



REPUBLIC DAY SPECIAL REPORT

PARADIGM SHIFT IN QUALITY OF INDIAN BRANDS IN SMART ELECTRONICS

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A paradigm shifts!

India doesn't know how to do electronics. Gone are the days when people would have this perception. The perception was not only a foreign belief, but the people in the country would also not be very confident about the quality of electronics that were manufactured in India.



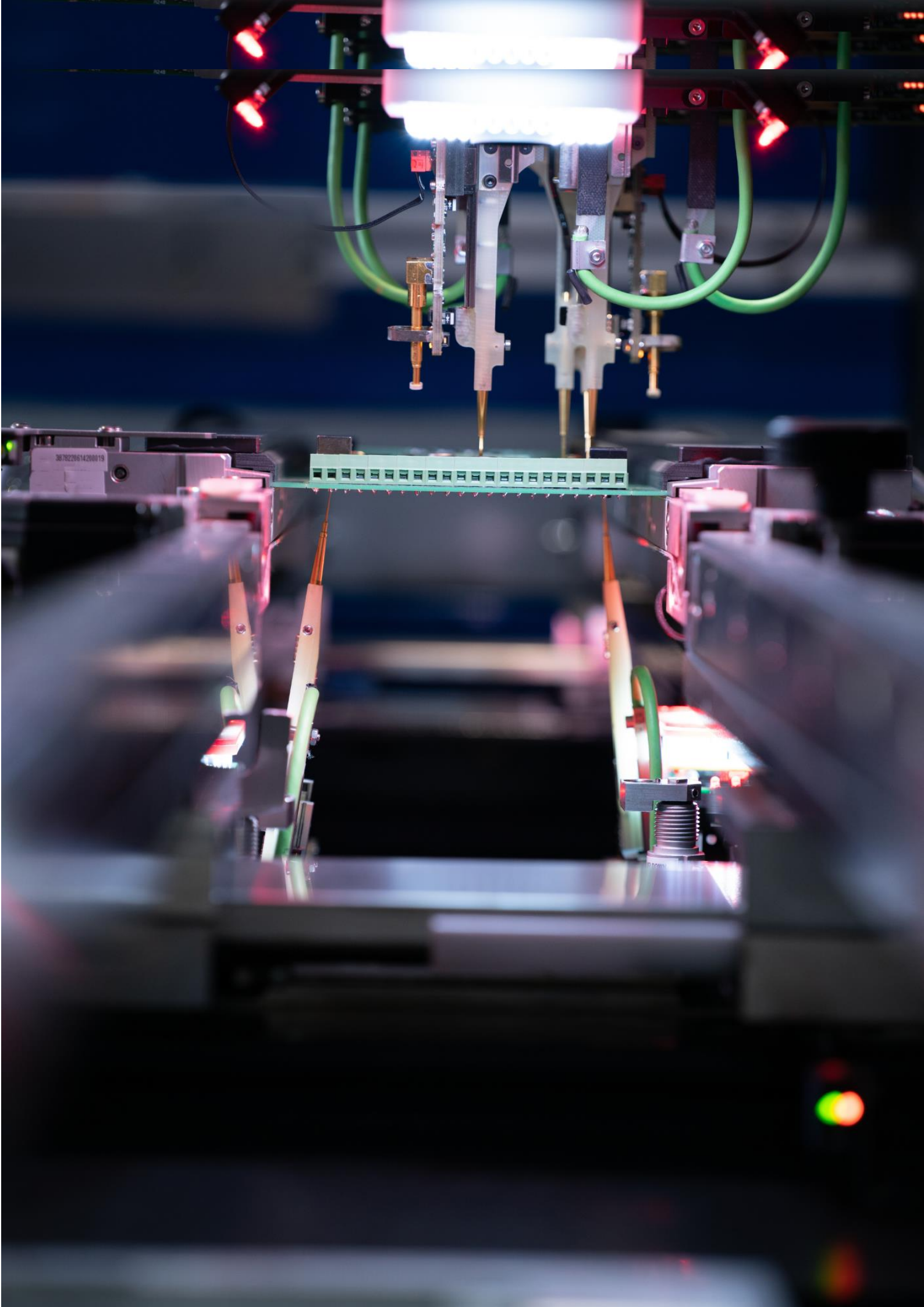
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'Make in India', has considerably helped change this global perception. Today, there is hardly any big name in the world of electronics, including smart electronics that doesn't manufacture in India. Now many of these brands have started exporting to other countries from their Indian factories.

