

Allar Arike

Navigating through the competitive global Android smart phone market, case study on OnePlus

Helsinki Metropolia University of Applied Sciences

Bachelor of Business Administration

European Business Administration

Thesis

8 November 2015

Author(s)	Allar Arike
Title	Navigating through the competitive global Android smartphone market, case study on OnePlus
Number of Pages	43 pages + 2 appendices
Degree	European business administration
Degree Programme	Business Administration
Specialisation option	Bachelor in International Marketing
Instructor(s)	John Greene, Marketing Lecturer
<p>Abstract</p> <p>As the global smartphone market matures, most former major players have found their selves either obsolete or on the verge of becoming obsolete. This has allowed smaller and more nimble players such as OnePlus to emerge to the scene. Producing products with the same specifications than Samsung or HTC, OnePlus has managed to bring price down to half of the competitors offering.</p> <p>OnePlus, a Chinese company, founded in December 2013 has managed to achieve global sales of over 1.5 million units with the help of scarcity, controversial marketing campaigns and superior value. This despite any traditional advertising such as TV or billboard advertisements and without having single shops outside China. OnePlus employs rather unique purchase process that requires an invite to have a right to purchase their products.</p> <p>While initially successful due to their superior value in terms of price and specification, OnePlus is in a situation where it cannot continue forever producing products with superior value. To combat this they have to take a look on what their customer's value and why they are buying their current products. This dissertation looks to see exactly what has made OnePlus successful and what should be done for the future success of the brand.</p>	
Keywords	OnePlus, value analysis, android, consumer decision making, consumer decision journey, value proposition matrix

Table of contents

1	INTRODUCTION.....	1
1.1	Smartphone	2
1.2	OnePlus.....	2
1.3	The global smartphone market.....	3
1.4	Brand fragmentation of Android.....	4
2	LITERATURE REVIEW.....	6
2.1	Marketing	6
2.2	Maslow’s hierarchy of needs	7
2.3	Customer perceived-value.	9
2.4	Value chain analysis	10
2.5	Consumer decision making	12
2.5.1	The consumer purchase funnel.....	12
2.5.2	The consumer decision journey	13
2.5.3	ZMOT Model	15
2.6	Word of mouth marketing process	16
2.7	Tipping point of systems.....	17
3	RESEARCH AND DATA COLLECTION METHODS	19
3.1	Research methods	19
3.2	Data collection methods of marketing research.....	20
3.2.1	Quantitative data collection	20
3.2.2	Qualitative data collection	21

4	RESEARCH METHODOLOGY	22
4.1	Limitations of research.....	23
5	RESEARCH RESULTS.....	24
5.1	Consumer decision making process & journey for OnePlus users	24
5.2	OnePlus marketing	26
5.2.1	Invitation system	26
5.2.2	Word of mouth marketing of OnePlus	29
5.2.3	OnePlus campaigns and controversies	29
5.2.4	Value analysis of OnePlus	30
6	DISCUSSION	34
6.1	Recommendations	35
6.2	Further research.....	37
7	REFERENCES.....	38

Appendices

Appendix 1. Summary of interviews

Appendix 2. Links to technical specifications of the smartphones researched

List of figures and tables

Figure 1. Quarterly sales in millions of smartphones by brand in Q2 of 2015	3
Figure 2. Market share of global smartphone market in Q2 of 2015	3
Figure 3. Brand fragmentation of phones operated by Android OS	5
Figure 4. Maslow's hierarchy of needs	7
Figure 5. Value proposition matrix	10
Figure 6. Value chain by Michael Porter	11
Figure 7. Consumer purchase funnel	13
Figure 8. Consumer decision journey	14
Figure 9. Data collection methods for marketing research	20
Figure 10. Purchase journey of first interviewee	25
Figure 11. Purchase journey of second interviewee	26
Figure 12. OnePlus invitational model	27
Figure 13 Review of OnePlus, HTC and Samsung flagship phones on NDTV	30
Figure 14. Cost/Specification ratio of selected Android flagship phones in 2014	31
Figure 15. Cost/Specification ratio of selected Android flagship phones in 2015	32

Glossary of terms

OS = Operating System.

ROM = A file containing the executable instructions (a system image) of an Android OS and affiliated apps. Basically "modification" over the top of the operating system.

1 Introduction

The global smartphone market has been dominated by two big players in the last few years: Apple and Samsung. (IDC 2015). Other former major players such as Blackberry, Nokia and HTC have been in decline during the last year. As the writing of this dissertation Nokia's mobile operations have been sold to Microsoft and the future of Blackberry and HTC look bleak at best. (Sinha 2015)

The maturing of the smart phone market has created an environment where extremely capable products can be produced at half of the cost of the flagships. (Hoffman 2015) This has opened the door to cheaper products from Chinese manufacturers such as Huawei, Xiaomi and OnePlus. While Huawei has been on the market for years producing networking equipment and other electronic products and expanded their reach to the mobile phones, both Xiaomi and OnePlus are relative newcomers. OnePlus has come to the global market in 2014 without any traditional advertisement such as television ads, magazine ads or even advertising on internet pages. (Woods 2014)

OnePlus has reached sales of 1.5 million phones by July 2015 (Petrovan 2015) and remarkable 5 million people have reserved invitation to purchase the second model of the company, the OnePlus Two. (OnePlus 2015)

The aim of this dissertation is look how OnePlus has managed to gain their market share in a crowded android smartphone market. As most of the products offer the same functionality, brands have to differentiate themselves either by offering new functionality, new experiences or by providing superior price/quality value.

1.1 Smartphone

In order to review One Plus's attempt to navigate the smartphone market it is important to explain the term smartphone and review the marketing environment in which One Plus competes. According to the oxford dictionary (2015) smart phone is "A mobile phone that performs many of the functions of a computer, typically having a touchscreen interface, Internet access, and an operating system capable of running downloaded apps." Typically these phones are known to use operating systems such as Android, iOS or Windows Phone, but these can also include less popular and less known ones such as Ubuntu or Blackberry operating system. For the purpose of this thesis, the oxford dictionary description will be used when discussing smart phones.

1.2 OnePlus

OnePlus was founded on the 16th of December of 2013 by Pete Lau and Carl Pei with a vision to create a "flagship" level device with a lower price to the end customer. OnePlus designs, develops and manufactures their own phones, but is currently looking at outsourcing some of the manufacturing to Foxconn facilities in India (Sharma 2015). Not a lot is known about the ownership of the company, but recent rumors suggest that Chinese mobile manufacturer OPPO might own a large chunk of OnePlus. (Mick 2014). OnePlus carries out its global sales only through their online store at oneplus.net. They have few number of retailers in China and India. (Fingas 2015, OnePlus 2015)

OnePlus unveiled their first mobile device on 23th of April 2014, named the OnePlus One. At the time of writing of this dissertation OnePlus One has sold over 1.5 million devices globally (OnePlus 2015). To obtain OnePlus One a potential customer had to get an invite by either winning one of OnePlus competitions or by getting it from one of the existing owners of OnePlus One. This method allowed OnePlus to keep track of the amount of potential orders coming in to ensure minimal costs for warehousing and minimizing the risk of having inventory on a product that cannot be sold anymore. From the 20th of April 2015 purchasing this device won't require invitation anymore (Mendoza 2015). A major reason for this decision might be due to release of second OnePlus one phone.

The OnePlus 2 was released on the 28th of July 2015 with sales of products starting on the August 11th of 2015. As of writing of this text, the OnePlus 2 has received over 5 million reservations to purchase product (OnePlus 2015). To buy this device customer must either sign up on a reservation list, win one of the contests organized by OnePlus or by getting invite of one of those people who have been able to buy OnePlus 2. OnePlus has also auctioned some of these invitations with the proceeds going to charity and organized small campaigns and events where these phones have been able to be purchased. (Gondhia 2015)

As of writing of this dissertation in October 2015 OnePlus has released two smartphones, some accessories for the phones and a quadcopter (OnePlus 2015). Further smartphones are being rumored, but no further announcements have been made.

1.3 The global smartphone market

The global smartphone market has been changing tremendously during the last 10-15 years. From the dominance of Nokia in early 2000s (Statista 2015) to the current situation where the market by sales numbers is dominated by Apple and Samsung. Below is the market share of sales of smartphones in the Q2 of 2015 (Judge 2015). As exact figures of OnePlus quarterly sales are not available, this dissertation will divide the annual sales of OnePlus One by four quarters.

Samsung	74,1
Apple	47,5
Huawei	30,5
Xiaomi	19,0
ZTE	17,1
Lenovo	16,6
LG	14,1
Others	150,625
OnePlus One	0,375

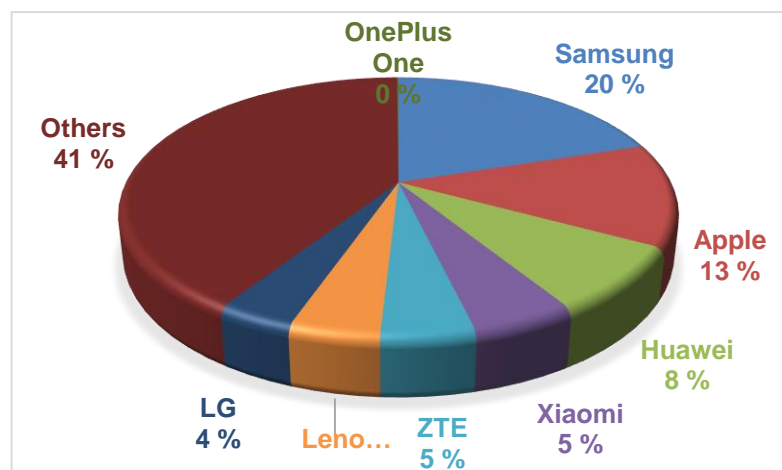


Figure 1. Quarterly sales in millions of smart phones by brand in Q2 of 2015

Figure 2. Market share of global smartphone market in Q2 of 2015

On average (as of Q2 2015), OnePlus has sold an average of 375,000 phones per quarter. This is not even 1% of the global smartphone market share and therefore it must be currently qualified an extremely minor player in the market. The market share of sales does not reflect the profitability of these companies. According to CanaIyst report (reported by Wall Street Journal, Ovide & Wakabayashi 2015) Apple makes 92% of the profits in the smart phone sector, even while having market share of under 20%. This is achieved by remarkable margins. It is estimated that the Apple iPhone 6 has margin of 40-69% of the product price (Fogg: 2015).

1.4 Brand fragmentation of Android

Android phones however have in general a lot smaller margins than Apple iPhones. Apple has its own operating system that it only uses with its own products. Other manufacturers have to choose to either license operating system from other players in the market or produce their own operating system. The major operating system used by most manufacturers is Googles Android, which has remarkable market share of 80% of the smartphones sold globally (IDC 2015).

