

Nokia: company overview and key facts



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Introduction

A marketing plan is a formal piece of writing that provides information; such as: actions to achieve that will help a company improve one or more of their marketing objective. In this case it is for Nokia's marketing department to ensure their continued growth in the mobile phone mark.

Nokia Company Overview & Key Facts

Nokia is one of the leading mobile distributors in the United Kingdom. This enterprise presents high end and basic mobile phone devices. Nokia's headquarters are in Finland but they employ just over 120, 000 people all together from all over the world.

According to the Datamonitor Company over view, published on the 19th of August 2011, listed below are a few Key facts about Nokia

Head Office Nokia Corporation Keilalahdentie FIN-00045 FIN

Phone 358 7180 08000

Fax 358 7180 34003

Web Address <http://www.nokia.com>

Revenue / turnover 42, 446. 0 (EUR Mn) Financial Year End December

Employees 129, 355

New York Ticker NOK

Frankfurt Ticker NOA3

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Heilsinki Stock NOK1V Exchange Ticker

SWOT Analysis

A SWOT analysis is a tactical planning technique companies can use to assess their internal Strengths and Weaknesses, as well as their external untapped Opportunities and Threats in the market they deal with.

Nokia is a leading provider of mobile phone devices in the UK, therefore in charge of a large scale of operations which allow them bargaining capacity, exposure to a large customer base and overall this helps take care of cost that the company need to pay to remain successful.

Strengths

Nokia's large scales of operation are brought about by their big market share and acknowledgement world wide. Nokia's world wide acknowledgement ensures them a large addressable market. Disregarding Nokia's loss in market share to the current world's top cell phone makers, they are now the third largest in the world although the largest distribution network in the industry, including an online retail service. Also in comparison to their competitors they have a big care network in many countries across the world.

Through Nokia's increasing knowledge about how their customers use their devices this enables their developers and publishers the chance to optimize the development and have applications already installed on their upcoming devices.

All the factors mentioned above among others provide evidence that the Nokia cooperation does perform many operations. This vast number keeps the companies' cost well taken care of. Accordingly, Nokia enjoys bargaining power over their products to a large customer base.

Weaknesses

Nokia has recently been rapidly losing market share mainly because of their 'Lacklustre' products portfolio and drop of prices because of competitiveness. The company uses a Symbian operating system which in this current day and time is considered outdated, causing a negative impact on their sales. This weakness Nokia currently face needs to be attended to as soon as possible because if not their loss in market share will eventually convert to revenue decline, which will take Nokia back to square one.

Opportunities

As the demand for the 4G infrastructure increases, the LTE evaluation gives Nokia Siemens Networks (NSN) many opportunities. LTE provides data efficiency greater than 3G networks. Therefore according to estimates the number of users worldwide grew to about 1 million and is therefore still expected to grow to over 8 million in the future. NSN is a good place to not only increase investment in the technology to therefore enhance the best growth but also influence the LTE growth in the company.

The uprising smart phone industry was approximated to rise up to 49.2% in 2011 and by 2015 the industry is expected to double in size. Unfortunately, Nokia have not been able to succeed in this area so far. However, accomplished plans to partner with an IT firm and launch a new series of

smart phones. This allowed Nokia the chance to get into the market with the help of Microsoft's willingness to spend billions of dollars on development and advertising. Even though their product is a late entry into the market the fact that the smart phone industry is still raw, this provides Nokia a scope for driving penetration and in turn aid them regain their revenue.

Threats

The mobile phone industry is a very competitive environment. Where Nokia face stiff competitive pressure not only from low end Android not forgetting to mention Apple who claim to be releasing a cheaper iPhone soon. Not forgetting to mention cheap handsets from emerging nations such as; China's ZTE and India's Indian Micromax which destroy Nokias position in upcoming markets.

Technology these days is changing at such a rapid pace. The growth of wireless communication industry is decided by the fast change in the market standards, short product life cycle and the frequent release of new products from different mobile devices manufacturers. Therefore Nokia's operational performance needs to be controlled and managed systematically alongside the companies section of people in charge of keeping up technological advancements so in turn they can give customers products at competitive prices. Nokias progress will however be prevented from moving up if they are not able to at least predict coming technological trends by keeping up with the ever changing customer preferences. Additionally the short life cycle this industry faces with most devices return of new products is usually affected.