While India has arrived on the global electronics map, a perception still influences in the minds of consumers that the Indian brands selling various electronics, especially smart electronics like smartphones, IoT products, wearables, etc., do not match in quality and experience of their global counterpart brands. This belief also became a factor of dwindling share of the Indian brands in these product markets.

In this Republic Day 2024 special report, we establish a paradigm shift where consumers have started recognising the improved quality of Indian brands in these categories where they either match or exceed the benchmarks defined by their global counterparts.

This shift is a significant change as it will lead to eventually India having her own brands that are stronger in the market and could become what Apple is to US, Samsung is to South Korea and Sony is to Japan. Finally, we have some promising brands to make India proud in the smart electronics world.



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Indian brands – A roller coaster ride

The story of Indian brands in electronics came into limelight only after some of them surfaced in what eventually became the jewel of electronics – smartphones. Prior to these Indian brands did exist in TVs, Refrigerators, ACs and many other consumer electronics. However, the widespread adoption of Indian brands only started with mobile phones, later smartphones. In old days there have been some of the Indian brands which became popular in their categories. For example, in TVs we had Videocon, Onida and BPL as homegrown brands. Similarly, Kelvinator and Godrej for Refrigerators and Voltas for ACs. But this era was different. The penetration of electronics in average household of India was extremely minimal. In many ways these brands could not become household names as they never saw a mass adoption.

Contrary to this, the mobile phones happened in an era when the socioeconomics of the country were changing. After the economic reforms of 1990, the services sector saw a sharp increase in the GDP contribution, the interaction of India with the world charted a new orbit and the understanding as well as reliance on electronics started to increase. The mobile phones, especially smartphones became the pocket computers with widespread applications making it a must have electronics for everyone.

Many Indian companies who had forayed in IT, electronics and adjacent areas started eyeing this opportunity in 2000 and by 2009 we had some recognised Indian brands in mobile phones as well as in smartphones. The Indian brands in smartphones saw their peak during 2013-2015, when the market share by volume of these brands was in the range of 43-45% of the total smartphones sold. This was led by M-I-L-K (Micromax, Intex, Lava & Karbonn) brands along with several trading companies led brands who had experimented creating brands in this category. The golden 3 years of Indian smartphone brands were a result of several things including wide distribution network established, introduction of pocket-friendly smartphones, strengthening of after sale servicing, among others. However, the main reason was that the quality of these products was far better than their counterpart brands, especially several lesser-known Chinese brands that had mushroomed those years. At one point of time there were more than 250 smartphone brands selling in India.

But once the Chinese ODMs directly forayed into the Indian market and we saw brands like Xiaomi, OPPO and Vivo coming into the picture, consumers started loving the products of these brands. It was not only because these brands were offering the latest technology of cellular connectivity – 4G at the same price at which 3G smartphones were available. But also, because the quality of these smartphones was far better than what Indian brands were offering at that time. The Chinese brands started offering choice with top-load of specifications which resulted in better quality of smartphones. Yes, while the issues continued with these brands also, especially when tech experts would granularly review their devices, the mass consumers simply loved them. The other thing that worked to their advantage was their proximity with the value chain back in China, because of which they could fast act on the suggestions and feedback from the partners, consumers, and others to bring in improvements in the subsequent launches.

After glorious 3 years, for which Indian brands had worked for around a decade, soon they saw a downward trend and between 2016-2020, most of the brands across different categories including smartphones saw a low phase. Many smartphone brands of this era pivoted different charters while a few decided to strengthen their fundamentals to start significantly contributing domestically as well as control the value chain with a bit of more firmness. The government's persistent encouragement along with facilitation of creation of India centric electronics ecosystem by way of a slew of policies and initiatives also drew attention of some of the next generation entrepreneurs of existing business houses and industry professionals to start-up in this space. As a result, while from the early years of smart electronics in India we still have companies like Lava, we also saw emergence of new brands including Noise, Boat and Qubo inspired by the government's focus, dedication, and persuasion for creating Indian brands in the smart electronics arena.