Most manufacturers can go to Android due to its openness, minimal license fees, great application store and great support of third-party applications and devices due to the large existing install base. Some, such as Blackberry have tried to continue with their own operating systems with varying degrees of success (Knutson, Boulton, Connors 2013). As their install base is relatively small, the application and peripheral creators don't want to spend their efforts on creating items for their operating systems. (Burns 2014). This creates an issue, since no-one will develop applications until the product has install base, but install-base will not purchase the product until there is enough applications and support from third-parties for the platform. (Hay 2015) This has proven as a major stepping stone to likes of Windows Phone, which has 2,6% of market despite being supported and pushed by industry giant Microsoft (IDC 2015). Most companies have gone to use Googles Android, but this has created a problem within the manufacturers. Standing out is extremely complicated since most of the smartphones offer the same functionality and the same applications. There are ways to enhance to functionality of the product, but in highly price-elastic market, adding and expensive functionality might force higher end-price for the consumer.

While Apple has (3, 3S, 3GS, 4, 4S, 5, 5S, 5C, 6, 6 Plus, 6S, 6S Plus) released only 12 smartphones during its 8 years of existence, Android has much more diverse and crowded install-base. As of writing of this dissertation there are over 24.000 different Android smart phones globally (OpenSignal: 2015). As can be seen from the figure below, the market is extremely fragmented, with no individual device having big market share of the sales. Samsung has major share of the sales, while not a single products has over 5% market share of Android smartphones.

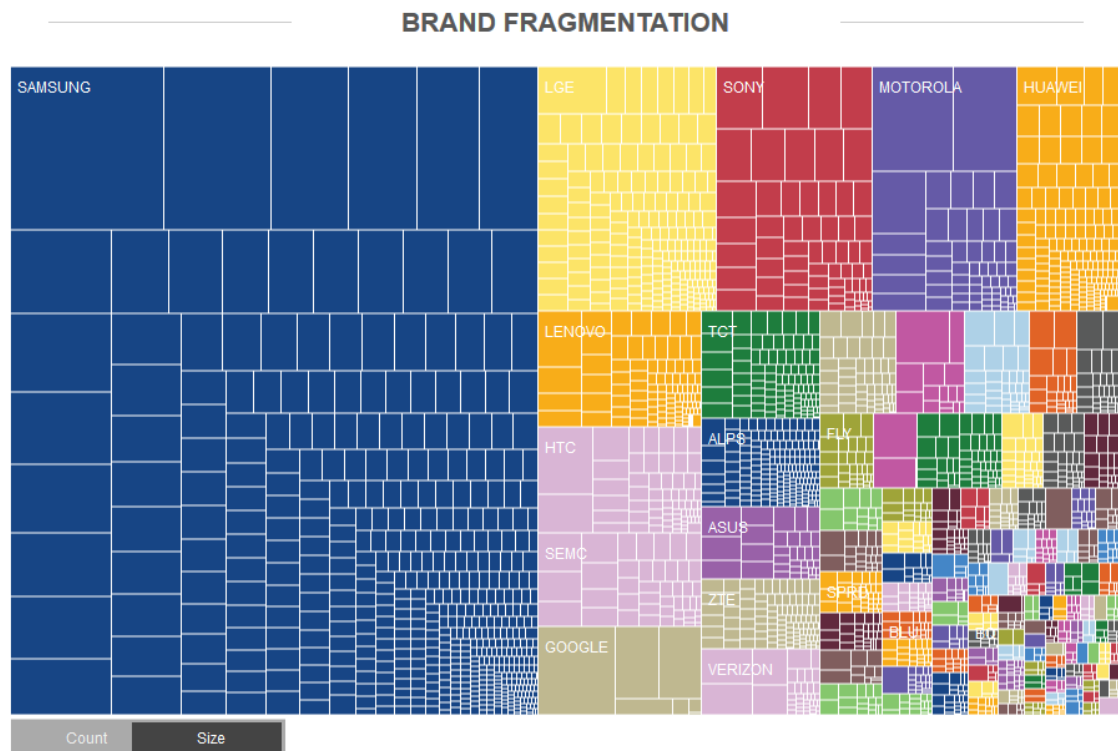


Figure 3. Brand fragmentation of phones operated by Android OS.

This type of fragmentation has led to situation where not only standing out has been difficult, but making profit has been more than difficult. According to Hruska (2015) universally successful products such as LG G3 and G4 have had a margin of only 1 percent.

For an enterprise is tremendously challenging to stand out in the sea of millions of products, major companies such as Samsung can spends a lot of money in their advertising and marketing. (Guardian 2013) They can afford to make contracts with local retailers and help the retailers sell more of its units. What can be assumed by the low margins is that due more open competition between Android manufacturers, price can play a bigger part of the purchase decision making for a potential android customer.

2 Literature Review

The literature review will take look at theories explaining the basic terms of marketing and value creation for a product. This will be looked by both psychologic level and in terms of business. From value creation the dissertation continue to investigate consumer decision making and how its evolvment to take into account the current state of advertising, marketing and the consumer behavior. Literature review finishes with a look at the tipping point of epidemics and continue with research methods and methodology.

2.1 Marketing

“Marketing is a social a managerial process by which individuals and organizations obtain what they need and want through creating and exchanging value with others. In narrower business context marketing involves building profitable, value laden exchange relationships with customers. Hence, we define marketing as the process by which companies create value for customers and build strong customer relationships in order to capture value from customers in return.” (Kotler & Armstrong 2010: 29). In an exchange process, one party gives something in exchange of other thing. In most basic terms, customer gives an enterprise money as exchange for a product or service provided. Marketing looks at how to improve this relationship to capture more money from customers in return (Kotler & Armstrong 2010: 29).

Needs and wants are two different subjects altogether. Needs are problems which people intend to solve with the purchase of product or service. These include such thing as need for food, sex or clothing. Wants in the other hand are a form of human needs that are shaped by culture and individual personality (Kotler & Armstrong 2010: 30). While a person would desire food based on their need, they will look at their interpersonal wants when making a decision. Finnish person might buy ruisleipä, American hamburger and a Spanish bocadillos.

2.2 Maslow's hierarchy of needs

Maslow's hierarchy of need model looks to explain why people have different type of needs. Psychologist Abraham Maslow saw the human needs in a form of a hierarchy. The model has five stages, starting with the most basic needs of physiological needs. Once needs at a certain level has been satisfied, this kind of need ceases to be motivator. The stages in question are; self-actualization, self-esteem, love and belonging, safety and security and finally physiological needs. (Griffin 2006)



Figure 4. Maslow's hierarchy of needs.

The first and most basic group of needs are the physiological needs. These include breathing, sleeping, food, water and sex (Koltko-Rivera 2006: 302). These are the foundations of all human needs. If a person doesn't have these needs fulfilled, it is pointless to look further. If person doesn't have food, they rarely tend to worry about their social status or emotional needs. In entrepreneurial sense this is important when marketing a product. If a person is suffering from a lack of water, product can be marketed as something enabling access to waters sources. Example would be a smartphone that can pro-

vide accurate location of working water distribution places. Marketing phone with applications such as Facebook and Twitter would not be something this person would care about unless they can offer solutions to underlying physiological needs.

When the person's physiological needs have been met, the person will start to look for a way to fulfill their safety and security needs. These needs include being free of physical danger, having a safe job, food supply and permanent shelter. (Koltko-Rivera 2006: 303) Hence, if person doesn't have a roof on top of their head, they are less likely to worry about their status within their society. Having a place to stay would overpower that need. If person is without house, market the product as something viable to help the person in finding shelter, instead of focusing how the smart phone can help the customer achieve recognition and reputation among their peers.

Once the physiological and safety needs of a person have been met, they start to worry and work towards improving their emotional needs. These include the need for friends, sense of belonging and people's capacity to receive love. (Koltko-Rivera 2006: 302) In a smartphone terms, if a person is looking to fulfill emotional needs, such applications such as Facebook or tinder can be used to promote the offerings of the product since it offers a way to receive love and connecting to other people

The next level in the Maslow's hierarchy is self-esteem. When a person has all the previous needs met, they will start to drive towards self-esteem by working on self-respect, achievement, attention, recognition and reputation. When a person has all the before mentioned needs fulfilled they can look how to achieve any of these factors. When person has house, food, security and love they are more likely to go in search of higher need such as gaining prestige through saving the world or by gaining more responsibility at work. . (Koltko-Rivera 2006: 302)

The highest and ultimate level of needs is self-actualization. According to Maslow this is about reaching full potential either in sense of truth, wisdom, justice, morality and lack of prejudice. "It manifests as a desire to accomplish everything that he/she can be and make the most of their life "(Lee 2015). This is extremely difficult for marketers use in selling a product. Some brands do this by making their product something that the wearer could become inspiration to others. Apples €18.000 golden iWatch could be one of the products that appeals to some peoples need for self-actualization.

Knowing Maslow's hierarchy is important for companies because "higher levels of needs influence future human behavior more than lower level needs. Businesses that can fulfill human needs on the higher levels of the hierarchy become irreplaceable in the mind of their customers. This is key to customer loyalty." (Bueno & Jeffrey 2014). According to Bueno & Jeffrey products that fulfill a lower need can be more easily switched than those which are higher in the model. Choosing one brand of rice instead of another is not as big decision as choosing between Apple and Samsung smartphone.

2.3 Customer perceived-value.

Ultimately every company sells their products by creating value to their customers. This can be in a form of product, service or combination of these two. It should be mentioned that value is not objective term, but subjective, depending on the benefits and costs associated. Same product will have different costs and benefits for a person. (Kotler, Keller 2009:59-71)

Value = perceived benefit / price paid (Leszinski, Marn 1997)

Example of two brothers buying a smartphone. One of them is 25 and uses the phone to do everything: browse internet, play games, take photos and sees the phone as symbol of wealth, something to show off. The other one makes occasional call and does not care about the "status" included when buying top-notch smartphone. Despite the price of the phone being the same for both, the first brother will get out much more value out of the product, since he is benefiting more for owning that product.

Below is a model to explain a matrix of value proposition. On the left column there is the customer quality index. The higher the index is, the higher quality the customers see the product to be. On the bottom is the price of the product. In this example high prices are on the left side and lower prices on the right side. Product that is expensive and low quality is considered as poor value. Products with high prices, but high customer index are considered as "expensive relationship".

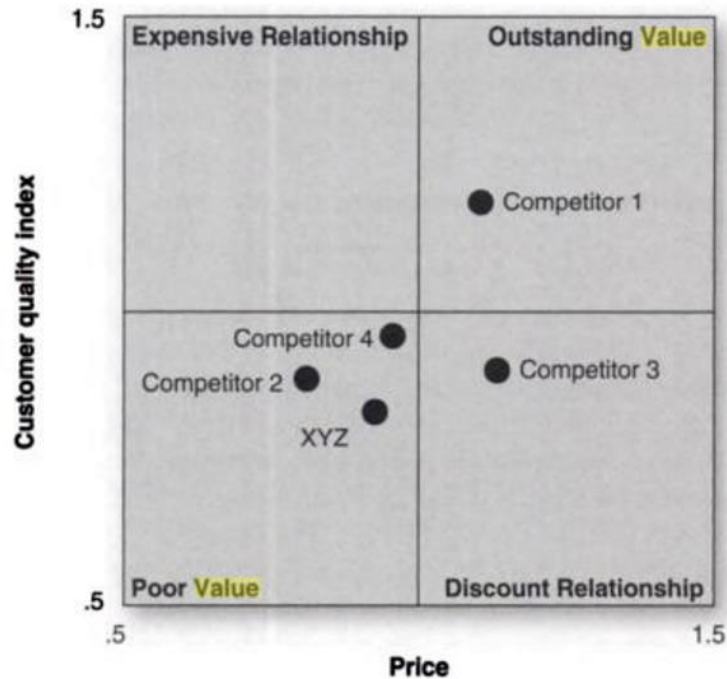


Figure 5. Value proposition matrix (Reidenbach, Goeke 2006: 20)

If the product is expensive and perceived quality is low it is unlikely the product will attract interest. If product is perceived as high quality and low price, it is expected that product has high demand. That's in theory. In reality this varies, if product is good and cheap it can be assumed to be inferior quality as its more expensive counterparts. In customers perspective value can be created by superior price level, better perceived quality, but how can a company achieve these factors. For this there is the value chain analysis model.

