

Tomtom college essay



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The economic forces The sales that generated by TomTom are impacted by the economic fluctuations of the market in which it competes. If the economic is downturn, it is limited the capacity for business and consumers to spend, as a result, the level of revenues for TomTom are going down. For example, the economic recession in year 2009 was brings a huge impact to TomTom. The economic recession in year 2009 is considered the “ dark side” for TomTom, it brings a huge impact to them and enables TomTom almost go into troubles and crisis situation.

Until the huge recession in 2009 has passed away, the economics of TomTom still unable to fully recover and the revenue is still affected. The economic recession has brought more impact on TomTom in term of their sales and revenue growth. It leads to a significantly dropping of the sales and revenue growth of TomTom, for example “ on 22nd July 2009, TomTom reported a fall of 61% in its net income at the end of 2nd quarter 2009”. TomTom has a significantly dropping of their sales and revenue growth because there have a price war exist during economic recession, especially in mature industries of TomTom such s in US and European, it was affected the profit earned by TomTom.

Besides that, another reason is almost customers were reducing their expenditures and avoid buying the unnecessary things such as devices since it is still seen as luxury products during economic recession, and thus it reduced the sales and revenue growth of Tom Tom. t)The global forces Because of the factor of size of its customer and technology base, distribution power and prominent brand name and recognition, it enables TomTom to compete in global markets and lead to become one of the largest

producers of satellite navigation systems in the world and maintain their leading position over the long term. Apart from that, a wide variety of products with a unique features and high quality that offering by TomTom also enables them to compete in the global market and gain competitive advantages. For example, TomTom was producing different types of products and sell it over 40 countries. It shows that TomTom has the global market and it able to sell their products over 40 countries.

In order to compete in the global market and fulfill needs of different customers in the world, TomTom has formed a artnership with a technology company called “ Advanced integrated solutions” for the purpose of “ adding an itinerary planning and route guidance feature to the pro series of navigation devices to help business enterprises with large mobile-workforces”. In addition, TomTom also form partnership with “ Avis” for the purpose of” adding their user-friendly navigation system to all Avis rental cars”. However, there have some certain issues when TomTom was compete in global market. TomTom may face a threat of isolated threat and global terrorism, in order to to prevent it. (iii) The political, legal and regulatory forces There have some political, legal and regulatory issues that arise from TomTom. The first issue is possibility of legislative banning off navigation devices in automobiles.

This issue is keeping increasing because of the growing concern of the distraction cause by these devices, thus the legislature has taken the steps toward banning all navigation devices from automobiles. Because of the increasing in these types of legislation adding to the restrictions placed on portable navigation devices, thus it will influence the current and future

market of TomTom due to limited market. Even some of countries, GPS system is not allowed because of the security and terrorism concerns. Another issue is the growing use of the navigation devices as tracking devices.

Although the navigation devices has bring many benefits to consumers, but it may also create a threat to them such as violate consumer privacy. This is because the governments, surveillance company and law enforcement agents are able to use their own GPS devices to track the movements and locations of individuals since nowadays almost all people has use portable navigation devices (PND) which already involve installation of GPS. Thus, consumer may not use PND because it may threat their privacy, then it may affect the TomTom's PND industry. On the other hand, another issue is the rise in PND thefts around the country. This issue arise because PNDs are seen as luxury products and their prices at a relatively high level, thus there are many thieve are targeting to theft the PND.

Mostly, “ the thieves are targeting vehicles that have docking stations for PNDs either on the dashboard or windshield”. Because of this issue arise, many consumers may feel so scared to buy PNDs if this issue is not resolved therefore it may affect the sales and revenue growth of TomTom. In order to prevent his problem, TomTom must create new designs on hiding PNDs from would-be-thieves and also deter them from ever trying to steal one. (‘ v) The technological forces The issue that arise from technological segment of TomTom is their GPS functionality is virtually same with the requirements of all new mobile smart phones. It is make a hard for TomTom to continuously

compete in the global market since nowadays most new mobile smart phones are multifunctional.

In order to compete with the multifunctional devices or smart phones, TomTom must need to continuously to create unique features, new design or adopted a focus strategy. In addition, another issue that arise is aging satellites which could cause the failure of the GPS system globally. In order to prevent this problem, TomTom has encourage to replace or fixed a new satellites before this issue arisen or devise contingency plans in case of catastrophic failure of GPS system. If TomTom does not take any action to prevent this problem, it may bring a huge impact and trouble for TomTom. The demographic forces Although TomTom was one of the largest producers of satellite navigations systems portable navigation devices markets was getting saturated or mature, thus it may onger to bring any growth in their sales and revenue or just only small potential to grow.

In order to increase the sales and revenue growth, TomTom need to expand their markets in other countries such as Asia, Middle East and Africa. Besides that, TomTom able to select to expand their markets in China and India which is the big markets and enables them to improve their sales and revenue growth, as well as improve profitability. The social forces There have some challenges for TomTom to promote their products in the rural areas because most of its population are not educated and does not have any information nd knowledge about technological. Even some of them might not need satellite navigation devices because they think that it is not necessary and do not how to use it. Thus, TomTom unable to promote and sell their products in this rural area unless those residents are educated and

have knowledge about technological information. However, green movement trend may create an opportunity and bring advantages to TomTom.

TomTom able to strengthen their image and brand name and able to tout its technology as the smarter and more environmentally safe tool if driving is an absolute necessity. Based on our analysis, we indicate the economic forces have roughed a huge impact on TomTom because the economic are always changing and unable to predict. Thus, in order to sustain in the long run, TomTom must always alert to surrounding environment changes from time to time and take action immediately if some issues or problem arises, so that it does not bring impacts or troubles to them.