Today, after a rigorous journey of close to a decade for all these brands, some of them like Lava have not only regained its stature in the eyes of consumers, while the newcomers like Noise, Boat and Qubo have made significant strides in their respective product categories. The change in the approach by these brands where they wanted to be fundamentally strong and work on technology, design, R&D, manufacturing among other important enablers to reduce their reliance on foreign collaborations, except where unavoidable, has finally resulted in Indian brands in the smart electronics which have started receiving the love of consumers by way of steady acceptance of products from these domestic brands as well as acknowledgement of the quality of products they make.

Measuring Indian brands with the industry benchmarks

In our analysis we compared the customer ratings of Indian brands in respective product categories with the industry benchmark as defined by the ratings of their global counterparts. This comparison allowed us to measure the quality performance of Indian brands in the product categories of smartphones, wearables and IoT. We compared 15 Indian brands selected randomly in these categories and compared them with 8 global counterparts who make similar products targeting similar audiences. We excluded brands like Samsung and Apple in our analysis as the wearables of these brands is for a different cohort of users whereas the Indian brands selling wearables target the mass segment of users. The similar relevant comparisons were done for smartphone and IoT categories to arrive at the industry benchmark ratings, which was computed as a weighted average basis the volume of ratings each of these brands had proportionate to the total category ratings.

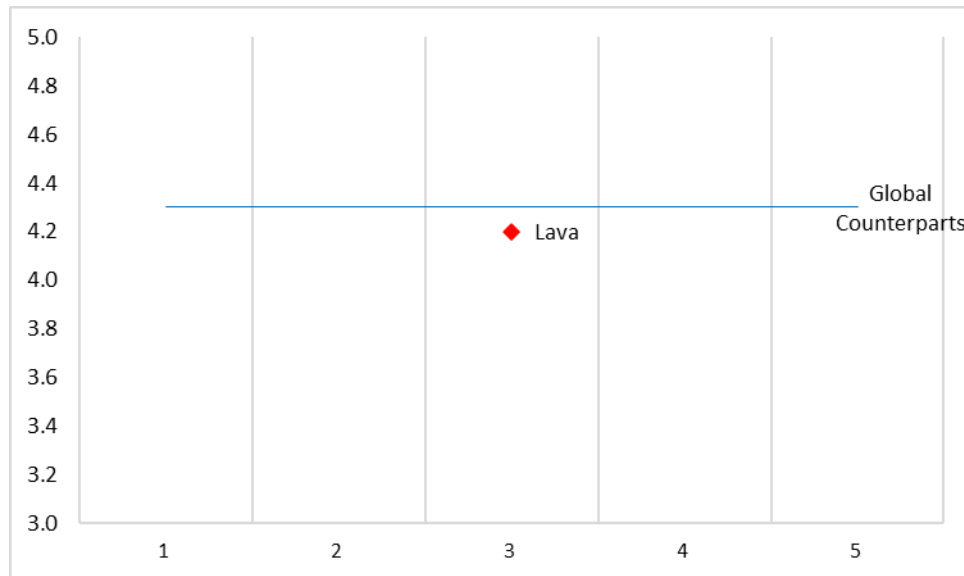
Smartphones

The only significant Indian brand left in this category is Lava. Lava has over the past decade or so, worked holistically across different functions to make it a creditworthy brand and regain its stature. It has invested in manufacturing and R&D besides nurturing its very strong distribution network and market equity among partners.

In our analysis we found that the global counterparts of Lava that includes brands like Realme and Redmi, the average weighted rating of consumers on ecommerce platforms was 4.3. Against this Lava scored 4.2 which is just touching the industry benchmark. However, the good

news is that Lava scored higher proportion of high ratings (4 & 5) at 90.2% compared to the global brands which had 75.8% of its consumer ratings scoring 4 or 5.