2.4 Value chain analysis

The value chain analysis is model created by market Michael porter to help understand how value to the end customer is created. The purpose of value chain analysis is to measure the value delivered and the profit contributed by each link of the chain (Sekhar 2009: 115). The value chain is the following:

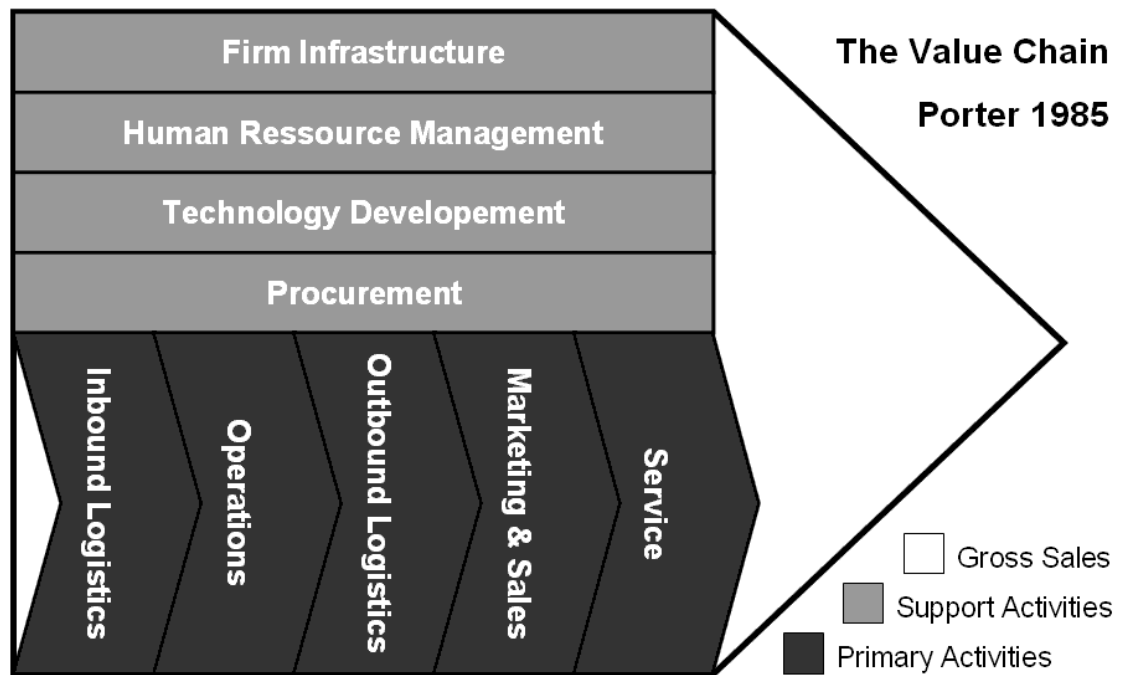


Figure 6. The value chain by Michael Porter

Value chain has five values generating primary activities; inbound logistics, operations, outbound logistics, marketing and sales and service. (Recklies 2001). Customer value can be created by using any of these factors. Being best in one of these can be something to create sustainable competitive advantage. A company who has the best outbound logistic can transport the product fastest to the customers or with lower cost that can make it more affordable. The company that has the best salesforce can achieve the most sales through sales process and service can make people return to the purchase as a repeat customer. The purpose of marketing is to find the strong spots and either improve them or improve the weaknesses in order to improve the sales.

Marketing and sales is the process of identifying the customers' needs and the generation of sales. It is important to know what needs and wants the customers have, but it is extremely important to know the company strengths and where they could gain the advantage. This dissertation will be focusing on the marketing and especially the strategy in terms of media and communications strategy. Dissertation will be looking also to factors why OnePlus can offer their attractive products at attractive price to consumers. The main focus is to look at the end-consumer to try to understand why they purchase the products instead of going for competitive products. Helping to understand why people by something even further, the consumer decision making process has to be further investigated.

2.5 Consumer decision making

According to the business dictionary (2015) “*consumer decision making is Process by which (1) consumers identify their needs, (2) collect information, (3) evaluate alternatives, and (4) make the purchase decision. These actions are determined by psychological and economic factors, and are influenced by environmental factors such as cultural, group, and social values.*” The journey from discovery of a product to the purchase can be anything from seconds to years. There are many models that are ever evolving due to the nature of market environments constantly changing. (Bettman, Johnson & Payne, 2000: 50)

The increase in the usage of internet and the ease of internet has allowed potential customers to look more easily to internet in the search of the end-product. (Lecinski 2011: 20). The process can vary from impulse purchases and adoptions of new things to carefully think out adaptations of new ideas and technologies. It should be noted that while there is a process from the discovery of product to the purchase and after purchase, there are many competing theories that in some parts support each other and in other parts compete with each other's. The process is extremely complex and even the smallest things can have an effect on persons decision to purchase a product, this can be anything from one referral to being in a right place at right time.

2.5.1 The consumer purchase funnel

Consumer purchase funnel is a process from the discovery of a product to the purchase of the product and beyond. These models are valuable to understand what the end-customers are going through and for entrepreneurs to know who to target their products. The AIDA (Awareness, Interest, Desire and Action) model is designed to explain the process from the first moment of discovery to the eventual decision of purchase. The first touch to the product knowledge is “Attention. From here the potential customer gains interest, then has the desire to purchase one and finally end-customer must be initiated to action (E. St. Elmo Lewis, 1898) .This can be anything as simple as having the purchase button on the online site or the salesperson asking to make decision between blue or green. As illustrated in this process only some people are transported from awareness to the initial action part of the model. If people go the desire stage, but are not initiated to action (to buy) it is signal that there is something the company has to improve with the

salespeople. If lot of people go to awareness, but do not go to interest stage shows it that either the products is wrongly positioned to people who do not care about the product or that there is no interest in the product in the marketplace in question.

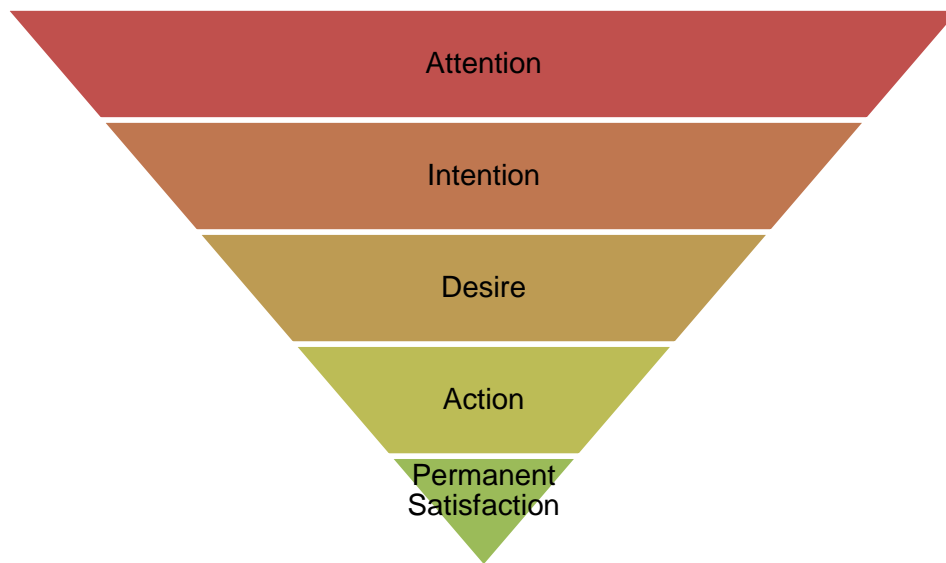


Figure 7. Consumer purchase funnel.

The model evolved to include fifth stage of permanent satisfaction which looks in keeping the existing customers satisfied with the production in the hopes of future sales (Crothers 2015) .The retention of existing customers is usually a lot cheaper than attracting a new customer (Gillen, 2005).

2.5.2 The consumer decision journey

Instead of looking at the consumer decision journey as a funnel, McKinsey and Co have created a model where this can be seen as a continuous process. The modern customer version of purchase funnel explains the recurring nature of the transaction between the end-customers and the enterprises. The consumer decision journey model is similar to the consumer funnel models, except it has been looked as a continuous circular process that keeps going. This model has been divided in four parts: (Court, Elzinga, Mulder & Vetvik, 2009)

1. Initial consideration (Trigger is needed to activate this stage)
2. Active evaluation (Information gathering, shopping)
3. Moment of purchase
4. Post purchase experience

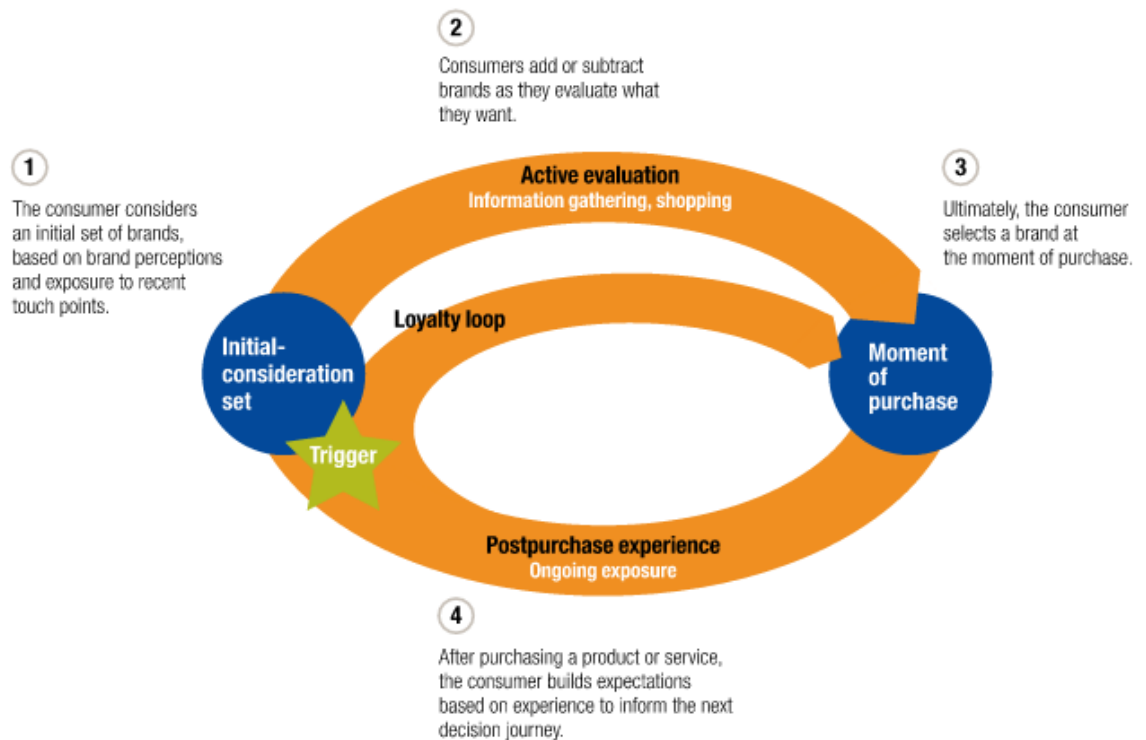


Figure 8. Consumer decision journey.

