

# Managing strategic change on nokia's high-end smartphone segment essay sample

[Business](#), [Strategy](#)



## Background

The high-end Smartphone market segment has developed tremendously in the recent years. The beginning of this growth was marked by Apple introduction of its first iPhone, which has managed to change the whole industry . Since then technological companies like Samsung, LG, HTC and Nokia have strived to get a valuable market share, offering a superior value to its customers, consisting of innovation in devices, services and closer communication with the clients . In the researched period- the time from 2007 to 2011, Nokia has lost its major presence on the Smartphone market. Although being a leader on it, its market share and profitability have fallen down under the pressure of its main competitors Apple and Samsung. Nokia's product line on the market is broad, offering Smartphones in all price ranges. According to an online business article , however, Nokia has not focused on developing in particular its high-end (premium) Smartphone segment and has not offered a leading device with innovative features. Its last Smartphones were catching up with the competitors' devices instead of offering a unique value.

This situation has led to changes on the top of the company. The new CEO Stephen Elop has been appointed to bring innovativeness and to focus on improving Nokia's presence on the North American market, where, based on market results, the company has weak market positions. As a professional with an experience on this region, however, not in the mobile industry, Mr. Elop is a controversial figure, which takes over the company in challenging times. The high-end Smartphone market is already in its mature stage,

where competitors are trying to offer unique value in products and services in order to improve their profitability. Further loss of market share and precious time for Nokia could lead to a loss of profitability for the company on the high-end Smartphone market.

Problem statement:

Nokia's loss of focus and innovativeness in developing its high-end Smartphone could cause a decrease of the company's market share and profitability. Nokia's main competitors on its market are gaining stronger positions and competitive advantage, offering cutting-edge technologies and posing threat to Nokia's leading position. Since the major growth of the high-end Smartphone market in 2007, Nokia lacks a clear focus on its core competencies that could bring competitive advantage for the company.

Objective:

Formulate a strategic change to be further implemented on Nokia's high-end Smartphone market through an analysis of the internal and external factors that play a role in defining the core competencies the company should focus on.

Research questions:

Central research question:

- What core competencies should Nokia implement in its strategic change on the high-end Smartphone market in order to get a competitive advantage on

it? Following research questions: •What led to Nokia's loss of profitability and market share to its competitors on the high-end Smartphone market? What are the current competencies Nokia focuses on? •What are the current characteristics of the market, the dynamics of changes on it as well as the target group customers and business models used? •Which are the Core Competencies that can contribute for the Nokia future development on the market? •What strong qualities do the Nokia's competitors possess that differentiate them from the Finnish company? What gives them a competitive advantage on the market?

## Methodology

Research activities planned:

Secondary research:

Desktop research on relevant books, online databases containing market data, business research done on the topic by: ▲Collecting data on the current environment of the high-end Smartphone market segment with Nokia's participation in it. ▲Looking for relevant theory models developed that could be applicable to this research ▲Analyzing the methods used and the findings achieved of other research done on a similar topic.

Primary research:

Using the theoretical framework defined to create a strategic plan how the new core competencies should be implemented in the strategy of the company Analyzing the external to Nokia business environment in terms of market trends, technological developments, economical and social

development by using the PESTEL and Five forces analyses . Discussing and summarizing the reasons for Nokia's downturn in terms of market share and profitability on this market with the help of a SWOT analysis .

Questioning the results to confirm their validity and importance for achieving the research objective. Conducting semi-structured interviews with a selected Nokia representative, aware of the Strategy development of the company. In order to make sure the interview information has high validity for the research, the impact of the " good news" syndrome will be diminished Developing a strategic model that should lead the strategic change in the company by analyzing the Core competencies and the Generic strategies the company should focus on and the barriers to Open innovation in the future activities of the company. Data will be collected via the interviews planned and via online search the market data available. Identifying possible challenges in the research process and minimizing any bias that the findings may lead to.

Research approach:

The research will be based on the deductive approach. The analysis will be built on the theoretical framework developed in the Literature review and further expanded in the Secondary research of this work. The theory models developed will be crucial in building the structure of the research and should help getting to valuable results.

Research Design:

The research strategy chosen will be an exploratory study, as it involves in its structure a literature search of the current activities on the high-end Smartphone market and conducting interviews with a Nokia representative. The data collected will be mostly qualitative, where the aim is to create a complete, detailed description of a new strategy after exploring all information available. Thus this written work will be a qualitative research. Concerning the time period, the research is longitudinal; the relevant materials are selected between September 2010 and April 2011 and reflect a time period of four years (between 2007 and 2011). Thus the research focuses on analysis of related to Nokia's business activities and how they evolved in four years time on the high-end Smartphone market.

Ethical issues in the process of researching could be connected with the use of Nokia' business information. Some of the sources will be obtained by conducting interviews with a Nokia representative, the answers of which may need to be kept confidential, used only for academic purposes. Thus the analysis gathered after the interview should not be in breach of the rights of confidentiality for Nokia. However, too much limitation and external influence (from a Nokia representative) could also lead to biased results. Thus this is an important issue that should be well considered before conducting the interviews. Research limitations:

A limitation to this research is that it will not be using Nokia internal databases and specific information about company culture and future strategic developments. Conversely, using mainly company data and in this

case doing the research in the premises of the company can pose a threat to developing unbiased results.

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