

A Miss-step of Innovation and Marketing Strategies Plan: Can OPPO Find a Way Out?

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ABSTRACT

OPPO as a young Chinese mobile phone brand, it has to tackle many difficulties to survive in the competitive Red Sea of mobile industry, such as: lack of innovation of technology and core chips, short of complete product supply chain. All these factors may restrict and limit the further development of OPPO. The purpose of this paper is to examine and analyse how could OPPO find a way out of the competitive mobile industry. By researching the previous data, questionnaire for the public, and analysing the previous strategies of OPPO. Eventually we will provide some suggestions and idea for OPPO to tackle those problems and would benefit OPPO in the long-term.

Keywords: Innovation, OPPO Mobile Industry, Strategy Marketing, Survive

INTRODUCTION

OPPO Guangdong mobile communications co., LTD., located in Dongguan, China, is a technology company specializing in intelligent terminal products, software, and Internet services. OPPO operates in more than 40 countries and regions with over 400,000 sales outlets. OPPO has six research institutes and four R&D centers with over 40,000 employees. In 2001, OPPO brand began to register globally, and Chen Ming Yong (Tony Chen) became the CEO. By 2004, OPPO China company was formally established, and OPPO Digital company was established in silicon-valley, California, USA, to develop and produce Blu-ray products (Xiao Nan, nanrenwo.net, 08, July, 2018). In 2011, OPPO launched its first smart-phone -- OPPO X903 (Find), which means that OPPO officially entered the smart-phone era, keeping up with the international smart-phone trend and entering the global smart-phone market. In present, OPPO is a famous smart-phone manufacturer. It is the top smart-phone brand in China and the fifth in the world. On 29 March 2019, OPPO again topped the annual Brand Z TOP 50 CHINESE GLOBAL ranking, one of the world's most recognized brands, and in this list, OPPO ranks 19th due to its excellent performance in overseas markets, and its influence index has increased by 33% compared with that of 2018 (MARTIN GUO, Editor-in-Chief, Kantar China Insights, 29, March, 2019), which represents the continuous improvement of OPPO's brand potential and brand influence in the global scope. OPPO has a huge international presence in the smart-phone industry in today.

From a global perspective, the smartphone market has entered the saturated market, but this does not mean that the industry itself has matured. In fact, every new round of technological change will cause the rearrangement of the industry pattern, which

indicates that the industry has not matured. The technologies in the mobile phone industry are mainly divided into these categories: First, the core technologies that affect the basic experience of products, such as chips, communications, screens, sensors, etc.; The second is the hardware technology of the product, such as camera photography, full screen, fast charging, battery life, biometrics. Then there are some basic technologies, such as HiFi, linear motors, etc. There are also software techniques, such as game modes; Finally, there are some futuristic technologies, such as Artificial Intelligent, Augmented Reality, and the Internet of Things.

In terms of core technologies, whether chips, communications, screens, or sensors, OPPO is not yet self-sufficient. (Jiang Hu Lao Liu, zhihu.com, 18, November, 2019) OPPO do well in hard technology products, such as flash charging VOOC, 10 X optical zoom camera, one product "the Find X" full screen also really is amazing. Nor is it a problem for OPPO in terms of basic technology, such as the fact that HiFi has remained a feature on OPPO's flagship phones from the early years until now, and the previous rotating camera has also been a surprise.

Marketing is a performance of activities that seek to accomplish an organization's objectives by anticipating customer needs and directing a flow of need-satisfying goods and services from producer to customer. (Perreault, Cannon, McCarthy 2018). From the definition, marketing is more than just selling and advertising. It involves many other aspects. From the beginning of the process which is creating the products until delivering the product to the customer is called marketing. Marketing also helps to make sure that the right goods are delivered to the customer and meet the customers satisfaction. Hence, marketing plays vital role in every business.

