

China mobile makers plot summer strategy

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The dog days of summer may be the slow season for cell-phone sales, but Chinese handset makers are launching plans to halt their sliding market share. Companies including Amoi, Ningbo Bird, Dopod and Konka all have drafted marketing campaigns targeting the 18-20 year-old market niche during the months of July and August.

Their back-to-school specials will consist of lowering prices, giveaways with purchases, and new handset models in the low-end price range. As first-time mobile-phone owners, students have keen interest in multi-media functions, even though they (and their parents) do not necessarily have much to spend on phones. Wang Zhiquan, a spokesman for handset maker Amoi in Xiamen, noted the large number of students who recently have finished university entrance examinations and are now preparing to go to college in September. Wang was quoted by the Shenzhen Daily as saying, "they are the potential handset buyers we will target." Amoi has slashed the price of three of its mobile-phone models featuring multi-media functions to around 1,200 Yuan (\$148) as part of its summer campaign, Wang told Chinese reporters. One Amoi handset, the M350, features an MP3 player and 128 megabytes of installed memory. The main selling feature on two other phone models, the D80 and D85, are digital cameras. Ningbo Bird, China's largest domestic brand-name mobile-phone maker, also is focusing on students in its summer promotions, launching more than 20 new models. The newspaper quoted a company representative as saying Bird will implement price cuts to attract buyers. Competition among domestic vendors based on price will depend on how aggressive the phone-makers are willing to become. If there are many competing models, price-cutting

will be more drastic. In such a case, the Bird representative said, "firms that are bigger and stronger in controlling costs will have the advantage." Ted Dean, one of the managing directors at BDA China, a telecommunications consultancy in Beijing, told United Press International that "back to school sales and marketing schemes are a good idea, but it won't move market share or reverse the damage caused by price cutting."

Domestic cell-phone brands are losing market share to foreign competitors such as industry leaders Nokia and Motorola, both of which are targeting the local firms' traditional stronghold: the low-end segment. They bring to bear better handset design and R&D capabilities for form and function, and are going head-to-head with their low cost competitors. The recent 2 percent revaluation of Chinese currency also will impact local manufacturers' ability to survive in the current mobile-phone marketplace, Dean said.

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