

Nokia marketing strategy assignment

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NOKIA Case Study How Can Nokia Maintain its Market Position in the Mature European Market? Project in Marketing Management 1. Executive Summary

Mobile phone market in Europe is going through major changes. Key players are losing market share while new and young companies, mostly from Asian countries, are coming to the market. At the same time the market is slowly expanding when people are buying more phones than ever. The whole process of buying mobile phones has changed in the last few years.

People no longer carry the same phone year in year out, but they change their phone every year, some even twice a year. One reason for this change is the fast technological development of the phones. But also consumer's attitudes towards mobile phones have changed. Mobile phones are no longer seen as expensive, hi-tech products, but they have become accessories like jewellery or a piece of clothing. " Nokia is still the largest mobile phone company in the world, but its long-term dominance is now challenged more than ever.

Observers have begun asking whether the cutting edge that has turned Nokia into the No 1 vendor still exists, as Nokia's market share and revenues have been on the decline. Falling average sales prices (ASPs) and market share have had an impact and forced Nokia to further re-think its strategy towards developed and emerging markets. " 1 This report gives an overview on what is happening on the mobile phone market today and analyses Nokia's market position in the mature European market.

This report includes a brief introduction to Nokia followed by an environmental analysis, SWOT analysis and trend analysis of the company.

Half way through the report you can find information about consumer behaviour, brand profile and segmentation. At the end, this report introduces the main competitors and analyzes the competitive market. Finally we try to make a conclusion of the topics discussed and attempt to give some possible answers to the question at hand.

3. Introduction

The company we have chosen to analyse in our project is the Finnish mobile phone giant Nokia.

This chapter tells you briefly what Nokia actually is, its company structure and overall view on the size and sales of the company. Since January 2004, Nokia Group has consisted of four different business groups: Mobile Phones, Multimedia, Enterprise Solutions and Networks. “ In addition, there are two horizontal groups that support the mobile device business groups: Customer and Market Operations and Technology Platforms. “² In the year 2004 Nokia’s net sales for mobile phones were 18 507 million euro, which went down 12% from 2003.

Nokia’s market areas were Europe/Africa/Middle East (55% of net sales), Asian Pacific and China (25%) and Americas (20%). Nokia’s market share in Europe was 45, 8% in 2003, in 2004 it was 34, 8% and in the third quarter of 2005 it was 36%.³ The average number of personnel for 2004 was 53 511. At the end of 2004, Nokia employed 55 505 people worldwide. In 2004, Nokia’s personnel increased by a total of 4 146 employees. Nokia’s turnover for the third quarter of 2005 was 8403 million euro from which mobile phones brought in 62%, multimedia 17%, Enterprise solutions 2% and Networks 9%. The year 2004 was demanding for Nokia. In response, the company set five top priorities in the areas of customer relations, product offering, R&D efficiency, demand-supply management and the company’s

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ability to offer end-to-end solutions. Nokia is making good progress in these areas, and is now better positioned to meet future challenges. “ 4 “ The Nokia Strategy continues to focus on three activities to expand mobile communications in terms of volume and value: expand mobile voice, drive consumer multimedia and bring extended mobility to enterprises. “ 5 4.

Audit of Nokia 4. 1 Environmental analysis The market environment of Nokia consists of six forces. These are demographic, economical, natural, social-cultural, technological and political-legal environment. The Demographical forces Demographics show the size of the European market by telling the population of each country. Demographics also show if the people in specific country are illiterate or well educated, how old they are, which parts of the country they live in and how do they live. Population of Europe in 2000 was 729. 3 million. 6 People live mostly in urban areas.

Population is ageing due to falling birth rates. People in Western Europe are generally well educated and literate. There are no huge cultural differences between nations and since almost all countries are members of the EU, it brings the people even closer to one another. [...] 1 “ Nokia: On the road to recovery? “, 07/2005, (18. 11. 05). 2 “ Nokia: Financials “, 10. 2005, (20. 11. 05). 3 “ IDC Press Release”, 11. 03. 2005, , (19. 11. 05). 4 See above footnote No. 2. 5 See above footnote No. 2. 6 “ Europe: Demography”, 2005, (01. 12. 05).