The theory of 4Ps or the marketing mix is the fundamental in marketing strategy. The 4Ps are product, price, place and promotion. Product area is concerned with developing the right product for the target market (Perreault, Cannon, McCarthy 2018). The product can be intangible product such as services or tangible product such as goods. The product is crucial to fulfil the customers' satisfaction. It includes packaging, quality level, branding and many more. Prices are the amount of money that is charged for the "something" of value (Perreault, Cannon, McCarthy 2018). To set the price, the organization must consider the kind of competition in the target market and the cost of the whole marketing mix. Place is concerned with all the decisions involved in getting the right product to the target market's place (Perreault, Cannon, McCarthy 2018). It also involves in how product can reach the customers through channel of distribution. Thus, place can be simply be explained by where to locate the product so that the product is available for the target market to buy.

Lastly is promotion. It is concerned in telling the target market or others in channel of distribution about the right product (Perreault, Cannon, McCarthy 2018). Promotion commonly focused in retaining existing customers and attract the new customer to buy the product by doing sales promotion, advertising, publicity and may more.

Based on the article "The Study of OPPO Mobile Phone Marketing Strategies" written by Xun (2018) which are product, price, place, and promotion. In his article, he proposed that OPPO using the VOOC quick charge technologies and the function of taking pictures in pixel as its product strategy. OPPO has always improving their technology so that it meets the customer desires especially in the demand of users' camera. They always try to come up with refreshing idea to make its mobile phone more stylish and unique.

Moreover, in pricing strategy, OPPO position its price in mid-range and high-end prices. Xun (2018) also stated that compare to the same products of mobile industry, OPPO mobile phones is relatively higher. Besides, every series are priced differently.

OPPO uses diversity marketing channel for their place strategy. They cooperate with mobile telecommunications service provider to sell their product, open official OPPO Stores, lets agent sell its phones and as well as established online marketing channels. They use every opportunity that they have in every channel of distribution to sell their phones worldwide so that the phones are always available for the targeted customer to buy it. Lastly, for promotion strategy, it can be divided to eight aspects which are advertising slogans, Weibo marketing, WeChat marketing, advertising production, sponsorship and embedded marketing, celebrity endorsements, creating a stylish and upmarket brand image and offline promotion. OPPO has become a well-known household name for smartphones because of their ingenuity in promoting their brand to the world. However, due to aggressive competition in mobile industry, OPPO need to find its weakness in every marketing strategy and improve it so that OPPO can increase its market share and take over famous mobile phone for instance Huawei, Samsung, and Apple.

OPPO Innovation Problems

According to the report from China-based tech.qq.com, OPPO officially disclosed its entry into the chip field to the internal public on February 16, 2020 and began to form a technical committee to develop and implement projects. After HUAWEI, ZTE, MI and other competitors, OPPO seems to be the last one and another one to starting to invest and develop chip design and manufacturing. After year 2017, with intensive entering offline market by HUAWEI, MI, and its competitors, the market share of OPPO has been affected and alone with the simple market strategies and innovations could not been used to leading to form lasting competitive advantages and market, even the most direct innovation, such as quick charge and auto-beauty has no longer been attractive to the customer. Even later in 2019s, OPPO has made some innovation on the screen, but in the current highly homogeneous mobile phone market, it was hardly to deliver new ideas to the customer.

Base on the COUNTERPOINT 's Global Mobile Shipments data in the third quarter of 2018, it showed the global mobile phone shipments decreased by 3% compare with the same period last year. It delivered that people are changing their phones less frequently. The slowdown also due to the increasing difficulty of applying new technological innovation to smartphones, which could attract customers difficultly in the short term. Customers have lost the freshness and surprise which may brought by smartphone back to five years ago. OPPO is the one who want to change due to the situation stated above, but the its core technology is too dependent on the suppliers. We have to admit that in the field of mobile phone, OPPO has its new points, such as VOOC flash charge, and OPPO Find 7 is the first mobile phone to use 2k resolution in the world, but when it comes to the chip, screen, memory technologies, etc, these are all reliance on suppliers, this will drive developing problems. For instance, the sales of OPPO R9 series were highly expected, but due to the lack of supply of screen from SAMSUNG, eventually it was affected by less than 20% of the sales.