In the whole profit margins will be impacted as the average price of devices decline. In Nokia's case they have undergone a 3% fall in their mobile phone device sell and their gross profit also decreased by about 5% as well.

Unfortunately for Nokia their smart phone devices are expected to continue seeing low prices just like other mobile phone makers.

PESTEL Analysis

The External Environment of Nokia Company

The external environment directly influences the decision making process.

This can be analysed through the PESTEL model. PESTEL are Political, Economic, Social, Technological, Environment and Legal Factors. These factors can't be controlled but they can usually be changed.

How is PESTEL effect to the Nokia Company

Political Environment

There include government regulation and how government effect to the company and employment laws, environment regulation, tax policy and political risks. In this case political environment directly affect to the Nokia Company.

They have to consider about the health and safety environment before the launch new product. Because mobile phones are working with radio waves it may be problem for the health and safety environment. (UK government introduced new rules for the business environment so that they have to careful when they launch the products)

They have to give correct prize for the product

They have to consider about exchange rate, economic level and employment rate of the country.

Economic Environment

This is about Interest rate, tax changes, economic growths and income level of the country. When the company makes decisions they have to think about those things. These things are very important to company. As a largest mobile company they should concern about lot of things before they send their product to the market.

Economic level of the country

UK is developed country so that they can understand which Kind of products most suitable for this country.

Income level of the people

If they concern about the income level they can understand about the income distribution like high class group, middle class group and low class group. They can target these three groups and after that they can give price range for their products.

Interest Rate

Market Innovation

If they think about the market innovation they can improve their marketing methods. Also they can launch new products and change their design.

Social Environment

Social Environment is always effect to the business. Their include culture, education, demographics, and attitude. If we start the business certainly we have to think about this environment.

As a mobile company their trade is based with communication and connecting people. So that their aim is make it as easy as possible to customer to be satisfied working with them.

They have to develop their product and service among the people and society.

They can target the youth people and consider about the education issues

They should have good cooperate community with the members where they operate

Technological Environment

Technology environment is about ICT development, global communication and new technology. This environment helps to business and also customer.

Nokia already has advancement technology for their products. Such as GPRS, MMS, Bluetooth, WAN, Java and also they have R&D departments.

Previously they tried to produce computers, monitors and TV sets but after 1990 Nokia changed their functions to mobile phones market

They have to improve their technology which they use to products

Their products should be better than their competitors.

Modernization their product and launch new products to the market

Environment

This mean is how disasters, climate change and weather changes are effect to the business.

They have to consider about global warming and environment issues

Wherever they operate they should have idea about the climate and weather

Legal Environment

Legal environment is about health and safety rules, employment rules and international rules.

They have to concern about health and safety rules

They have to concern about how is employment rules effect to them

They should know about their competitors

When they dealing with internationally they should know about international rules

Nokia's Smart Objectives

The Partnership:

In order to accomplish our goals; our plan is to combine forces with Microsoft in order to regain leadership within the Smartphone market. By joining forces our aim is to create a global ecosystem like no other. This ecosystem will deliver a creative and unique product range, with great assets from both organisations.

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By adopting Windows as its primary platform, Nokia will help drive and define the future of the platform with expertise in hardware optimisation, software customisation, as well as language support.

We will be combining service assets making it easier for application developers to influence Nokia's global scale; Nokia maps will be at the heart of key Microsoft assets such as AdCenter, Bing and Nokia's application and content store will be integrated into Microsoft Marketplace.

The advantages of Nokia forming partnership with Microsoft is that Nokia will have the upper hand as they will have first access and an exclusive arrangement with Microsoft which enables them to get the new Microsoft windows operating system before their competitors

Connecting people:

By providing compelling, affordable and localised mobile experiences Nokia strives to connect more people online. Nokia will achieve future investments by developing assets such as platform, software, and apps; which will bring a more advanced and modern mobile experience for their customers and provide business opportunities for developers.

As well as seeking new ideas Nokia plans on maintaining their classic, respectable and loved services such as touch-screen, type, dual sim, maps, and browser; which will all continue to offer a considerable value to the company, customers, developers and consumers. Market research shows that 200 million people use Symbian globally and Nokia will modernise the platform through investments with new features, hardware improvements

such as GHz+ processing capabilities and significantly increased graphics speed and software improvement.