As the figure above demonstrates, consumer decision journey been seen as continuous process, where comfortable post purchase experience creates loyalty loop where customer keeps coming back to the original manufacturer. In essence it is the similar to the Aida model, but with continuity in the process. Everything that occurs during this process will have an impact to possible future transactions between the end-customer and the brand in question.

2.5.3 ZMOT Model

With the emergence of internet and the dominance of Google and their search engine customers' habits of consuming and purchasing have been dramatically altered. Being able to purchase products online and to research them conveniently anywhere and any-time has proven to revolutionize the way people go through their days. The Zero Moment of truth model is built to explain the change that has emerged with the increase of internet access and customers having on them devices that are constantly connected to internet. (Lecinski, 2011: 20). This model looks at the decision making as a three part model, instead of the 4 or 5 step model used in the Aida.

Purchase model used by Google, also known as the "traditional 3-step mental model" (Lecinski, 2011: 16):

1. Stimulus (Act that makes you want to buy the product)
2. First Moment of truth (The store shelf, the purchase)
3. Second moment of truth (Experience with the product)

First the potential customer has stimulus (for example an advertisement) which creates interest on the product and the mentioned person goes to store to buy it. The customer maybe compares the options a bit before making the purchase decision. With this older model the salesman and the advertisements have a lot of power. After the purchase there will be the second moment of truth where the customer has its interaction with the product. Good interaction can lead to future sales and referral, but bad experience can do the exact opposite. (Shandwik 2015: 1-9)

The zero moment of truth model (Lecinski, 2011: 17) points out the area between the stimulus and the first moment of truth. Once customers get a stimuli to purchase something, instead of buying the product immediately they tend to go online and compare prices and product to find one that provides sufficient value. There is tendency to trust internet sites such as Engadget, Gizmodo or the verge and peer reviews of the product. If product gets universally bad acclaim or people love it but criticize a part that one part that is extremely important to a product, they might change their opinion.

The huge growth of ratings and reviews available online has changed how people get their information. While word of mouth process has existed for ages when people used

to share information such as “where are good hunting grounds”, “where are dangerous animals”, now the conversation has changed to discussion about what products are good and what have the features they need. (Hurt, 2011: 31). Audiences are asking four questions; “will it save me money? Will it save me time? Will it improve my life? What it’s in it for me? (Stewart 2012: 350)

ZMOT model can help explain why new type of products from smaller manufacturers such as OnePlus have emerged to the marketplace. Positive reviews, recommendations and desired features can make even more unknown product seem more attractive than it has ever before been. (Shandwik, 2015: 1-9). Instead of customer looking at only the established brands such as Samsung, HTC and Apple, the internet allows them to find reviews of professionals and opinion leaders about the superiority of these lesser known brands. Combined with attractive price, this can create an edge to the smaller companies. Before the last 20 years this was different, since there was less ways for a person to look for options. If there was a good salesperson who was convincing, nothing else was required since further investigation to the subject would have been more cumbersome.

The importance of referrals has been also noticed by researchers of word of mouth association who argue that enterprises are (Whitler, 2014) unprepared and lack knowledge in word of mouth marketing. Referrals by either friends, forums or internet sites are considered word of mouth marketing.

2.6 Word of mouth marketing process

Word of mouth is a process where information is shared with other parties orally or by written communications. This can be negative, positive or neutral communication. (Stephen & Berger, 2009: 11). Word of mouth marketing is a process where a satisfied or dissatisfied customer orally or through written communication recommends or criticizes a good or a service. This is considered the most valuable type of marketing communication, because the customers tend to trust this the most (Whitler, 2014). Word of mouth is a process that can be influenced, but companies never can full control due to third-parties (customers) being involved in this process.

According to WOMMA (Word of mouth marketers association) marketers of products have failed to use word of mouth advertising in an effective way (Whitler, 2014). While

for a company it is nice to have millions of followers in Facebook, if none of them are active in the enterprises page promoting and engaging with the product, it is can be considered as non-valuable information. Few extremely active members can be much more important than thousands of inactive user who have liked the page at some point. They key on making this work is to have interactive conversation with your customers and potential customers. (Hunter, 2015) The word of mouth is created by three specific types of people who Gladwell (2015) calls as the connectors maven and the salesperson.

2.7 Tipping point of systems

To understand these three types of people, further research must be conducted on Malcolm Gladwell's tipping point theory. "The tipping point is a point in a systems development where small change leads to huge effect." (Gladwell, 2000).

There are different influencers in the word of mouth chain. According to Malcolm Gladwell (Gladwell 2000: 38, 60, 71) there are connectors, maven and salesman that will most influence the flow of information in the word of mouth chain. They are the people that make change happen. These people are crucial to tip over the point that distorts the equilibrium.

Connectors are those people who are connected to extremely huge amount of people and who are the "hubs" of other people. They are people who have huge social networks and are integral in the spreading off new ideas.) For an idea to spread it is important not how many people connect knows, but who they know.) Once they are introduced to a new idea or product, the information spreads through the social circles like wildfire. Not only the amount of people known by the connector is important, but it is much more important who connector knows (Gladwell 2000: 46).

Mavens are those who make change occur with their knowledge and enthusiasm about certain product or topic. They are the one with wide knowledge about the topic or product. Mavens can be anyone as long as they have deep understanding on the subject they are promoting to others. Mavens are those whose advice usually helps the connectors to spread their ideas. (Gladwell 2000: 62)

Salespeople are those who get other people hooked on the new ideas found. They are the ones who can pursue people to take action. Salespeople have the skill of making even the most complex things sound easy and simple.

According to Steve Phillip (2015) knowing these three groups of people is extremely important in social media activities. These are vital components of social media strategy and if one of these groups has not been taken into account will the campaigns fall short. To research this effect on OnePlus, further research on the company and its customers must be conducted.

3 Research and data collection methods

This dissertation looks to find out why and how OnePlus has been able to manage to gain market share in the highly contested smart phone market, while many other have failed, despite heavy marketing efforts. To find an answer to the question, further analysis must be conducted. This section of the thesis will look into research methods and finding out the most effective method of conducting the research.

3.1 Research methods

According to Burns and Bush (2003: 121) research can be divided in to three types based on the objective of the research. The methods are known as exploratory, descriptive and causal research.

Exploratory research is done “to gain background information, to define terms, to clarify problems and hypotheses, to establish research priorities.” (Burns, Bush 2003: 121). It is done when the author does not know a lot about the problem and is looking for additional information. This may be done by looking at second hand data such as reports, books etc. or first-hand research by surveys or focus groups. (Burns, Bush 2003: 122-124)

Descriptive research looks “to describe and measure marketing phenomena” (Burns, Bush 2003: 121). This is done by looking for answer to questions “who, what, where, when and how?” Examples of this are “who are our competitors”, “what is our products should we discontinue”, “when should we purchase products from our suppliers”. These are questions that have more of a conclusive answer than exploratory research (Burns, Bush 2003: 125).

Causal research is done to look to determine, to make “if-then” statements (Burns & Bush 2003: 121). These include “if player X raises the prices by 30% how much it would increase player Z sales on the marketplace” or “If marketing budget is cut by 50%, how big influence it will have on the company’s sales”.

3.2 Data collection methods of marketing research

There are two ways of data collection for marketing research; either first hand research or second hand research. Second hand research is done by using other authors and researchers published data a forming an opinion or conclusion based on these. First hand research looks to find the answer to the question researched by conducting own research. This can be done either by quantitative data collection, qualitative data collection or mix-method between these two.

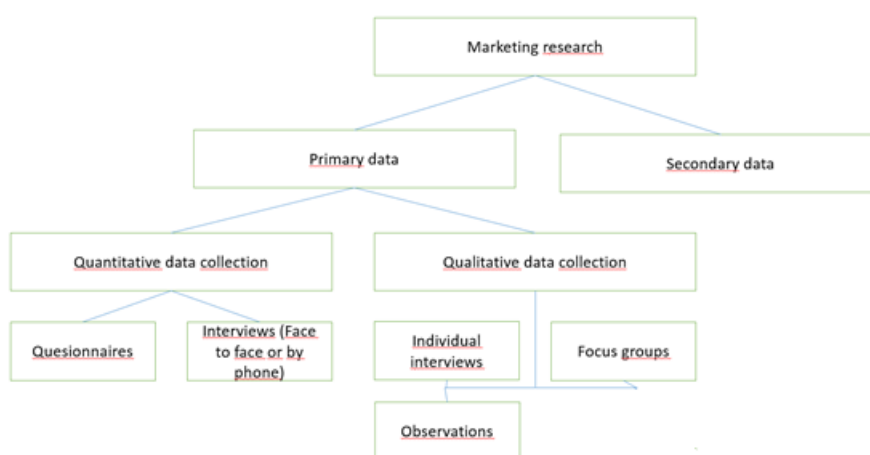


Figure 9. Data collection methods of marketing research

3.2.1 Quantitative data collection

Quantitative data collection is research where the focus is on as the name suggest the research that focuses on the quantity of answers gotten in order to get an idea of what is going on. “*Quantitative research produces numbers and figures – such as numbers and percentages of consumers who are aware of particular product or services.*” (Proctor & Jamieson 2012: 1/14). Quantitative data collection can be conducted by interviews or questionnaires. These can be done on premise, online, via mail or by phone interviews. They can be either questionnaires or polls to try to find a trend with the issue researched and reality. “*The word survey means field studies intended to secure different items of*

information from the sample of respondents which are the representatives of a large group” (Avasarikar & Chordiya: 2007: 3.8).

3.2.2 Qualitative data collection

Qualitative market research is where the focus is on interviewing and researching few people. Hence the term “qualitative”. The purpose of qualitative research is to take a deep dive into the attitudes and beliefs of people. These can be the potential customers, customers or industry leaders. Qualitative market research includes such methods as group studies, depth interviews and observational market research technologies. “*Qualitative research...provides data on why people buy – what motivates them to buy – or their impressions of product services or advertisements*”. (Proctor & Jamieson 2012: 1/14). Qualitative research can be done by individual interviews, focus groups, observations or actions research.

Individual interviews are a method of data collection that involving two or more people exchanging information through series of questions and answers. Interview research looks to “explore the views, experiences, beliefs and/or motivations of individuals on specific matters” (Silverman 2000). Interviews are considered most useful when the researcher has already existing knowledge of the subject researched. Interviews are also appropriate for exploring topics. (Silverman 2000). Focus group is a discussion with a group about some certain topic. Focus groups are used for generating information on collective views. (Morgan 1998) Observational research is, as the name suggest type of correlational research in which researcher observes on-going behavior.

