

International, corporate and business strategy of nokia and lg



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The financial highlights of NOKIA contain the most important changes in the financial data. It shows an increase in sales volume and in the sales of services both on year on year and sequentially basis. As the financial data show only the $\frac{1}{4}$ of the total mobile device volume is covered by the converged mobile devices, which means they are just entering the competition of the Smartphone's, although the increase was significant. Furthermore, the net sales of services are greater than the device sales volume, which ensures their business strategy. To create winning device and to have a technical innovation by offering wireless services (global roaming). Overall, the stakeholders of Nokia should be satisfied, because Nokia generated an increase, despite of the financial creases after-effects.

LG

According to LG. com LG reported sales of KRW 14. 4 trillion (USD 12. 4 billion) and operating profit of KRW 126 billion (USD 108 million) in the second quarter of 2010. In Korean won, consolidated sales fell 0. 7 percent (up 10 percent in USD) and net profit declined by 33 percent (down 26 percent in USD) year-over-year.

LG Mobile Communications Company takes a significant segment from the whole, because it shipped 30. 6 million units this quarter, an increase of 13 percent quarter-on-quarter and 2 percent year-over-year as a result of continued growth in emerging markets and the introduction of new smartphones. Sales increased 5. 8 percent quarter-on-quarter but fell 29. 5 percent year-over-year and the operating profit margin for handsets recorded a loss year-over-year due to investment in R&D and expansion of channels in emerging markets for future development.

The financial highlights of LG are provides a bittersweet emotion, because the overall sales increased by 5, 8% sequentially, while it decreased by 30% on the year on year basis such as the operating profit. This means that the company started to recover from a very deep level by entering the Smartphone market with a great effort. According to the financial data, LG shipped more smart devices than Nokia, which have to be sign of their technical advantage due to focusing on R&D. They have a similar strategy as Nokia to create a technical innovation by investing in R&D, however the short term affect was a significant loss. Probably they are willing to suffer for a short run in order to gain the required amount of profit and market share in the long run. The success of LG depends on how fast they can recover from their bottom point.

International, Corporate and Business Strategy

Corporate Strategy - is concerned with the overall purpose and scope of the business to meet stakeholder expectations. This is a crucial level since it is heavily influenced by investors in the business and acts to guide strategic decision-making throughout the business. Corporate strategy is often stated explicitly in a "mission statement".

Business Strategy - "Strategy is the direction and scope of an organisation over the long-term: which achieves advantage for the organisation through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfil stakeholder expectations"

International Strategy "An international strategy is a strategy through which the firm sells its goods or services outside its domestic market"

Nokia

Business Strategy – According to Nokia. com their business strategy is to strengthen their position as a leading communications systems and products provider. Their strategic intent, as the trusted brand, is to create personalised communication technology that enables people to shape their own mobile world. Nokia is currently creating innovative technology and accessibility to Internet applications, devices and services, independently from time and place. To achieve their goals they follow these steps:

Create winning devices (technological innovation)

Include consumer Internet services (demand for wireless access is increasing)

Deliver enterprise solutions (continuing to target and enter segments of the communications market)

Build scale in networks

Expand professional services (invest to R&D and expand to other markets)

Corporate Strategy – Nokia as a multinational company has to focus on its appropriate corporate level strategy, which is actually concerning with the broad and long-term questions and issues. For example, they have to define the current and ideal status of the company; furthermore they need to find the solution to reach the ideal status. They need to examine the available tools and investigate whether:

to acquire new businesses,

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to add or divest business units, plants or product lines,

to participate in joint ventures with other corporations (Nokia Siemens Networks, a joint venture between Nokia and Siemens AG).

International Strategy – Nokia has actively pursued a global strategy; therefore 95 % of all revenues are generated outside of its borders. This significant success can be attributed to its research and development (R&D) efforts. To mention the most outstanding one, the invention of “ global roaming” which can be employed on every mobile phones and telecommunication systems all over the world.

In order to access large markets where economic integration strategy can successfully be employed, Nokia has to form strategic alliances with distributors and telecom companies such as AT&T (U. S. telecom).

LG

Business Strategy – LG is producing goods and services that are unique to the market with the use of differentiation as the main concept in their business strategy. They have to invest into R& D to support the development of the new generation devices to meet the increasing customer requirements. Their USP is based on the rich assortment of TFT-LCD displays which provide slim and sleek design. Moreover, their strategy includes the improvement of customer alignment; they are able to better respond to the needs of their customers in a timely and efficient manner.

Corporate strategy – LG's corporate strategy focus on the long-run by setting Divisional, Strategic and Product objectives and strategies. By setting these strategies and objectives LG will improve on several fields such as,

Internal coordination

Optimize resource utilization

To take on with competitors

Meeting the strategic goals can edge over competition. Furthermore, it can effect fast innovation and new-product development, innovation in design and technology, increase in product sales, market share, and corporate value. Fast growth is the result of implementing strategies designed to swiftly expand market size and earnings, with an eye toward monetary growth.

International strategy – According to an LG spokesperson, the target can be achieved by making strategic investments in the development of core technologies. This will give the company the necessary leverage to offer consumers products with the most features and at the best price. He also believes the enhancement of marketing expertise as well as the development of long-term partnership programs with dealers will play an important part.

The most important features of LG's international strategy management are the following:

Selection of growth markets based on long -range plans

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Prompt and bold decisions to expand into new markets and concentration of management resources

Decisions by local offices on development, locally designed products, building a sales network and internationalization of headquarters

Effective sales promotions with emphasis on its brand name

Conclusion

In conclusion, both company should focus on long – term planning and decision making, because it can significantly expand their market growth, although wrong decision can easily cause the opposite. As it can be seen in the reports, the innovations of smart phones are setting obstacles at both companies sales volume. Therefore, the elimination of this obstacle is urgent. Technical innovation and aggressive international marketing campaign could be a solution for the problem. However, the alliance of LG and Nokia against Apple would be unpredictable solution which may lead to success.