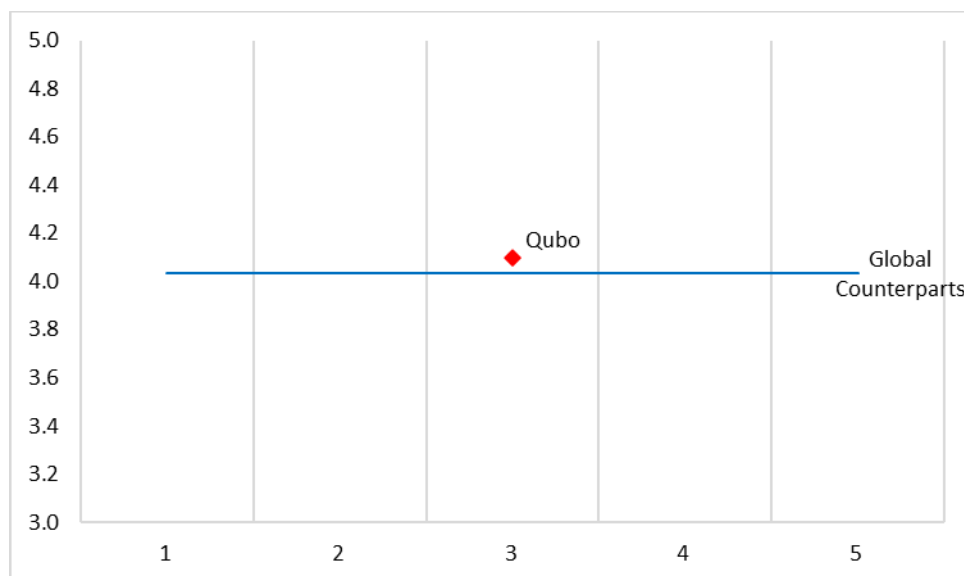
Figure 1 Average Rating of Lava versus its global counterparts



IOT

Within the IOT category we picked up Qubo which has developed a host of IoT / connected products for home and vehicles. In this category we found Qubo rating of 4.1 surpassing the industry benchmark of 4.0. However, the global counterparts had higher proportion of 4 and 5 ratings at 83.4% compared to Qubo having 78.9% of its customer ratings 4 or 5.

Figure 2 Average Rating of Qubo versus its global counterparts

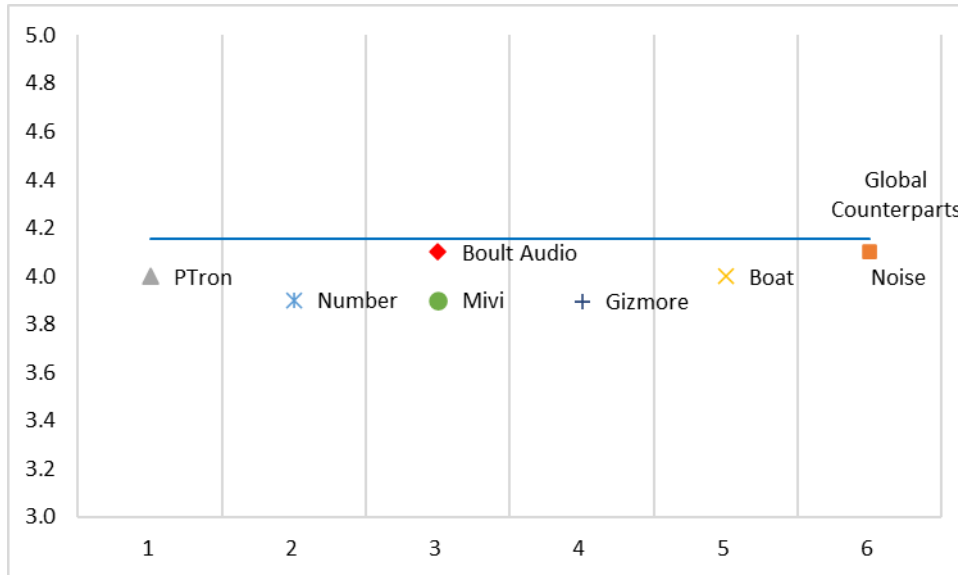


Owing to widespread installation of such devices which are 24x7 connected and capturing very sensitive and private data including video feeds, its important that we have more credible and wider domestic brands that can offer products and technology like Qubo. We compared these products with the counterparts like 70mai and DDPAI which also target similar user segments.

