt cost effective, for a Samsung of the same range, which came with lesser features perhaps.

Modi's 'vocal for local' too landed a blow to the markets after the border clash between India and China, as the government aggressively hyped India made products. Hand in hand with this was the continuation of the 'Atmanirbhar' or self-sufficient wave, that brought upon the Chinese vendors, the general vexation of the public because of the hardships products pandemic that sprouted in China.

These micro aggressions at a local level were planting seeds to a larger anti-globalization that was doing the rounds throughout the world. Borders being closed, first to prevent the spread of the virus, were reluctantly opened for travel as cases rose with no sign of respite. As a result, sentiments of individual nations towards certain other nations affected greatly, travel and living in the respective countries. While working from home could be the new normal, the search for alternatives to imported products have also begun. China developed 5G before America, landing a blow on its plans of dominating international technological markets; but with a growing distaste of the disaster that resulted in a year of incredible perils for all of the global society, it is possible that the anti china sentiments emerge to have lasting impacts on a substantial section of the population.

A real time impact of this growing fervour is the banning of all Chinese apps in India, and the effort to create Indian alternatives of PUBG, Shein, WeChat, Tik Tok and so on, sighting privacy concerns for the citizens, subsequently endangering national security.

Conclusion

Following social distancing norms, manufacturers pushed the inventory to online purchases, for consumers who prefer contactless delivery. While the mid decline of 0.3% in Q2 year to year, was a result of this convenience of pricing and availability, 2020 has been a disappointing picture for the smartphone market in India. The contribution of Chinese brands fell by 82% in Q2, as compared to 81% in Q1, which affected seamless operation of the vendors here.

References

- [1] Shivani Shankar , "Internet of Things: An Overview ", International Journal of Computer Science and Engineering (IJCSSE), Vol. 5, Issue 4, pp. 23-30
- [2] Ahmed A. Alnajjar , "Vocational Interests among Students in the United Arab Emirates ", International Journal of Humanities and Social Sciences (IJHSS), Vol. 6, Issue 5, pp. 127-138
- [3] Shaheen Altaf Shaikh, "Student Teacher Awareness of MOOCs – Massive Online Open Courses", International Journal of Educational Science and Research (IJESR), Vol. 7, Issue 6, pp. 105-110
- [4] Digvijay Barot, Kedar Amdawadkar, Amrita Singh & Swetang Panchal , "An Empirical Assessment of Smart Phone Usage Amongst Students and Professors" ", International Journal of Business and General Management (IJBGM), Vol. 3, Issue 3, pp. 19-28
- [5] Diksha Kale, Vijay Bhosale & Sudhir Sawarkar, "Security Mechanisms for Smartphones: Survey", International Journal of Applied

Engineering Research and Development
(IJAERD), Vol. 4, Issue 2, pp. 49-56

- [6] Hitesh N Ramdasani & B. B. Rayate, Marketing Through Mobile Phone: The Next Big Thing in India “, International Journal of Sales & Marketing Management (IJSMM), Vol. 6, Issue 1, pp. 1-4