4 Research Methodology

Research in this dissertation is carried out to discover the views and opinions of professionals included in the field and to see what customers how the people who have purchased OnePlus One view it. Since there isn't one exact question that this dissertation looks, rather than exploring the subject in hand, the research conducted shall be exploratory. As a research method, this paper will use both first-hand research and second-hand research. For these purposes the author has decided to use interviews as a method of first-hand information. First hand interviews allow the interviewer to gain insight into the ideas and get deeper understanding on their purchase process. The existing knowledge by the Author helps develop appropriate questions and have deep conversations with the tech-enthusiast. Two of the interviewees poses remarkable knowledge of global smart phone market and this knowledge is used to gain more knowledge for the industry in general.

The resources used for second hand research are various internet pages, forums, videos and literature found in magazines and books.

For first hand research the interviewer decided to interview three people who owned OnePlus one, all with different background, life situation and location. The aim of these was to look at each ones purchase process. Two of the interviewees where engaged in the community around the OnePlus and were also asked about questions about the industry and where it is headed.

The three people interviewed for the dissertation were:

- Mari-Liis Arike, 25, Logistics planner, Brno, Czech Republic. Average technology consumer, not a tech enthusiast.
- Thomas Goff, 36, Marketing research professional, Paris, France, tech-enthusiast.
- Shubham Yadav, 18, Student, India. Tech-enthusiast.

More detailed summary of the conversations can be found from the appendix 1.

4.1 Limitations of research

Due to the limited resources available, this dissertation has the interviews of three people included. Ideally 10 or more people from different backgrounds would have been preferable to gain more accurate insights on the customer's minds about the OnePlus. Due to the small sample size in question these three people cannot give an all-around view of the topic researched, but rather help to find out more about how OnePlus conducts their marketing operations and how people end up purchasing their products.

This dissertation does not go deep to the invitation system and its effect due to the limited access to One Pluses records. These records could give more accurate answer to if the invitation model deployed by OnePlus has a part in the process of spread of information and knowledge of OnePlus products.

5 Research results

5.1 Consumer decision making process & journey for OnePlus users

The three interviewed people all had their own journeys in the discovery and purchase of the product. Below are the purchase journeys of all three participants.

The first interviewee (Mari-Liis) was triggered to search for new phone when her old phone stopped working outside the house due to cold temperature. Since the phone still worked indoors, she had time to search for a right phone. Most reviews on online were positive and she decided to purchase the phone once she was able to get invite to purchase the product.



Figure 10. Purchase journey of first interviewee.

The second interviewee (Thomas) was involved with the OnePlus community early on and discovered the product from XDA-developers community online. He researched the product by watching YouTube videos, reading reviews, following and interacting with community. He decided to purchase the phone when he had enough confidence that the product was more than hype, but actually being a great product.

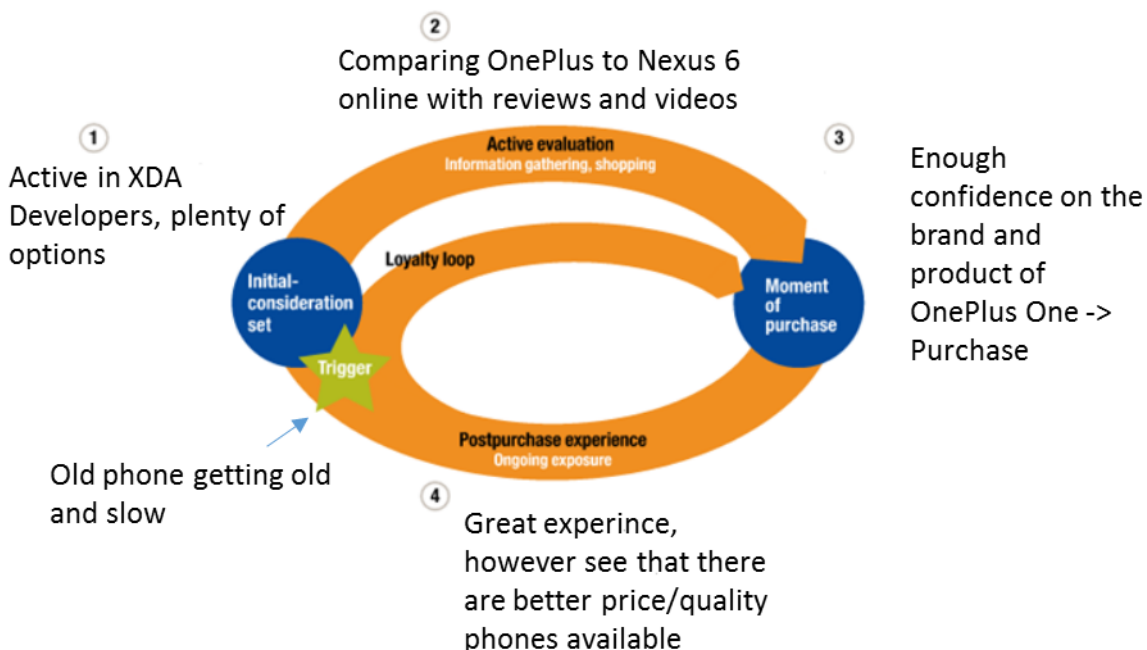


Figure 11. Purchase journey of second interviewee.

The third interviewee (Subham) had Motorola Moto G and was looking for something a bit more powerful as heavy user. He had identified Sony Xperia Z1 as the other options, but found out that to be more expensive and less powerful than the OnePlus one. He bought the phone immediately when it arrived to India. It should be noted that this neither was an impulse decision due the person researching the product extensively.

All of the interviewees had number of factors in common. None of them had purchased the product as impulse purchase and all of them had watched reviews online in tech review sites and on YouTube. Since the brand is fairly unknown, all of the interviewees looked to find confirmation of to the quality of the product online. Notable in this process is that none of them decided to purchase the device because they got invite or first discovered the product through the invite method.

5.2 OnePlus marketing

OnePlus has not carried out traditional marketing efforts such as showing advertising of its products in public places or in newspapers. They however have had marketing operations consisting of online campaigns, free publicity from controversial stunts such as the “take a sexy photo of yourself and be awarded with free invite to purchase the product” to “break your old smartphone to get OnePlus One” and invitation model that has arguable raised more attraction towards products as pointed out by the two tech-enthusiast interviewed. (Thomas, Shubham).

5.2.1 Invitation system

OnePlus has deployed their own type of strategy when selling its phones. Getting hands into one of the devices has been complicated by OnePlus creating a system where invitation must be obtained in order to purchase the product (OnePlus 2015). While this helps the company to manage their inventory it can also be seen as a strategy to increase their sales through scarcity and the higher demand it can create. (Cialdini 2006:197) Invitations can also be used to target the people of community OnePlus sees as most valuable to promoting the brand and the product.

The first OnePlus was released on 23th of April 2014. OnePlus started the process of selling its One model through invitation model. The most active members of OnePlus forum community got invite to purchase the phone. Additionally 100 people who won controversial “smash your phone” contest were awarded with OnePlus One. Idea of the contest was that the contest would destroy their old phone in dramatic ways, such as throwing it to wall or to the floor. This contest was surrounded with controversy, with hundreds of people destroying their current phone, but only 100 receiving new OnePlus. This created negative publicity for OnePlus, but also free publicity that further spread the knowledge of the product as the campaign was mentioned in multiple influential internet sites such as Phandroid, and Forbes.

Both the purchasers and the winners of contest were given three invitations to people to purchase the OnePlus One. Once the invite to purchase was sent forward to another person there was 24h time to purchase the product. If the invitation was not used it was dismissed and the potential purchaser lost their right to buy the phone. This made the product scarce by terms of availability. The amount of phones was limited and once a person got the invite, even the invite had a limited timeframe. It is unknown is this was intentionally the plan of OnePlus or not.

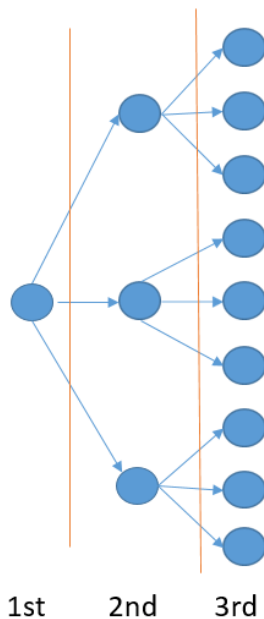


Figure 12. OnePlus invitation model.

Combining of publicity (albeit negative), invitation model and attractive product at good price lead to sales of 1,500,000 in the first year of being on the market. It should be however noted that not all of the people share their invites to other people. From the interviewed people 1 didn't remember to give invites to anyone, another one gave, but the friend did not purchase the product on time.

For the release of OnePlus two, the OnePlus followed with similar type of model. This time however they had the additional factor to influence the access to invitations. The people who had been ordering the product earlier had better odds of getting invitation more early. OnePlus organized small competitions that were not as radical as the ones used in the marketing of OnePlus One. Some invites were given to tech sites such as PC Advisor UK (Allsop 2015) that held their own contests to award their readers to invitations to purchase the product. OnePlus also organized an event in Paris, France where

it for a small while sold the product from Colette boutique. At the event 200 people lined up to purchase the product, while only first 20 were rewarded with the opportunity to buy the product. (Pandey 2015). To avoid controversy Carl-Pei, the co-founder of OnePlus promised to send all the rest people who were lining up an invite to purchase the phone from their online shop.

For the OnePlus two invitation system OnePlus moderator explained how the decision of giving invites to people is handled (OnePlus 2015). The potential customers who are higher in the chain will get their phones first. The list goes as follows:

1. Participants or winners of events
2. Early supporters of OnePlus One and active forum members
3. Customers who have purchased OnePlus One
4. Reservation list

The ranking of the supporters and active forum members is based on the four criteria:

- When the phone was purchased
- The amount of OnePlus ones purchased
- The date joined the OnePlus forums
- Amount of forum posts that have great engagement and quality

The exact algorithm of how these are calculated is secret, but one can assume that it looks to engage and give the product to people who are most likely to promote the product further. From the interviewed people, Thomas Goff saw that despite the invitation model being extremely successful initially, it is only becoming a nuisance to the end-customers. This is due to the product not having better price to specifications ratio to its competitors. Lot of small Indian and Chinese companies such as ZTE and Zuk have caught up with OnePlus.

5.2.2 Word of mouth marketing of OnePlus

Based on the first-hand research committed, it appears that the invitation model does not work as a promotional tool. While the writer had belief that interview model could help with getting more people by promoting the product through invites that does not seem to be the case. None of the people interviewed found out or purchased the phone because they received the phone. On the contrary, people made purchase decision and then found a way to get the invite. It should be mentioned that the researcher had limited sample size and with additional time and access to OnePlus customers this could be more deeply and more accurately analyzed.

There is no evidence found that OnePlus consciously targets certain categories of people such as mavens, connectors and salespeople. They however have extremely engaged community, which is mainly consisting of tech enthusiasts. This was achieved by creating the phone in a way that it gives developers and customer's free hands on developing their own modifications, ROMs. In most other phones installing custom ROM will void the warranty of a phone, while in OnePlus it does nothing.