OPPO Marketing Strategies Problems

OPPO overall marketing strategy is 'simple and focused' strategy, OPPO are completely focused towards leveraging resources and energies to create best experiences for the

consumers. (Toyoja Upadhyay, ETBrandEquity, 2018). OPPO targeting market is not those capital cities but are the second and third-tier cities, due to the special target market positioning, some content of evaluation report published by websites and medias are not accurate and proper explained which mislead some users who lack of relevant common sense. This put OPPO into a low-end brand.

Lack of Brand Awareness

At present, consumers' attentions on OPPO mobile phones in the global market is still having a big gap with APPLE, HUAWEI, SAMSUNG. In order to develop new features on mobile phone, OPPO puts more attention and pays more to upgrade hardware but ignores the brand characteristics and brand image.

Single Marketing Mode

OPPO products are sold on the internet with massive advertising and word-of-mouth marketing strategies, which could lead to consumers' doubt or even disgust, finally will damage the brand image, and resulting sluggish growth of sales. we could not conclude that the strategies that OPPO used and using is wrong, but at some points, it is no longer just about advertising and endorsement. Such as, imagining almost every celebrity is presenting OPPO mobile phones and shot some videos and establish to the public every-day. In addition, with the increasing competition of mobile market, many players were just copying and introducing many types of high-performance mobile phone, makes OPPO getting decreasing benefits compare with last few years. Consumers face many different features of mobile phone brans which means they have more references and choices; it is a pessimistic situation for OPPO.

RESEARCH METHOD

For this study, we employed both quantitative and qualitative method. For the quantitative approach, we conducted a survey using self-constructed questionnaire. Respondents were the Malaysian OPPO users. In addition, we also collected some data from OPPO official website. The collection part could be two parts, they are primary and secondary collection. The data collection process used in this study is questionnaire method, which belongs to the primary date collection. The questionnaire was created through Microsoft Excel and distributed using social media site like Facebook, where the link file was sent to respondents to fill the questionnaire. The questionnaire is only focusing to the sample of 200 OPPO users and get feedback from them. To complete this questionnaire, we randomly checked 200 users using OPPO mobile phones. The following is the data obtained after our survey.

RESULTS AND DISCUSSION

Table 1. Summary of Respondents' Demographic and General Information (N = 200)

Response	Frequency	Percentage (%)
Gender		
Male	95	47.50
Female	105	52.50
Ages of users		
Less than 19	24	12.00
20-24	34	17.00
25-29	80	40.00
30-34	44	22.00
35-39	14	7.00
40 and more	4	2.00
Level of education		
Did not complete high school	14	7.00
High school	68	34.00
Colleges	45	22.50
Bachelor's Degree	52	26.00
Master's Degree	15	7.50
Advanced Graduate or PhD	6	3.00
First impression of OPPO (1 is poor, 5 is excellent)		
Score 1	11	5.50
Score 2	32	16.00
Score 3	21	10.50
Score 4	129	64.50
Score 5	7	3.50
Overall performance of OPPO		
Score 1	13	6.50
Score 2	38	19.00
Score 3	76	38.00
Score 4	56	28.00
Score 5	17	8.50
Performance Aspects - Picture display quality		
Score 1	3	1.50
Score 2	14	7.00
Score 3	29	14.50
Score 4	94	47.00
Score 5	60	30.00
Performance Aspects - Audio performance		
Score 1	12	6.00
Score 2	16	8.00
Score 3	82	41.00
Score 4	60	30.00

