

Driving forces for smartphone industry



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The mobile Internet is growing so fast. There is about 500 million people use the mobile internet worldwide in 2009. The Smartphone will be the most popular method to access the internet than PCs in the next few years. There are more and more people want to have Smartphone instead of desktop or laptop. " In Egypt and India this is 70 percent and 59 percent of mobile internet users are mobile-only. Even in the US it is 25 percent."

(MobiThinking 2010). Now there are about 150 million presently users log in Facebook from mobile devices. " People use Facebook on their mobile devices are twice more active on Facebook than non-mobile users."(Mobithinking 2010) These make the reason of the Smartphone growth very fast recently.

Changes in who buys the product and how they use it

The target market of the Smartphone is young generation. There are two parts of the young generation that are college students and fresh graduates. College students want to have Smartphone. According to the researcher at Ball State University, there are 49 percent students own a Smartphone at college in 2010, compared with 38 percent in 2009. The 97 percent of students use text messages for their primary communication method and 30 percent of students will use email to communicate to each other. There are about 90 percent of Smartphone users that use their phone to surf the internet. About 97 percent of the users will take and upload photos and 87 percent of the owners will look at videos and upload videos by their Smartphone. (Kelly Truong). Fresh graduates need a Smartphone, too. Fresh graduates continue their habits from the college, but they use their Smartphone on the different way. They use their Smartphone for their work

in order to have more efficient than others. The Smartphone can help them check their email anywhere, stay in touch with their office and update the news from office quickly.

Increasing globalization of Smartphone industry

The demand of the Smartphone is growing rapidly worldwide, because of mobile internet becomes more popular. “ Gartner expects the worldwide touch-screen mobile device market to top 362. 7 million units in 2010, an increase of 96. 8 percent over 2009 sales of 184. 3 million units.” (Michelle Maisto). More and more people start to buy a Smartphone, because of the trend market. Smartphone is going to instead of the traditional phone.

Changing societal concerns, attitudes, and lifestyles

Smartphone changes the way people used to be. First, the communication between the people is changing. People use social media to communicate to each other. “ Facebook user base has risen to 430 million year-over-year, roughly the same increase as QQ in China. Twitter, while sporting only 58 million users experienced a 1238% year-over-year growth rate. Facebook now dominates in chat, messaging, video sharing, games, VoIP and more. “(MobileBeyond). People want to check the social media instead of text message and give a phone call. For example, Facebook shows a lot of information that people want to express for their days and also upload their photo to their friends. Smartphone can give people to see the latest news from the social media anywhere and anytime. Second, the lifestyle is going to change. People used to go to the bank to make transaction and deposit the check. After we have Smartphone and internet, we can just take a photo with check and upload to your bank. Finally, the attitude is going to change.

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People used to buy the products and compare the price in the different stores. It was not convenient and efficiency way to shop. Now you can easily to check the price of the product by using Smartphone that can help you make the right decision to shop. Smartphone is changing our lifestyles, attitudes and societal concerns.

Industry life cycle

There are five stages of the industry life cycle. In the embryonic stage, the industry starts to begin and develop the product to the public. In the growth stage, the company produces more products and increases the market share. In the shakeout stage, some of competitors start to see the opportunities in this market. In the maturity stage, the product price is stable and more competition comes to market. In the decline stage, the sale of the product decreases until the product innovation or discontinue in the market. (Hill & Jones, 2008). The Smartphone industry is in the growth stage. The demand of the Smartphone industry is growing rapidly. The sale of the Smartphone was 174 million units in the 2009; there were 270 million units sold in 2010. In 2011, the sales forecast is going to be double from 2010 to 2011 that means about 500 million units. (Oliver Van Dervoort). The demand of the Smartphone is going up twice than 2010 that make the Smartphone industry is in the growth stage, because of the strong demand of the Smartphone.

Internal Analysis

Value Chain

The value chain is that an organization creates value by performing a series of activities and it represents how each competitive advantage created via <https://assignbuster.com/driving-forces-for-smartphone-industry/>

an organization adds value to the service or product for each customer. In the HTC Company, R&D, Production, Marketing & Sales, Customers Service and Human Resource are adding the value to their company. (Hill & Jones, 2008).