5.2.3 OnePlus campaigns and controversies

The first campaign that OnePlus organized was the "smash your old phone to get new OnePlus". While surrounded by controversy and angry feedback from potential purchasers it did raise the awareness of the product around the globe. Another controversial campaign "ladies first" encouraged women to take and share pictures of themselves with a picture or text of OnePlus logo. 1 lucky person would win OnePlus one and the best 100 women would get invite to purchase OnePlus One.

As mentioned by two of the interviewees (Goff, Yadav), these campaigns successfully allowed OnePlus to gain more knowledge around the world. While the campaigns itself where controversial and gained negative attention, they helped by bringing the product forward and to the knowledge of wider audience. If the product would not have had superior price/quality ratio, these campaigns would have had no or very small influence, but due to great value, these could we consider as success.

5.2.4 Value analysis of OnePlus

“Never Settle” is the motto of OnePlus Company. “Flagship Killer” is how they advertise their phones. Below is example of review by NDTV tech site. Overall all of these three products gained the same rating. Samsung Galaxy S5, HTC One M8 and OnePlus one all received the same rating despite the prices being on launch €699 for Samsung, €649 for HTC and €329 for OnePlus with the same storage amount as the HTC. Version with less storage cost only €299 (NDTV). In the figure below the first phone is OnePlus One, the second phone is HTC One M8 and the third phone is the Samsung Galaxy S5.

			
RATINGS			
Overall NDTV Rating	8	8	8
Design Rating	6	8	7
Display Rating	9	8	9
Software Rating	9	7	7
Performance Rating	9	9	9
Battery Life Rating	6	8	9
Camera Rating	7	7	9
Value for money Rating	10	8	7

Figure 13. Review of OnePlus, HTC and Samsung flagship phones on NDTV.

Based on these reviews it seems that in terms of value OnePlus seems to have over competed the Samsung and HTC, also pointed out in the “value for money rating” portion of the figure. However this might be case only for some. While the product has great reviews and is trusted among the tech enthusiasts, this might not help the product to spread in the mainstream.

While Samsung and HTC phones can be directly purchased from almost all the retail stores and carriers around the world, the OnePlus can be only bought online. For many people this adds the amount of cost (risk) associated with the product too high. What

would a customer do if the product breaks, who takes care of them, who is responsible of fixing the device.

For the invitation model to be successful, product has to offer better value than its competitors. If product doesn't have potential customers who see it as the best and superior value, people will not wait for the invite for the product. In 2014 OnePlus was considered to offer superior value compared to its competitors. The exact specifications won't be listed here due to their length. Appendix two has links to pages where the specifications of all the phones mentioned can be checked.

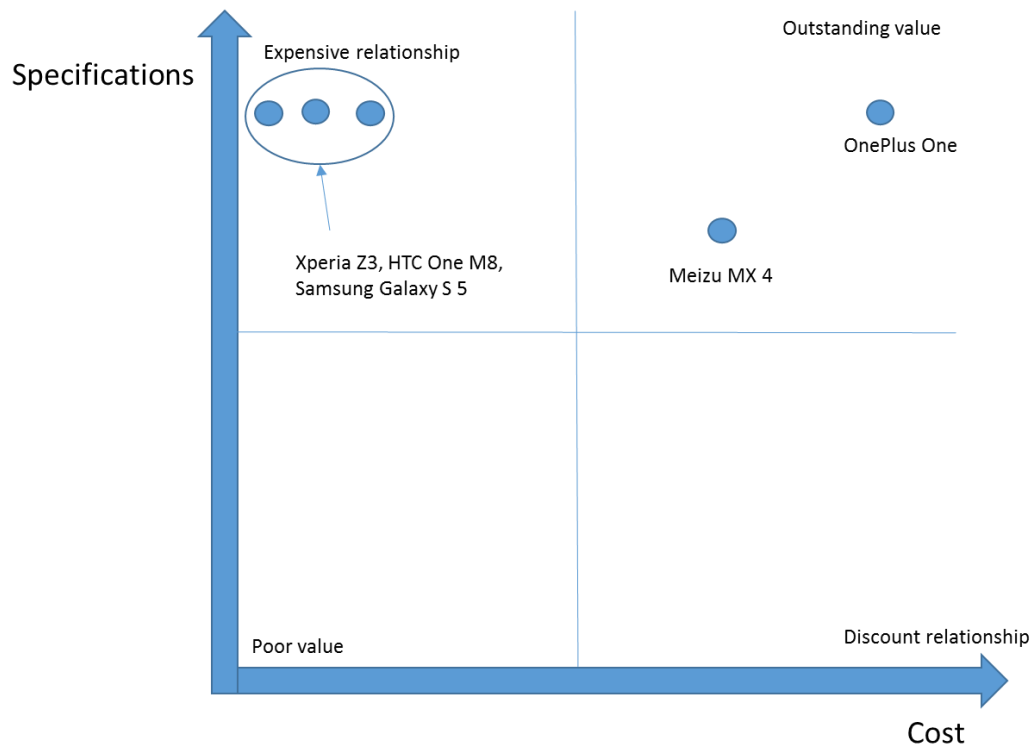


Figure 14. Cost/Specifications ratio of selected Android flagship phones in 2014.

This graph was created by looking at the sales prices of these phones in 2014 and the technical specifications included. No other factors such as community or freedom to modify the operating system were looked at here. As of November 2015 the global smartphone landscape has changed tremendously. There has been influx of cheaper products with flagship grade internals.

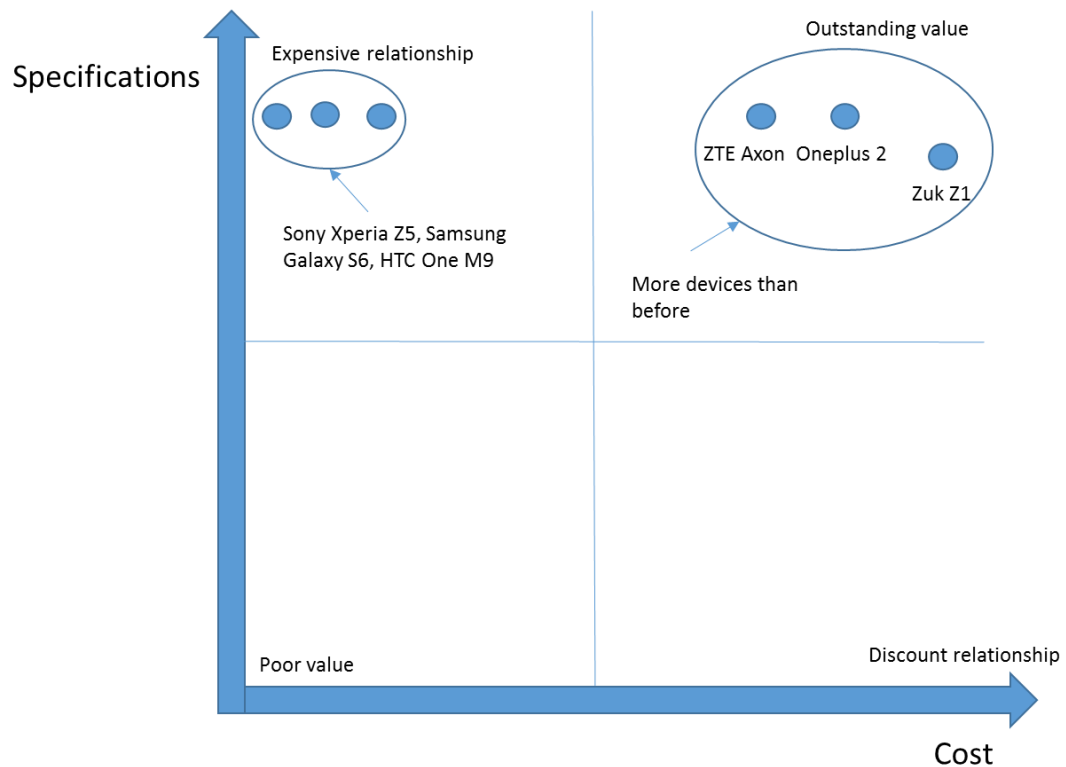


Figure 14. Cost/Specifications ratio of selected Android flagship phones of 2015

As the second figure shows, OnePlus has increased competition in the sector of phones that have high specification and lower cost. As mentioned by one of the interviewees, Thomas Goff, this has led to situation where the OnePlus model does not provide benefit from the invitation model as it did before.

In the traditional value analysis, the inability to purchase the product will increase the perceived cost to the customer and due to that reason comparing the two years of 2014 and 2015 becomes important. In 2014 OnePlus was in their own class when it came to value, that problems with invites were not big enough to deter potential purchasers. In 2015 the situation has changed. OnePlus is not in their own value class anymore and customers can easily go and buy similar replacement device from another manufacturer as ZTE or Zuk. This ratio doesn't take into account the community, the possible included applications or even the design of the phone. All of those play their part in convincing potential customer to buy the product.

Value of product includes such elements as the transportation and service included in the product. OnePlus can be only bought online while the competitive products can be found in the local stores around the globe. For some customers this will make the other products more valuable despite higher price or lower specifications. For some of the potential customers, the lack of retailers can provide a risk when it comes to aftersales services offered by OnePlus. While competitor's product can be easily sent to repairmen in the local shop, OnePlus products must be sent in a box to OnePlus. This not only increase the risk of something possibly going wrong, but increases the time it takes to fix or replace the broken phone.

6 Discussion

The aim of this dissertation was to investigate why and how OnePlus has managed to gain foothold to itself in the contested android smart phone market despite spending virtually no money on traditional advertising.

Based on the research it seems that this was achieved by first building a product that was considered top-level and sold to the customers in the half of the price of the competitors. This was possible precisely due to minimal marketing spending which allowed OnePlus keep the price of the product lower than competitors. OnePlus has been said not to make any profit in the first two years of operation (Pandey 2014). After creating excellent affordable product OnePlus started creating innovative, but controversial campaigns that increased the knowledge about the product globally. Their invitation model helped to keep their stock low and ensure that they do not produce more products than necessary. Invitation model aided in the view of creating scarcity in the availability of product. Since the product was excellent, well-priced and hard to get, lot of people started to desire it. As mentioned by one of the interviewed people (Goff), getting the phone gave the purchaser feeling of being a VIP due to the fact that there were many people who tried to get the product, but were unable due to lack of Invitations.

When it came to OnePlus 2, things changed. While OnePlus 2 was backed up by same amount of hype than the first one and similar invitation model, the phone did not have the same price/quality ratio advantage on the marketplace. There were other models such as ZTE Axxon and ZUK Z1 with similar prices and specifications. With invitations taking for long time, lot of potential customers could go to alternative products. To correct this OnePlus has do to extra efforts. Extra efforts cost more money and more expenses can lead to increased prices, since OnePlus sells their products with almost no margin. (Pandey 2014). What these efforts are exactly and what OnePlus could do to stay relevant is a topic where the author wishes to continue in his future research. However there are few things that should be taken advantage by OnePlus to stay in the picture.