Score 5	30	15.00
Performance Aspects - Streaming capabilities		
Score 1	37	18.50
Score 2	46	23.00
Score 3	48	24.00
Score 4	42	21.00
Score 5	27	13.50
Performance Aspects - Applications		
Score 1	27	13.50
Score 2	11	5.50
Score 3	89	44.50
Score 4	50	25.00
Score 5	23	11.50
Favourite features of OPPO		
Audio	58	29.00
Video	78	39.00
Streaming	22	11.00
HDD	14	7.00
OPPO APP	8	4.00
Appearance	20	10.00
What did you first become aware of OPPO brand		
Official website	18	9.00
Awards/Events	34	17.00
Online advertisement	106	53.00
Friends/Family members	6	3.00
Billboard/LED/Flyers/Posters	36	18.00
How likely are you to recommend OPPO to you friend and family? (1 is poor, 5 is excellent)		
Score 1	12	6.00
Score 2	8	4.00
Score 3	39	19.50
Score 4	92	46.00
Score 5	49	24.50

In the present study, the findings from the questionnaire survey and data collected from interview and other secondary sources helped us in unveiling a variety of the aspects & features that need to be improved by OPPO. In addition, several areas of focus could also be underscored which can be further sharpened by the company to improve its current market position and gain a competitive position in a certain niche. The questionnaire survey particularly showed that OPPO has created a greater appeal for

the females than males. Also, the target market of OPPO mainly constitutes the young people from the age group 19-29. This means OPPO incorporates most of the features that are attractive to the youngsters. The company's consumers are not those being highly educated or the ones using Smartphones for their business usage, rather those from medium educational background. For the age point of 30-34 years old, which is the area that OPPO didn't really enlarge and focus the production layout to the high-end market, which most people have a bit success and willing to have more reliable and high-end products of mobile phone. Up to year of 2020s, from the post on OPPO's official website (OPPO launches new 5G flagship Find X2 series reinforcing its commitment to global high-end markets, 9, March, 2020), we could realize from the previous decision of OPPO entering the high-end market was not achieve what OPPO and its consumers' expectation.

A large percentage of survey respondents stated that the first impression of OPPO mobile phone is mostly excellent. However, the overall performance of these mobiles is not satisfactory. In order to gain a detailed insight into the features that are the best and those being lowest in terms of their performance, four key aspects were asked about, i.e. Picture quality, Audio performance, Streaming capabilities and Applications. Two aspects enjoying good reputation in this regard included the audio performance and picture quality. This means the company needs to focus on improving these features, while OPPO could not only rely on one screen supplier, such as SAMSUNG is its biggest major screen supplier, but OPPO have to develop and create own screen and including manufacturing. 37 people on one-point evaluations and 46 people on two-point evaluation out of 200 population, which clearly shows OPPO has disadvantages in software and development area. OPPO must strive improving the streaming capabilities and applications. This acquires a high-technology team with supportive equipment provided, developing and forming OPPO's own application and own cell phone component could encounter this bad situation successfully. The audio and video capabilities coupled with the smart-phone appearance are the key factors inspiring the customers towards buying OPPO, which could assist and direct OPPO to provide and investigating more advance and surprise feature in these two aspects in the future (Chedalla, 2019)

However, the features evaluation clearly showed that the company is having a weak position in software and hardware production. Still the sales of OPPO remain at a considerably high level due to the mobile prices and appearance, being the most inspiring features for the target customers.

Not only the smart-phone features, but the way a brand is advertised largely determines its market image and appeal for the target consumer. The businesses today pay a significant attention towards employing a variety of marketing and communication channels to reach out their customers and OPPO is certainly not an exception to this. Not only focusing profit, in fact, we can also understand OPPO set heavy investment in celebrity endorsement, (Priyanka Nair, ETBr and Equity, 11, September, 2019) with the channel to promote sales is still and just effective way in China, but not globally. The domestic mobile phone market has already hit the top of growth, the mobile phone market in China is rapidly shrinking and mobile industries have to move to the overseas new market to find a way-out, same to OPPO. (Lin Bin, XiaoMi's CEO) and also it is certain that overseas sales will exceed domestic sales. (Lin Bin, XiaoMi's CEO) The company has significantly invested on its traditional and online adverting activities and the same has paid off OPPO in creating a desirable brand image and attracting

consumer towards buying its products. On the other point of view, OPPO has to try to erase and eliminate the stereotyped brand image from public, which would weaken OPPO brands. (Chris Wren, Brand Strategy Insider, 19, October,2017) Although the current cost performance of OPPO mobile is not bad, but the brand awareness of OPPO brand is not too high, many customers may have a thought that using OPPO mobile phone as a copycat or off-brand, which will make them shame to use it in the public. In other word, the use needs are met, but social identity is not. On the whole, a positive image of OPPO can be clearly felt from the data collected as the existing consumers show their willingness and recommending their friends and family towards buying OPPO brand phones.

