

Market Strategy of Vivo

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Abstract

This literature review focuses on the market strategy used in the mobile phone market. In the market, mobile brands increasingly optimize product systems to meet the different needs of consumers, combine in-person services with online advertisement to attract consumers, and cooperate with other brands to improve their reputation. This paper takes a brand from China called Vivo as an example to illustrate those strategies. By analyzing the strategy of Vivo, it shows that following consumers' needs, improving technology, and finding a partner to cooperate with is the key for a brand to survive in such a market.

Keywords: Vivo, mobile brand, market strategy.

Introduction

The mobile phone has become an indispensable part of life; we use it for payment, transportation, communication, and many other things that happen in our everyday life. According to the data of Prospective Industry Research Institute in 2022, the development of China's cell phone industry started in 1983 and has gone through three major development stages: function-driven market, performance-driven market, and smartphone-driven market, respectively. Since then, China has become one of the largest smartphone markets in the world. During the long-term evolution of smartphone market development, the current competitive landscape of China's cell phone market has gradually formed, i.e., the domestic cell phone camp represented by Huawei, Xiaomi, Honor, OPPO, and Vivo and the foreign cell phone brand players camp represented by Apple and Samsung. In the past 15 years, the mobile phone has experienced dramatic development. It has changed in every way, and according to the data of Prospective Industry Research Institute in 2021, the generational development of communication networks, from 1G to 4G and 5G, which directly led to the cell phone industry to switch between the incremental market and the stock market. Due to people's increasing demand for mobile phones, many new mobile phone brands have sprung up these years, some of them disappeared, but many others are still standing in the market. With the development in the past 15 years and the current competition stage in the smartphone industry, the major brands in the smartphone field shovel flat layout homogenization are serious. Each company in the field of smartphone layouts is a comparative indicator of type convergence. In this competitive situation, the major phone brands have chosen mobile phones as a starting point and the layout of other electronic products to

improve the competitiveness of enterprises, so analyzing their market strategies is very important. This essay is taking Vivo as an example to analyze the market strategies. Vivo is a brand from China that has survived the intense market competition.

In 1995, the predecessor of Vivo, "Guangdong BBK Electronics Industry, was established, and in September 2010, "Vivo Mobile Communications Limited" was established in Dongguan, China. Vivo brand products include smartphones, tablets, smartwatches, etc. And as of August 2022, it is present in more than 60 countries and regions, with a global user base of more than 400 million people. In November 2011, the Vivo brand officially entered the smartphone field, releasing the smartphone Vivo V1, which supports SRS sound, and the concept of music phone advertising is deeply rooted. In May 2014, Vivo released the first product of the Hi-Fi extreme shooting series Xshot series, Vivo Xshot, and joined National Geographic magazine to hold a Vivo image city hunting activity to record the beauty of urban humanities and geography through Xshot cell phones. The product's photo function was widely praised. On December 17, 2022, Vivo announced a strategic cooperation with Zeiss for global imaging. This paper will brief the core market strategy of vivo and provide statistics in the real market to offer some experiences and lessons for mobile phone companies to learn from.

1. Increasingly optimized product system

1) A decade ago, the demand for mobile phones was not as big as today. People only wanted a phone with a nice appearance and basic functions such as making a phone call, sending messages, listening to music, and taking photos. Hence, people at that time were easily satisfied and did not care much about the phone's performance. Vivo was aware of consumer minds and caught the chance

to produce mobile phones with good appearance. It used amazing craftsmanship to carve some lines that made the phone shine under light. With the development of the mobile phone market, Vivo found that only a good appearance cannot satisfy all types of consumers, so Vivo started to explore new series with new advantages.