Wearables

One of the categories that has got interest and attention of several domestic brands comprises of neckbands, ear buds, fitness bands and smart watches. Among a spectrum of such domestic brands, we randomly picked up Boat, Noise, Boulton Audio, Gizmore, Ptron, Mivi and Number.

Figure 3 Average Rating of Indian wearables brands versus the global counterparts



Overall, the Indian brands are also in the vicinity of the industry benchmark of weighted average customer ratings measured for global counterpart brands like Realme, Redmi, OPPO, OnePlus Nord, etc. While the industry benchmark of ratings is 4.2, Indian brands Noise and Boulton Audio got a rating of 4.1, followed by Boat and PTron at 4.0. Brands including Mivi, Gizmore and Number had average weighted rating of 3.9 in this category. It is again good to see Indian brands gaining acceptance in this category which is becoming very popular among youth as a smart accessory to own. After smartphones, wearables are the 2nd category of smart devices in terms of adoption among the consumers.

Ranking within the Indian brands

Figure 4 Average Ratings of Indian brands across various smart electronics categories

Brand	Category	Average Rating
Lava	Smartphone	4.2
Qubo	IoT	4.1
Boulton Audio	Wearables	4.1
Noise	Wearables	4.1
PTron	Wearables	4.0
Boat	Wearables	4.0
Number	Wearables	3.9
Mivi	Wearables	3.9
Gizmore	Wearables	3.9

Among the domestic brands in smart electronics, Lava leads the tally with 4.2 weighted average customer ratings secured on ecommerce platforms followed by Qubo at 4.1. The 2nd spot is shared by Boulton Audio and Noise representing the wearables category.

There is not a strong correlation, but one can see that the brands like Lava and Qubo which have invested in end-to-end product design and development within the country, as much as the technology value chain allows, have secured the top rankings across the domestic smart electronics brand in terms of customer ratings. This is an encouraging trend for the other players who have also started this journey by setting up R&D labs, design centres as well as manufacturing lines in the country to have better control on the value chain and increase the domestic value addition.

Conclusion

The era of India domestic brands 2.0 in smart electronics is here. While these brands are relentlessly putting in their efforts and resources to evolve as fundamentally strong technology companies, the bearing on the acceptance in terms of customers giving higher ratings, almost closer to their global counterparts is a great achievement and reflection of success of their efforts. These brands are also adding to the glory of India by exporting or planning to export to other parts of the world taking India's technology to global markets.

This is again a big contribution at a time when India's Digital infrastructure is already becoming a key enabler for world to transform digitally. By the time India realises the dream and vision of *Viksit Bharat*, for which each one of us must contribute individually as well as at the organisation level, the stronger emergence of domestic brands in smart electronics will only add to this resolve and stride.

There is, however, a need for having a special policy intervention as well as customised initiatives to empower these brands further so that they can achieve their goals in a hyper competitive environment. While the government's enabling policies, approach and interventions has got attention of all major technology companies in the areas of electronics manufacturing, semiconductors and electronic vehicles, the domestic brands would require a capsule initiative that addresses their needs to take them resilient brands finally to emerge in the global markets.

About the research – During this analysis the customer ratings secured by these brands for various products in the categories of smartphones, smart watch, ear buds and IOT were captured. The ratings and the volumes were used to determine the weighted average ratings for domestic Indian brands as well as their global counterpart brands.

In all over 25 brands with 35 different products (SKUs) were analysed during this research. This meant analysis of over 50,000 ratings and reviews secured by these products from verified buyers of popular marketplaces including Amazon and Flipkart. The ratings were captured during December 2023.

About Techarc – Techarc is a technology focused analytics, research and consulting firm offering consumer insights, market insights and industry insights to leading technology companies in personal tech and auxiliary sectors. The periodic reports and insights are leveraged by these companies for decision making and crafting differentiating strategies for customer delight, partner engagement, and business goals.

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