Implementing changes:

Changes in Nokia's leadership, approach and operational structure such as the transformed governance will expedite decision-making and remodel time-to-market of products and innovations, placing a heavy focus on results, speed and accountability; these elements will play an important part in achieving and supporting their goals. The decision to invest with optimism by seeking fresh opportunities for innovation will guarantee Nokia's future success. (web 6)

Marketing Strategy and Segmentation

Marketing strategy contributes to the definition of corporate strategy through the analysis of the customers and environment; it helps the company identify its competitive advantage over its competitors through careful observation. The strategy is designed with the overall mission of the firm; it must also be building on the resources and competence available to the firm.

Ryerson. ca. 2010. A Template For Marketing Strategy.

Fig: The above diagram illustrates an overview of marketing strategy.

Nokia's Marketing Strategy:

Key elements of Nokia's strategy:

Build a new winning mobile ecosystem in partnership with Microsoft

Nokia has formed a strategic partnership with Microsoft that will, we hope, see us regain lost ground in the smart phone market. Together, we intend to build a global ecosystem that surpasses anything currently in existence.

Bring the next billion online in developing growth markets

Nokia's strategy is to leverage its innovation and strength in growth markets to connect even more people to their first internet and application experience. By providing compelling, affordable and localized mobile experiences, particularly to emerging markets, their ambition is to bring the next billion online.

Invest in next-generation disruptive technologies

The Nokia-Microsoft ecosystem will deliver differentiated and innovative products with unrivalled scale in terms of product breadth, geographical reach and brand identity.

Increase our focus on speed, results and accountability

Their new strategy is supported by changes in Nokia's leadership, operational structure and approach. The renewed governance will expedite decision-making and improve time-to-market of products and innovations, placing a heavy focus on results, speed and accountability. Nokia. 2012. About Us.

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What is Market Segmentation?

It is a marketing strategy that allows dividing a huge target market into subsets of consumers who have common need and application for the relevant goods and services

New Segment

Promotion

Offering

Place

PriceNew

Offering

Fig: A Market Segmenting Approach

Criteria for Segmenting:

An ideal market segment meets all of the following criteria:

It is possible to measure.

It has to be large enough to earn profit.

It has to be stable enough that it does not vanish after some time.

It is possible to reach potential customer via organization's promotion and distribution channel.

It is internally homogeneous (potential customers in the same segment prefer the same product qualities).

It is externally heterogeneous that is Heterogeneity between segments (potential customers from different segments have basically different quality preferences).

It responds similarly to a market stimulus.

It can be cost-efficiently reached by market intervention.

useful in deciding on marketing mix

Nokia's basis of Segmenting:

Geographic segmentation

The market is segmented according to geographic criteria- nations, states, regions, countries, cities, neighborhoods, or zip codes. In terms of geography company is using regional approach to be able to appeal to the local population and gain their respect and trust. Nokia keeps opening its flagship stores all over the Asian and Middle Eastern rural regions to be able to bring their customers all the latest innovations and provide them with quality support services.

' What is geographic segmentation ' Kotler, Philip Philip, and Kevin Kevin Lane Keller. Marketing Management. Prentice Hall, 2006 ISBN 978-0-13-145757-7

Demographic Segmentation

Demographic segmentation consists of dividing the market into groups based on variables such as age, gender, family size, income, occupation,

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education, religion, race and nationality. Nokia has many mobile and smartphone devices to appeal to all the age categories (from kids to seniors), all income categories, different family cycles (singles and married couple households), people of different religions and occupations. Unlike Apple Nokia has a distinct recognition of women as a major target market. Almost every serie of phones comes in pink or gold color.

Kotler, Philip, and Kevin Kevin Lane Keller. Marketing Management. Prentice Hall, 2006. ISBN 978-0-13-145757-7

Psychographic Segmentation

Psychographic segmentation: consumers are divided according to their lifestyle, personality, values. Aliens within the same demographic group can exhibit very different psychographic profiles. Nokia products indulge the tastes of people of working class and corporate CEO's. Different models of mobile devices appeal to customers with various lifestyles. For example, Nokia N79 was marketed as a sports phone thanks to a wireless heart monitor implemented from Polar. The wireless Polar Bluetooth Wear Link heart rate belt helps monitor a heart rate along with a speed and distance while you are enjoying your jog.