2) Today, Vivo has four series, and all those series focus on different groups of consumers. Y series focuses on old people who only need the basic functionality of the mobile phone; the T series focuses on people with low salaries; the S series has a very beautiful shape and color, which focuses on people who like to take a selfie; and the X series is the flagship and a comprehensive mobile phone, they are focusing on the high technology and good performance. Thus, when people want to buy a new phone, there are different types of phones with unique advantages that target different consumer groups to better serve their needs. These years, the high-end market started to become an important part of the mobile phone market, and people are looking for the high-end product. In Figure 2, Vivo's market share in the high-end market increased. Vivo has made significant progress in China's mid-to-high-end segment. Its market share in the \$500-\$599 price band (wholesale price) has risen from 10% in September 2020 to 20% in September 2021. This was driven by the performance of the vivo X70 Pro, launched in September. Vivo continues to move up the value chain with relentless efforts in research and innovation in camera technology, including entering a strategic partnership with optical technology leader ZEISS.¹

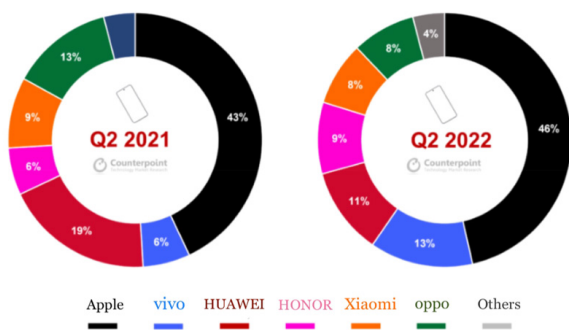


Figure 1 Top Smartphone Market Share for Premium Segment in China, Q2 2021 vs. Q2 2022

There were only a few brands dominating the high-end market. At that time, there was still much space in the high-end market, and vivo saw that space and started to build their high-end series by developing new technology, such as telephoto lens and mechanical image stabilization, to give the consumer a new impression of the vivo and attract new consumer with higher requirement. As a result,

Vivo chooses the X series to be the high-end product with all the new technology. With this change, vivo started to have a better brand reputation recognized more and more by consumers. In Figure 2, Vivo's market share was first place in both 2021 and 2022.

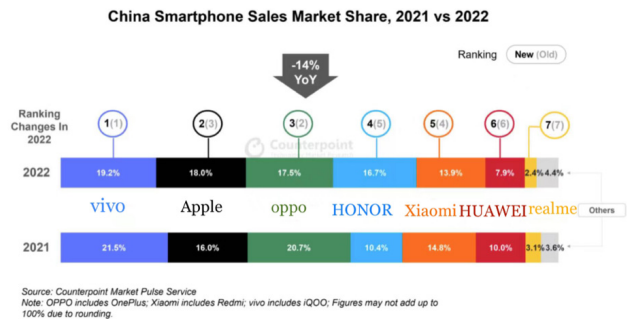


Figure 2

3) With an increasing number of people using mobile phones to play games, a more comprehensive function is required for cell phones. As a result, a new kind of phone was created that focuses on performance and better game experience, this attracts many people who like to play phone games, mostly students. Vivo found this development space and created a new brand as its subsidiary corporation- IQOO, a brand for a better game experience.

2. Combine in-person services with online advertisement.

Vivo built its in-person store all over China so that consumers can easily try new productions and enjoy a comprehensive after-sale service. That's why Vivo can have a stable consumer base at the beginning stage. But with the rapid development of the mobile phone market, it is getting harder and harder to take new shares from the market, so vivo has started to turn its attention to the online market. Vivo invited some famous stars to their advertisement to attract their targeted young consumers. Much of its advertising was brainwashing and made consumers easily remember.

Today people can see much information about the newest product of Vivo on social media, and people can watch videos about these products and help Vivo to advertise their products to more people. Before the new product comes out, many people will be talking about it, like what the price it will be, what is the new technology on it and how good it will be, so many people will pay attention to it. Vivo will release some information to social media

¹ Ivan Lam. Vivo's Strategy Paying off as China Consumers Upgrade Phones. <https://www.counterpointresearch.com/vivo-strategy-paying-off/>

and gain a lot of traffic from it to make more people know about this brand and their new product, which can provide a better sales volume in the future.

