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Panasonic's Product Line Strategy to Capture the Indian Smartphone Market

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Synopsis

It was April 2016. Pankaj Rana, Business Head, Mobility Division, Panasonic India Pvt. Ltd. (PIPL), had a target to capture 6 percent market share of the Indian smartphone industry in the fiscal year 2016-2017. It also meant that PIPL wanted to be among the top 5 players in the Indian smartphone industry (Exhibit 1). In the fiscal year 2015-2016, PIPL's mobility division grew by 100 percent and achieved 1.5 million handsets unit sales. In the fiscal year 2016-2017, it wanted to multiply its volume by 5 times. India was the world's second-largest smartphone market by volume, with 220 million active unique smartphone users. Still, only 30 percent of the Indian population owned a smartphone, and it was among the fastest-growing smartphone market in the world. Over a billion smartphones were estimated to be sold in India in the next five years.

The smartphone industry was extremely dynamic, and each month, several products were launched by every player. Every player wanted to offer more features at a lower price than what was previously available. The industry was in a commodity trap, and the central question in the case is, how can Rana manage the momentum of this trap in its favor? Rana faced the dilemma of choosing the right product and pricing strategies to multiply PIPL's mobility division's sales volume by five times in the fiscal year 2016-2017 and capture 6 percent market share.

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