6.1 Recommendations

In the writers view OnePlus has been able to achieve its success in the marketplace by focusing on developing niche following and community around it. Apple was able to create marketplace for its phone by being the first truly usable smartphone, OnePlus one has done the same in the ROM-development community by being the first one who openly from beginning supports customizing the operating without punishing customers with losing of warranty. ROM-development community is group of people who work with each other to modify the operating system on the phone and who spend their time discussing about mobile phones and accessories. XDA-developers is one of the biggest of these communities with 6.6 million registered members (XDA-Developers Forum, 2015). Two of the people interviewed for this dissertation as well as the writer are part of this community.

Creating community around the product was helped tremendously by having a product with arguably the best price/quality ration on the market. In the moment of its launch. Key for future is not about keeping the best specification/ price ratio, since this will be unsustainable in a long term. There will be companies with less costs and it is only matter of time when someone develops phone that has better value in terms of specifications/price. OnePlus has been able to achieve a status in many peoples mind as an affordable great phone and they should do anything possible to enforce this view. Producing products with minimal prices for as long as possible could help with this process. Keeping their current customers happy by providing them more reasons to recommend the product would not harm them either. As mentioned by one of the interviewees, he would not purchase the product nor recommend the OnePlus phones due their lack of support for existing devices. Stopping support of their phones one year after sales is not the best plan for the company's image, even though it could save on some expenses in the short term. Having an image of being cheap is not the same as having image of producing affordable and powerful devices.

What OnePlus has to look at his how they can produce extra value for their end-customers without having to go to extreme price competition. This could be done with many different ways. One popular way done by other competing mobile manufacturers is to go through retailer. While it adds a middleman to purchasing process of the product, it also allows the product to reach those people who won't buy the phone from the internet. This is usually accompanied by advertising and spending some money on the retailers to

display and promote the product. This would increase the prices of the product, but might be something OnePlus has to do if it wishes to expand its customer base.

Other maybe more suitable strategy to grow is to go through their current loyal fan base. The writer would argue that the customers on the XDA-Developers and other similar communities are more price-sensitive due their wider knowledge on the industry in general and better knowledge of availability of substitutes. Supporting the development community and keeping prices affordable is a way to keep with their current customer base. To expand through the community OnePlus should find a way to get their message out of the community. Getting the technical mavens to connect with connectors could help with this. To target other people through the community OnePlus has to create brand trust with the potential end customers. Recommendations are excellent ways for doing this. It is the job of OnePlus marketing department to make sure that the recommendations of the product go out of the tech-community, if they wish to become wider success. The key question here for OnePlus to research would be "How to get the mavens recommend the product to other groups of people? ". Maybe rewarding the people who invite others somehow or by incentivizing them do promote the product to others. This is one of many topics that require further research.

Whilst currently the OnePlus One and 2 phones have been featured in tech-sites and blogs, OnePlus still has a way to go to reach average newspapers, tv-shows and other traditional media. To keep price low, OnePlus has to find creative ways on appearing in these. Spending huge amounts of money to achieve this would force them to increase the prices or run with negative profit. Third way to achieve wider audience is a stunt. In the writers view, OnePlus should do some extravagant stunt to get the word of OnePlus in the minds of average consumers. The event organized should not only be widely publicized, but should include possibility for OnePlus to display that the brand is extremely trusted and provides superior value. To support this potential event, the current enthusiast should have a way of connecting and showing their affection for the phone.

Ultimately, OnePlus has to decide if it wants to go through the same route as the competitors in going through retailers, find a way to use its community and existing customers to promote the product further or do something massive, something groundbreaking in terms of marketing campaigns to expand beyond the tech-community. OnePlus can combine some or all of these to find itself grow beyond its current customer base.

6.2 Further research

To know exactly what OnePlus should do in terms of its future, there are plenty of questions that deserve further research. The main question that stayed with the author of this dissertation was why no-one else in 2014 offered phone with similar specifications and price. Did OnePlus get better agreement than others, or are the owners actually losing money, despite publicly looking for 0%-result. Could OnePlus continue with having the best price/specification ratio in the future? While it seems impossible, it is something worth taking look at.

The future of OnePlus deserves also further research, should they stay with their niche-following or should they expand to new customers? Should OnePlus expand to retail stores globally? Should they start working with carriers? Should they increase prices and improve service? Should they minimize all the costs and only focus in price/specification ratio. What should they exactly do?

These are all questions that deserve further research.

7 References

D. P. Avasarikar, Dr. S. B. Chordiya. Marketing Research.2007. First edition. Nirali Prakashan

James R. Bettman, Eric J. Johnson, John W. Payne. Consumer decision making. 2000. [ONLINE] Available at: <http://www.haas.berkeley.edu/Courses/Spring2000/BA269D/BettmanJohnsonPayne91.pdf>. [Accessed 01 October 2015]

Bj Bueno. Scott Jeffrey. Why Maslow's Hierarchy of Needs is Crucial for Your Business – cultbranding.com. 2015. [ONLINE] Available at: <http://cultbranding.com/ceo/maslows-hierarchy-needs-crucial-for-your-business/>. [Accessed 18 October 2015].

Burns. BlackBerry Turns To Amazon To Fix BlackBerry's App Problem | TechCrunch. 2015. [ONLINE] Available at: <http://techcrunch.com/2014/06/18/blackberry-turns-to-amazon-to-fix-blackberrys-app-problem/>. [Accessed 25 October 2015].

Alvin C. Burns, Ronald F. Bush. Marketing Research: Online Research Applications, Fourth Edition 2003, .Pearson Education Inc. Published by Prentice Hall.

Robert B. Cialdini, 2007. Influence: The Psychology of Persuasion, Revised Edition. Harper Business.

Kelly Crothers. Increasing Customer Lifetime Value: The Importance of After-Sale Maintenance and Service Revenue - MaintenanceNet. 2015. [ONLINE] Available at: <http://www.maintenancenet.com/2015/02/increase-customer-lifetime-value/>. [Accessed 18 October 2015].

Anthony Domanico. OnePlus launches, then deletes 'Ladies First' promo contest - CNET. 2015. [ONLINE] Available at: <http://www.cnet.com/news/oneplus-launches-then-deletes-ladies-first-promo-contest/>. [Accessed 10 October 2015].

Jon Fingas. OnePlus is opening a retail store in China. 2015. [ONLINE] Available at: <http://www.engadget.com/2014/11/26/oneplus-store/>. [Accessed 17 October 2015].

Malcolm Gladwell. Q and A with Malcolm. 2015. [ONLINE] Available at: <http://gladwell.com/the-tipping-point/the-tipping-point-q-and-a/>. [Accessed 07 November 2015].

Nirave Gondhia. OnePlus is auctioning OnePlus 2 invites for charity - Android Authority. 2015. [ONLINE] Available at: <http://www.androidauthority.com/oneplus-is-auctioning-oneplus-2-invites-for-charity-631283/>. [Accessed 14 October 2015].

Phil Hague, Nick Hague & Carol-Ann Morgan, 2004. Market research in Practice. First Edition. London & Sterling, VA

Chris Hoffman. Why You Don't Need an Expensive Smartphone Anymore. 2015. [ONLINE] Available at: <http://www.howtogeek.com/196500/why-you-dont-need-an-expensive-smartphone-anymore/>. [Accessed 7 October 2015].

Emily Hunter. 5 Ways Customer Interaction Can Improve Your Business. 2015. [ONLINE] Available at: <https://blog.zopim.com/2015/05/11/5-ways-customer-interaction-can-improve-your-business/>. [Accessed 25 October 2015]

IDC: Smartphone OS Market Share 2015, 2014, 2013, and 2012. [ONLINE] Available at: <http://www.idc.com/prodserv/smartphone-os-market-share.jsp>. [Accessed 18 October 2015].

Rolf. A. Janke, 2011. Encyclopedia of consumer culture. Sage Publications Inc.

Simon Judge. Chinese Brands Dominate As Huawei Becomes The Third Largest Mobile Phone Brand Globally For The First Time | Smartphone Market Research. 2015. [ONLINE] Available at: <http://www.smartphonemarketresearch.com/chinese-brands-dominate-as-huawei-becomes-the-third-largest-mobile-phone-brand-globally-for-the-first-time/>. [Accessed 18 October 2015].

Mark E. Koltko-Rivera. 2006. Review of General Psychology. Rediscovering the later version of Maslow's hierarchy of needs: self-transcendence and opportunities for theory, research and unification. American Psychological Association

Phillip Kotler, Gary Armstrong, 2010. Principles of Marketing. Thirteenth edition. Pearson Education.

Philip Kotler, Kevin Lane Keller. A framework for marketing management. Fourth edition. 2009. Pearson Education, Inc.

Jim Lecinski. 2011. Winning the Zero Moment of Truth. Google Inc.

Dylan Lee. Maslow's Hierarchy of Needs and Marketing. LinkedIn. 2015 [ONLINE] Available at: <https://www.linkedin.com/pulse/maslows-hierarchy-needs-marketing-dylan-lee>. [Accessed 18 October 2015].

Ralf Leszinski, Michael V. Marn. Setting value, not price | McKinsey & Company. 2007 [ONLINE] Available at: http://www.mckinsey.com/insights/marketing_sales/setting_value_not_price. [Accessed 07 October 2015].

Michael McCarthy. CMO: Harley-Davidson Is About Lifestyle, Not Transportation | CMO Strategy - Advertising Age. 2013. [ONLINE] Available at: <http://adage.com/article/cmo-strategy/cmo-harley-davidson-lifestyle-transportation/242952/>. [Accessed 11 October 2015]

Jason Mick. DailyTech - Documents Show OnePlus is Secretly Owned by China's Oppo Electronics . 2015. [ONLINE] Available at: <http://www.dailytech.com/Documents+Show+OnePlus+is+Secretly+Owned+by+Chinas+Oppo+Electronics/article34809.htm>. [Accessed 03 October 2015].

Menchie Mendoza. No More Invites Needed To Buy OnePlus One Smartphone — Now and Forever: PERSONAL TECH: Tech Times. 2015. [ONLINE] Available at: <http://www.techtimes.com/articles/47415/20150420/no-more-invites-needed-to-buy-oneplus-one-smartphone-now-and-forever.htm>. [Accessed 18 October 2015].

Morgan D L. The focus group guide book.1998. Sage Publications.

Edwin J. Nijssen, Ruud T. Frambach. 2001. Creating Customer Value through Strategic Marketing Planning: A Management Approach. Kluwer Academic Publishers.

Shira Ovide, Daisuke Wakabayashi. Apple's Share of Smartphone Industry's Profits Soars to 92% - WSJ. 2015 [ONLINE] Available at: <http://www.wsj.com/articles/apples-share-of-smartphone-industrys-profits-soars-to-92-1436727458>. [Accessed 16 October 2015].

Rajesh Pandey. 200 people queued up to purchase the OnePlus 2 in Paris today, but the company had only 20 units in stock. 2015. [ONLINE] Available at: <http://www.androidbeat.com/2015/08/200-people-queued-purchase-oneplus-2-paris-company-20-units-stock/>. [Accessed 16 October 2015].

Bodgan Petrovan. OnePlus sold around 1.5 million One units in one year of availability. 2015. [ONLINE] Available at: <http://www.androidauthority.com/oneplus-one-1-5-million-units-sales-627816>. [Accessed 18 October 2015].