Kotler, Philip, and Kevin Kevin Lane Keller. Marketing Management. Prentice Hall, 2006. ISBN 978-0-13-145757-7

Benefit Segmentation

A strategy that divides potential customers into different groups based on the benefits they seek to derive from products. Most of the Nokia consumers have strong loyalty to the company's products because they are able to find <https://assignbuster.com/nokia-company-overview-and-key-facts/>

the best quality for their money. Among benefits Nokia has to offer great power life, various numbers of applications for different needs and wants, durable and practical design

Kotler, Philip, and Kevin Kevin Lane Keller. Marketing Management. Prentice Hall, 2006. ISBN 978-0-13-145757-7

Ansoff's Growth Matrix:

Ansoff's matrix suggests four alternative marketing strategies which hinge on whether products are new or existing. They also focus on whether a market is new or existing. Within each strategy there is a differing level of risk. The four strategies are:

Market penetration – This involves increasing market share within existing market segments. This can be achieved by selling more products/services to established customers or by finding new customers within existing markets. Nokia has tried this with their attempt to penetrate the Windows Phone Market with their new Lumia Range.

Product development – This involves developing new products for existing markets. Product development involves thinking about how new products can meet customer needs more closely and outperform the products of competitors.

In comparison to their old handsets and Smart Phones Nokia has taken dramatic steps in product development, for example now all of their phones can be connected to Wifi.

Market development – This strategy entails finding new markets for existing products. Market research and further segmentation of markets helps to identify new groups of customers.

Diversification – This involves moving new products into new markets at the same time. It is the most risky strategy. The more an organisation moves away from what it has done in the past the more uncertainties are created. However, if existing activities are threatened, diversification helps to spread risk. This was strategy was implemented by Nokia when they collaborated with Microsoft for the new Lumia Series phones.

The Times 100. 2012. Case Study.

Ansoff_Matrix

Marketing Mix for Nokia

Nokia's mission is Connecting People and the goal is to build great mobile products that enable billions of people worldwide to enjoy more of what life has to offer. The main challenge is to achieve this in an increasingly dynamic and competitive environment.

To regain the leadership in the Smartphone space, Nokia has formed a strategic partnership with Microsoft that will, we hope, see us regain lost ground in the Smartphone market.

It is really important that the balanced use of 7ps (Product, Place, Price, Promotion, Process, Physical Environment, People) for NOKIA's marketing mix to regain their position in the changing smart phone market.

PRODUCT

Design: Nokia has recently come up with a sustainable design with the new smart phone. It's an approach that understands that the product doesn't just need to look good and work well, but should be created in a way that's mindful about what materials were used, how they were sourced and whether they are recyclable and renewable. Nokia's sustainability approach to its designing helped to look at how they can avoid the unnecessary clutter and minimize the number of parts. Nokia phones are designed and built to last.

Packaging: Nokia widely using paper based smaller packages for packing, so it can be easily recycled and saves money. And Nokia is trying to reduce the size of cartons by each year.

Environment: As a part of environmental thinking nokia is looking forward to use renewable resources on mobile phones for power (solar). Nokia has started to increase the use of recycled content in their product.

Quality: Quality is the first promise that Nokia gives to its customers. They want to good in customer and consumer loyalty.

Branding: Nokia is using Umbrella branding “ N series and E series”. They use logo to show their brand personality.

PRICE:

The phones that Nokia produce are usually sold at high prices(new phones can be expected to enter the market at around £200+, if they carry the latest technology). The price of the new phones usually decreases after an

introductory period, which is usually around 2 months long. Nokia's prices are usually competitor based, in such a way as, they try to keep their prices a bit lower than those of the closest competitors, but not as low as the "smallest" competition as consumers do not mind paying the extra money for the "extra quality"

PLACE:

Nokia phones are generally sold at all established mobile phone dealerships such as Car phone Warehouse and The Link, although they are also sold at other retailers such as Dixon's and other Electrical suppliers. The products are only sold in the electrical suppliers and store other than dedicated phone dealerships after the introductory period so the phones can remain limited edition, as this will encourage younger consumers to buy them

PROMOTION:

Nokia tend to promote the new technologies and mobile devices they create using one big advertising campaign that focuses on a singular technology instead of each individual handset so they can appeal to a lot of different markets with one campaign. The promotional efforts of Nokia for the communication of its product lines with the target market are always been very effective. The channel that Nokia has used for communication includes unique TV advertisements, interactive websites, field marketing and unique distribution networks which enterprise rural individuals as well. Overall, the promotional mix of Nokia is very effective. Referring to case, the tagline of Nokia "It's about little pleasures in life" was the part of every advertisement which helped create an association with the brand Nokia and its product line.