In the present study it was found that while OPPO lacks in technology and innovation and is still not self-sufficient in the technologies, core chips, screens and sensors yet there are still several factors that have led OPPO towards achievement of a sufficient level of customer satisfaction with its smart-phones. Being a cost-effective smart-phone brand is perhaps the most striking feature that helps OPPO in leading several markets. The company has proved itself being one of the forerunners in the mobile innovation. This is largely due to the fact that OPPO has invested considerable on Research & Development that keeps coming up a variety of new and astonishing technologies. (Ma Si, China Daily, 11, December,2019) The company's invisible in-screen camera was certainly something that OPPO made the public see for the first time.

However, the research from the primary and secondary data also unveiled the innovation and marketing deficiencies that are or may affect OPPO's market position relative to its competitors. The streaming capabilities and applications of OPPO in its smart phone are something creating a low satisfaction among the customers, which clearly refers to a low investment on its software production capabilities. The secondary data also revealed that OPPO is having weak supply chain capabilities (Baek Byung-yeul, Biz & Tech, 28, August, 2019) The company has to rely on the core chip suppliers that raises a yawning disparity in its profits between OPPO and its chip suppliers on one end, and the firms handling more basic activities on the other hand.

SAMSUNG is a great example, it has many patented technologies on its screens, memory and chips, so even later on the case of failure on NOTE 7, it still could supply the screens, memory and chips to other companies, such as, APPLE. This kind of risk sharing helped a giant global organization to carry on in the future after a huge incident.

For OPPO and other mobile phone brands, the most crucial things are technological innovation with self-sufficient, and have to work on self-developed chipsets. Although the early stage of developing and design chip, screen and other main parts are costly and risky, once the company has its own resources and ability, even if the future of mobile phone industry growth is slow, but still can take the advantages from technology to share the future unknown risks.

CONCLUSIONS

The growth in the mobile industry has led to a cutthroat competition between the international mobile producing and selling companies. OPPO, being a young Chinese mobile phone brand, is faced with the challenge of competition from the key players in the smart-phone industry. The company is known for being much innovative in its hard

technology, yet for the core technology, chips, supply chain and software development capabilities, OPPO requires a significant effort to stay ahead of pack.

The study above was based on carrying out a detailed research using the primary and secondary sources of information. On the whole, from the data collected using questionnaire survey, the current level of customer satisfaction with and market standing of OPPO is at a moderate level, yet it requires to be improved through a greater innovation and better marketing strategies. The prices, appearance, picture quality and audio performance are the key factors being appealing to OPPOs customers. On the other hand, the company lacks in its software production capabilities, which was largely evident from a moderate level customer satisfaction with OPPO's Streaming capabilities and Applications.

Furthermore, a gap is identified in its current marketing operations which must be in par with what the competing technological companies are employing. OPPO's marketing activities are neither diversified nor much innovative in nature. For the sake of attaining a competitive advantage, it must not only focus on its cost-effectiveness but a significant level of attention is required on building apps and more innovative software. The company should heavily invest on building its core chips that will not only reduce its excessive dependence on suppliers but will also help it earn greater profitability. Furthermore, in order to build a strong brand image, the company is required to devise better marketing and promotional strategies.

While the competition is quite tough in the international technology and smart-phone industry, innovating in the right direction, building the internal capabilities, employing better marketing strategies and investing on innovative software production and core technologies definitely will help OPPO to find a way out.

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