Vivo is one of the sponsors of FIFA, and during the World Cup, you can see the advertisement of vivo. Before each game, vivo held an online discussion about the game; because of this, vivo earned a lot of attention from the world and advertised their newest mobile phone to the world. Many advertising films were made especially for the World Cup to connect Vivo's product with the football game and championship. Vivo's market strategy was smart enough to take advantage of the fame of the World Cup to advertise itself to the larger international market and show its confidence in its product to the world.

3. Cooperation with other brands

1) In 2020, according to the vivo Imaging Strategy Conference, Vivo officially established a strategic global imaging partnership with Zeiss. Vivo and Zeiss are strategically focused on long-term imaging technology innovation based on a common imaging philosophy, providing consumers with the most advanced product experience by combining cutting-edge optical technology with smartphone innovation. In the future, the two companies will further develop optical quality standards for mobile imaging based on cooperation in optical imaging technology, explore and realize the miniaturization of lens modules, aiming to create more exciting mobile imaging experiences and elevate the expressiveness of mobile photography to a whole new level. ZEISS is an internationally leading technology enterprise operating in optics and optoelectronics, which shocked the whole market. In the past, only Huawei had the chance to work with Leica (one of the most prestigious names in photography). They only worked on the improvement of the color of the photo without any substantial research or invention. Still, the cooperation between vivo and ZEISS was different, they built a laboratory together and vivo was authorized to use the ZEISS T*coating to help vivo to improve the quality of the photo, which solved a big problem met by other brands. This makes people call Vivo the Night vision device; the result of Vivo is that people started to connect image ability with vivo, so many shutterbugs have become the consumer of Vivo. Vivo worked with ZEISS and took ZEISS lens's feature to imitate the effect and combine it with vivo portrait mode, and this mode was recognized by many people looking to take a nice portrait photo. The Co-engineered with ZEISS successfully made vivo a brand that uses imageability as the advantage and leads a new trend in the mobile phone market. With the help of ZEISS, vivo finally takes place in the high-end market.

2) In 2020, IQOO, a subsidiary of Vivo, officially partnered with BMW and added the three-color bar elements of BMW m power to the phone, launching a new color scheme - Legendary Color. After the cooperation with BMW, IQOO has once again put forward the brand's concept of pursuing ultimate performance and has well combined it with BMW m power to further develop a new group of consumers through cooperation with BMW.

4. Internet of Everything

With the increased importance of mobile devices, multi-screen collaboration has become a new competitive area for each brand. To stay competitive, the 2021 Vivo Developer Conference was officially held, and the theme of this conference is "From 1 to Infinity", which is exactly the development path of vivo to build a digital world, which is intended to show that vivo wants to start from the origin and create a diversified future with infinite possibilities. In 2018, vivo proposed the "Jovi Internet of Things" plan. Since then, it has focused its strategy on "smart connection," believing that using mobile phones as an entry point to control the Internet of Everything will be the next development direction. When it comes to the Internet of Everything and IoT, there are countless products on the market. Still, the biggest problem is the fragmented experience, which does not form a seamless connection experience. Based on its insights into consumers, Vivo believes that it needs to change from the "Internet of Everything" to an "Intelligent Connection of Everything that can bring a better experience." To achieve this goal, Vivo started to develop a new device, a Vivo watch and Vivo pad made for the Internet of Everything.

Conclusion

Based on the above analysis, we can see that for mobile phone companies who want to survive in the intense market competition, many successful experiences could be learned from the market strategy of Vivo. First, it is important to follow the market's lead and optimize its product system accordingly to meet the different needs of different consumer groups. Second, keep sensitive to the market future and devote enough efforts to research and technology advancement to get well prepared for the new requirements of consumers. Third, identify the brand's weaknesses and find a partner with comparative advantages to achieve a win-win situation.

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