

Htc corporation growth plan

[Technology](#), [Mobile Phone](#)



How should HTC pursue growth? HTC was facing a couple of strategic challenges. First of all, there was an intense rivalry in the market. HTC was facing intense competition from big players such as Nokia, Samsung, LG and Apple. These companies had a couple of advantages over HTC. Because these companies could enjoy from economies of scale, they were able to deliver well-designed phones at attractive prices. Next to the cost advantage, some of the competitors held numerous patents and intellectual property licenses in contrast to HTC.

Moreover, these competitors had obtained a higher brand value due to their marketing activities and reputation. Nokia, for example, had been the world's number one mobile phone company for more than a decade, with the world's fifth most valued brand. The brand HTC was still relatively unknown. Second, due to the global recession in 2009 network operators were tightening their inventory levels and became more selective in their product offerings, especially in terms of identifying which phones they believed were worthy of providing a substantial subsidy.

This in combination with the price ceiling Apple had created (80% of U. S. consumers wanted a phone that cost less than \$200), made HTC, especially for its success in the U. S. 'locked' market, very dependent on the operators' willingness to subsidize its products and offer co-marketing support. There were also some opportunities in the mobile phone market. First, despite the onset of a global recession in 2009, smartphones were expected to grow while the overall cell phone market shrank.

Market research firm eMarketer predicted that by 2013 smartphones would represent a third of the world's mobile phone market, and that mobile

Internet penetration would more than double to nearly 30% in 2012 from 13% in 2007. Second, China had recently opened up its doors to 3G networks and was offering great potential for smartphones as only 5% of the Chinese mobile phone market consisted of smartphones at the time. We recommend that HTC should focus on delivering innovative, cutting-edge smartphones at an attractive price for the ‘prosumer’ market.

As CMO Wang put it, the focus of HTC is to ‘build a reputation of making the BMW of phones, slightly more expensive but still affordable, the ‘better’ product.’ In this way, HTC’s products should stay attractive for network operators to provide subsidies. With its strengths (especially the Silicon Valley-like culture, the short development cycle and experience in cutting-edge smartphone hardware design) and strong focus on R&D, HTC should pursue growth through innovation. At the basis of a strategic focus lies a value discipline. The concept of value disciplines is proposed by Treacy and Wiersema (1993).

HTC should focus on the value discipline of product leadership where a product leader focuses on offering leading-edge products and services to customers that consistently enhance the customer’s use or application of the product, thereby making rivals’ goods obsolete (Treacy & Wiersema; 1993). HTC has to be creative and open-minded to new ideas and be quick in commercializing them. To overcome the strategic challenges it’s crucial for HTC to lower average sale price (ASP). In order to lower ASP, HTC should increase the portion of common components in the product portfolio and pursue economies of scale.

To obtain economies of scale rapid penetration of the Chinese phone market it essential. A faster, more aggressive brand-promotion approach to heighten brand awareness is needed. HTC should continue using the Android platform as it has a high growth potential and utilizes no licensing fee. As production increases, HTC should keep on moving manufacturing to mainland China to reduce production costs, but the main production facility should stay in Taiwan. In time, HTC could consider manufacturing low-end smartphones in their production facilities in China. A sub-branding strategy should then be used.