

TOPIC OF THE WEEK

JUL'18 (15 to 21)

Topic: World's Largest Mobile Factory in India

History:

The Smartphone market is one of the most volatile industries to compete and consists of more than 170 vendors. Each player focuses on gaining significant shares in their local markets. Technological advancements are a major challenge to the growth of the vendors, since they have the need to make necessary changes to their manufacturing and distribution processes

Established in 1995, Samsung India laid the foundation stone of Noida plant in 1996. In 1997, production commenced at its facility and the first television was rolled out. Refrigerator production began in 2003. By 2005, Samsung had become market leader in panel TVs and in 2007, the Noida facility started manufacturing mobile phones. Today, Samsung is the market leader across mobile segments.

India is among the top five Smartphone markets globally for Samsung. In comparison to other markets such as

Week: 15th to 21st July 2018

Korea and Brazil, which are not growing significantly, India poses a huge opportunity for growth across price segments, including 2G feature phones.

Samsung India registered 27 per cent growth in mobile business revenue for the financial year 2016-17, accounting for a whopping Rs 34,300 crore of its reported Rs 50,000 crore sales.

Key Highlights:

Samsung has opened the world's largest mobile factory in Noida, India. The factory was officially inaugurated by Prime Minister Narendra Modi and visiting South Korean President Moon Jae-in on July 9, 2018. The Electronics facility was inaugurated on a factory plot measuring 35-acre at Sector 81 in Noida, Uttar Pradesh.

The factory inauguration marks the first-ever state visit of South Korean President Moon Jae-in. The de facto head of Samsung Electronics, Lee Jae-Yong, departed for India on July 8 to lay the groundwork for further expansion in the Indian Smartphone market.

Week: 15th to 21st July 2018

With the opening of the new facility, Samsung will double its current capacity for mobile phones in Noida from 68 million units a year to 120 million units a year, in a phase-wise expansion that will be completed by 2020.

Growth: The Company currently has over 10 percent of its overall production in India and aims to take it to 50 percent over the next three years. In June 2017, Samsung announced an investment worth Rs 4,915 crore to expand the Noida plant to increase its manufacturing capacity. Besides the factory in Noida, Samsung also has a production unit in Sriperumbudur, Tamil Nadu, five research and development centres and one design centre in Noida, employing over 70,000 people.

Global Market Share:

As global Smartphone market declined for the second successive quarter in the first quarter of 2018, Samsung remained the leader, capturing 21.7 per cent market share according to Counterpoint Research. Samsung shipments grew 5 per cent with the launch of its latest flagship, the Galaxy S9 and S9+.

Week: 15th to 21st July 2018

Apple, which surprised the analysts with a strong fiscal 2018 second quarter results reported 14.5 per cent market share at second spot. According to Counterpoint's Market Monitor service, global Smartphone shipments declined 3 per cent annually in the first quarter of 2018. Top 10 players now capture 76 per cent of the market, thereby leaving over 600 brands competing for the remaining 24 per cent of the market.

Market Share in India:

While the Smartphone market in India saw a healthy shipment of 30 million units in the first quarter of 2018, Xiaomi maintained its lead with 30.3 per cent market share and Samsung at second place with 25.1 per cent share, according to the International Data Corporation (IDC).

The 4G feature phone market continued to grow at more than 50 percent quarter-on-quarter, driven primarily by Reliance JioPhone which led the market.

Impact:

The new facility is expected to double Samsung's production capacity of mobile phones and consumer electronics such as refrigerators and flat-panel televisions, further consolidating the company's leadership in these segments.

It is also expected to reduce the time taken by goods to reach markets and create more than 5000 new direct and indirect jobs.

The new facility will also enable the South Korean Technology giant to add some local features to its devices powered by research and development done in the country.

Conclusion:

Such initiatives by the global players lead to a lot of job creation and boost the economy with increased flow of capital. Technavio's Smartphone industry analysis predicts that the global Smartphone market will grow steadily at a CAGR of more than 6% by 2021. The

Week: 15th to 21st July 2018

rising popularity of multi-sim smartphones is identified as one of the primary growth factors for this market.

The rising economy with increasing per capita income, the presence of a massive population, and the interest to use new technologies are few of the Smartphone industry trends gaining traction in the Smartphone market. China, Japan, India, South Korea, and Indonesia are some of the countries that are witnessing an immense growth of the Smartphone market size as many consumers in these regions are adopting the modern smartphones market trends.

Suggested Reading:

- ✓ <https://www.firstpost.com/tech/news-analysis/xiaomi-remains-the-leader-in-smartphone-market-with-30-3-percent-share-samsung-is-at-second-at-25-1-percent-idc-4468457.html>
- ✓ <https://economictimes.indiatimes.com/tech/hardware/samsung-tops-shrinking-global-smartphone-market-in-q1-2018/articleshow/63995672.cms>

Week: 15th to 21st July 2018

- ✓ https://www.jagranjosh.com/current-affairs/samsung-opens-worlds-largest-mobile-factory-in-india-1531120199-1?ref=list_ca
- ✓ <https://www.thehindu.com/business/Industry/modi-s-korean-president-inaugurate-worlds-largest-mobile-manufacturing-plant-in-noida/article24372481.ece>
- ✓ <https://www.technavio.com/report/global-computing-devices-global-smartphone-market>