Steve Phillip. A Maven, A Connector, A Salesperson - Your social media needs all 3! LinkedIn. 2015. [ONLINE] Available at: <https://www.linkedin.com/pulse/maven-connector-salesperson-your-social-media-needs-steve-phillip>. [Accessed 07 November 2015].

Tony Proctor, Barbara Jamieson. Marketing research, 2004. [ONLINE] Available at: <https://www.ebsglobal.net/EBS/media/EBS/PDFs/Marketing-Research-Course-Taster.pdf>. [Accessed 18 October 2015].

R. Eric Reidenbach & Reginald W. Goeke, 2006. Strategic six sigma for champions: keys to sustainable competitive advantage. 1st edition. ASQ Quality Press.

Al Ries & Jack Trout, 2001. Positioning: The Battle for Your Mind: The Battle for Your Mind. 1st edition. McGraw-Hill Companies Inc.

Everett M. Rogers, 1995. Diffusion of Innovations, Fourth Edition. 4 Edition. Free Press.

G. V. Satya Sekhar 2009. Business Policy and Strategic Management. International Publishing House Pvt. Ltd.

Siriam Sharma. OnePlus to Start Manufacturing Smartphones in India | NDTV Gadgets360.com 2015. [ONLINE] Available at: <http://gadgets.ndtv.com/mobiles/news/oneplus-to-start-manufacturing-smartphones-in-india-751352>. [Accessed 17 October 2015].

Weber Shandwick, Buy it, Try It Rate it. 2015. [ONLINE] Available at: <http://www.weber-shandwick.com/uploads/news/files/ReviewsSurveyReportFINAL.pdf>. [Accessed 25 October 2015].

Silverman D. Doing qualitative research. 2000. Sage Publications.

Varun Sinha. After Nokia, BlackBerry, HTC Staring at Bleak Future - NDTVProfit.com. 2015. [ONLINE] Available at: <http://profit.ndtv.com/news/tech-media-telecom/article-after-nokia-blackberry-htc-staring-at-bleak-future-1205796>. [Accessed 28 November 2015].

Michael R.H. Stewart, 2012. Trajectory: The Ultimate Guide to Building a Successful Business with Twitter. 1st Edition. CreateSpace Independent Publishing Platform.

Kimberly Whitler. Why Word of Mouth Marketing Is The Most Important Social Media. 2015. [ONLINE] Available at: <http://www.forbes.com/sites/kimberlywhitler/2014/07/17/why-word-of-mouth-marketing-is-the-most-important-social-media/>. [Accessed 18 October 2015].

Ben Woods. OnePlus Has Sold Over 500,000 Smartphones Since April. 2015. [ONLINE] Available at: <http://thenextweb.com/gadgets/2014/11/06/oneplus-sold-500000-smartphones-advertising-budget-just-300/>. [Accessed 11 October 2015].

Compare Mobiles - OnePlus One vs HTC One (M8) vs Samsung Galaxy S5 Specs, Battery & more. 2015. [ONLINE] Available at: <http://gadgets.ndtv.com/oneplus-one-1554-vs-htc-one-m8-1357-vs-samsung-galaxy-s5-1323>. [Accessed 18 October 2015].

Hello India! Airtel brings the OnePlus 2 Experience to 50 Stores! | OnePlus Blog India. 2015. [ONLINE] Available at: https://blog.oneplus.net/india/2015/09/03/airtel_partnership/. [Accessed 18 October 2015].

How Many Invites Do You get From Buying a One plus One? : oneplusone. 2015 [ONLINE] Available at: https://www.reddit.com/r/oneplusone/comments/2gv74b/how_many_invites_do_you_get_from_buying_a_one/. [Accessed 07 October 2015].

Logic of invites roll out explained - OnePlus Forums. 2015. [ONLINE] Available at: <https://forums.oneplus.net/threads/logic-of-invites-roll-out-explained.344725/>. [Accessed 11 October 2015].

OnePlus explains how they plan on making money. 2015. [ONLINE] Available at: <http://www.androidbeat.com/2014/07/oneplus-explains-plan-making-money/>. [Accessed 25 October 2015]

Samsung plans to outspend Iceland's GDP on advertising and marketing | Technology | The Guardian. 2015. [ONLINE] Available at: <http://www.theguardian.com/technology/2013/nov/28/samsung-plans-to-outspend-icelands-gdp-on-advertising-and-marketing>. [Accessed 25 October 2015].

Social networks characteristics spur consumption. [ONLINE] Available at: <http://smia.popai.com/uploads/downloads/Research-Social-Networks-Item-Characteristics-Spur-Consumption-2009.pdf>. [Accessed 11 October 2015].

Statista. Market share held by Nokia smartphones 2007-2013 | Statistic. 2015 [ONLINE] Available at: <http://www.statista.com/statistics/263438/market-share-held-by-nokia-smartphones-since-2007/>. [Accessed 18 October 2015].

What is consumer decision making? Definition and meaning. 2015. [ONLINE] Available at: <http://www.businessdictionary.com/definition/consumer-decision-making.html>. [Accessed 18 October 2015].

Appendix 1. Summary of Interview results

In this appendix are the summaries of all of the interviews conducted. It should be noted that these are summaries and might not include everything discussed with the participant of the interview.

Participant nr1. Mari-Liis Arike:

Basics: Mari-Liis Arike, 25, Logistics Planner, Brno, Czech Republic.

Where did you buy the phone?

Phone bought from OnePlus.net, in 2014

Why:

Friends recommended and the reviews in internet where all positive. Extremely attractive price.

What functions do you use on the phone?

Internet, Media and Calling

Do you use your phone for work?

Yes

What was the purchase process?

Old Phone had problems -> Asked friends for recommendation, they recommended OnePlus -> Read interviews, compared products, saw it was the best -> Went to random internet site to get invite and ordered the product after getting invite. -> Extremely satisfied and recommended product to friends

Did you give invites to other people?

No, because they came few weeks after my purchase and had already forgotten about it.

Where did you hear about the product?

Friends recommended

Impulse purchase or planned purchase`?

Planned, while old phone was breaking down, she had the time to go through reviews, find the invite and order the product.

Did you consider other options?

Yes, but friends strongly recommended this

Did you go through online reviews, peers and google search when investigating the product: Yes

Participant nr2. Thomas Goff:

Thomas Goff, 36, Marketing research company, Paris, France.

Tech-enthusiast, extremely active in XDA Developers forum, involved directly in ROM-development.

Bought the phone October 2014.

Reasons for purchase: Superior value proposition. Great specs with good price. Community of "modders" around the phone.

Where did you hear first about the product: XDA-Developers forum.

Did you consider other options: Nexus 6 (did not buy because of the price and the size not perfect. Lesser value for money), Meizu MX4 (No community to build custom ROMS, similar specifications and higher price)

Main functions of phone use: Media consumption, internet, can research things for work.

Calls 1-2hr per week.

How did you find out about OnePlus exactly: Active in XDA through modifying the Nexus S

Purchase process: Noticed the OnePlus on XDA and developed interest -> Researched by watching YouTube videos, reading reviews, following the XDA community interacting with them, and checking sites such as gsm arena. -> pulled the trigger on the purchase when enough confidence in the purchase, enough reviews and confidence that it's not only hype, but actually great product.

After purchase: Active in the community, custom ROM from the beginning, extremely satisfied, only some issues with the radio (signal problems). Recommended it to friends and in forum. Gave invite to friend and forum members. Offered to another friend who did not purchase the phone due to difficulty of getting the invite in the needed timeframe.

Great things about the phone: Great battery life (+1 day), possibility to install custom ROMs, Quick Charge 2.0 technology, virtually no problems, build quality, speakers, display

Views on the industry as an active member in the community:

Why OnePlus became successful: Superior value, Scarcity in numbers being built also because of invites in the beginning created more buzz/interest. Solid build quality and a more affordable platform for developers active community (+custom rom possibility without voiding warranty)

Having to order from online (due to risk such as guarantee) issue for older generations, while for younger people brands play bigger role.

Consumers willing to wait only if the product is offering superior price/quality ratio.

OnePlus creating a "flagship" product with lower prices has had an effect on the industry -> Others have had to drop the prices to succeed -> Players such as HTC in trouble

Problems seen by Thomas Goff for OnePlus:

Issues with customer support and the "Chinese made" stigma

Consumer won't wait unless the product has superior value

OnePlus two facing issues (Snapdragon 810 throttled due to overheating worries), no quick charge technology, no NFC. Quieter single speaker, lesser battery life (than the One) and no change in screen resolution.

Participant nr.3 Shubham Yadav:

Shubham Yadav, 18, Student, India, Tech-enthusiast.

Why did you buy OnePlus one?

Best specifications for the price, ability to root the phone and powerful processor for the price.

Did you consider other options?

Yes, Sony Xperia Z1, but specifications were lower and price higher than OnePlus

Why did you trust OnePlus?

I trusted OnePlus because of Youtuber MKBHD, who said that it has amazing battery and the best price to performance ratio. Phone also had Sony's camera and Samsung's memory (RAM), which helped create trust.

When did you buy the phone? Immediately once it was launched in India and I was able to get myself to one.

Main uses of the phone?

Media, gaming and photography, very little calls

Are you satisfied with your OnePlus One?

Yes, but disappointed they won't be giving the users newest updates to the operating system

Would you consider buying OnePlus as your next phone?

No, since they stop supporting their old phones quickly

Have you told your friends/community that you will not recommend the phone?

No

What do you think about the OnePlus invite system?

I like it, it keeps the beginner away from the phone

Would you prefer the phone to stay in the hands of the tech-enthusiasts only?

Yes, because we want powerful phone for the money, don't want it to become more expensive

Do you think invite system needs great product?

Yes, the second OnePlus is terrible phone, lacks lot of features of the first one

Why you think OnePlus has been successful without traditional advertising?

Cheapest phone with the Qualcomm Snapdragon 801 processor, increased hype by the invitation, getting the phone was like a miracle.

Do you think the advertising campaign "smash your old phone" helped OnePlus?

Yes, destroying iPhones has always been popular on Youtube

Do you think OnePlus delivers in their promise "Flagship device for lesser cost"

OnePlus one yes, OnePlus 2 not

Why not?

OnePlus 2 has higher price and has cut lot of features away from the phone, and Snapdragon 810 has a lot of problems.

Appendix 2. Links to technical specifications of the smartphones researched

Technical comparison of Samsung Galaxy S5, HTC One M8 and Sony Xperia Z3:

<http://www.phonearena.com/phones/compare/HTC-One-M8,Samsung-Galaxy-S5,Sony-Xperia-Z3/phones/8242,8202,8764>

Technical comparison of Meizu MX4 and OnePlus One:

<http://www.phonearena.com/phones/compare/OnePlus-One,Meizu-MX4/phones/8603,8884>

Technical comparison of Samsung Galaxy S6, HTC One M9 and Sony Xperia Z5:

<http://www.phonearena.com/phones/compare/Sony-Xperia-Z5,HTC-One-M9,Samsung-Galaxy-S6/phones/9550,9003,8997>

Technical comparison of OnePlus 2 and Zte Axxon Elite:

<http://www.phonearena.com/phones/compare/OnePlus-2,ZTE-Axon-Elite/phones/9520,9613>