Research and Development

HTC extremely concerned about research and development department. In 2009, HTC has nearly one-third of R&D personnel which in total HTC personnel. They also invest in R & D development about 5% to 7% of the total revenues. HTC also pay attention on their innovation and design. HTC introduced the world's first Android Smartphone in the Android operating system. After that, HTC also develop the new 4G high speed Smartphone that customer can download or upload their games, picture, video and mobile multimedia fast than before. (HTC Annual Report)

In 2010, HTC introduce the world's first windows phone which is HTC HD2. HTC HD2 has a capacitive touch screen interface and 1 GHz processor. (HTC Annual Report). It allows consumers to enjoy the fast and smooth touch experience and quickly respond to every touch of the action which is a major breakthrough for Windows Mobile phones. It is the world's first embedded HTC Sense for Windows Mobile; make the phone more intuitive operation. HTC Sense has three core principles for the design -Make it Mine, Stay Close, Discover the Unexpected. The ideal of the HTC Sense is easy to operate in order to attract more customers to buy their Smartphone. HTC develops the product designs to meet china market with China Mobile. In China, TD-SCDMA is China's telecommunications industry with independent intellectual property rights of international communications standards. Each of the

phones needs to have TD- SCDMA in order to use in china. In 2008, HTC launched their first TD-SCDMA Smartphone in china in order to extend their market into China.

Production

HTC is growing so fast. According to the annual report, “ with worldwide demand for mobile phones expected to continue rising through 2010, we can expect the tight supply situation to continue as well.” (HTC Annual Report)

HTC needs to make sure their suppliers to increase productivity in order to meet the demand of the market. HTC also needs more manufacturing plants and facilities to meet the increasing demand of HTC products.

HTC pay attention on their quality from each of the product that they produce. HTC introduces their new HTC Hero to the market In June 2009. After that HTC Hero has win a lot of awards which are Stuff Magazine’s - Gadget of the Year award, Mobile Choice’s- Phone of the Year, T3 Magazine’s - Phone of the Year. “ During the world’s largest annual Telecommunications industry event, the 2010 Mobile World Congress, HTC Hero was further recognized with the 2010 Best Mobile Handset or Device Award.” (HTC Annual Report) As HTC is growing so fast in order to meet the demand of the market, they still focus on their high quality control.

Marketing and Sales

HTC business is focus on European and North America markets in 2009. There are 48. 8% of revenues from North American, 30. 4% from European and 20. 8% from Asia and other regions. Especially, the annual growth rate is 28. 6% in North America which is the most potential markets. HTC

development strategy is the current worldwide brand positioning HTC have a good development and increase HTC brand image in order to create long-term competitive advantage HTC. (HTC Annual Report)

HTC has different products to meet the different level of the markets. For example, HTC's HD2 is the luxury and high-end product. Second, they have mid-price products which are HTC Tattoo and HTC Touch2 in order to have competitively in their market segment.

HTC focus on the Smartphone industry, wireless communication technologies and become more sophisticated in this market. HTC Cooperate with Telecommunication Company to place their phone in the store in order to increase sale of their phones such as Verizon, Sprint and T-mobile. HTC mobile phone now, through Europe, America, Asia, sales of leading carriers and distributors, and has gradually penetrated into the Smartphone market in developing countries such as the Middle East, Central and South America and Russia. (HTC Annual Report)

Customer Service

HTC opened the world's first HTC Care Customer Service Center in Taiwan Taipei in 2007. Fred Liu, Chief Operating Officer of HTC said “ HTC believes that providing superior after-sales support is important to our continuing success, which is why we place such a high degree of importance on HTC Care. In the future, a number of HTC Care centers will be launched in Taiwan and overseas, allowing our customers to enjoy their mobile lifestyles without missing a call,” (HTC Annual Report). Customer service center is very valuable for customers. Customer service center can save time and more

efficient to solve the problems from customers. Customers can just walk into the center and get personalized consultations by HTC products, Warranty repairs and buy HTC's products. HTC also provides a loaner phone during repair time. Customers do not need to worry about the alternative phone during that period.

Human Resources

The most valuable asset in HTC is employees. In recent years, HTC hires recruits outstanding talent to its ranks in the areas of product design, user interface, brand promotion and sales and marketing. HTC also hire the professionals' employees from Europe and American that make HTC increases their diversity, challenging, vital and encouraging. " As of the close of March 2010, HTC employed 8, 948 staff worldwide. The 169 non-Taiwanese staff employed by HTC filled 30% of all HTC managerial positions. Non-Taiwanese managerial and technical staff filled 8. 3% of all HTC positions worldwide. Women hold 21. 4 %of HTC's 557 current managerial positions." (HTC Annual Report)