

Nokia is the worlds largest mobile phone manufacturer marketing essay

[Business](#), [Marketing](#)



1. 0 Introduction

Nokia is the world's largest mobile phone manufacturer and the leading of fixed network and digital mobile. Nokia Corporation was founded by a Finnish man named Fredrik Idestam in 1865. It supplies satellite and cable receivers, computer monitors, multimedia equipment, and other telecommunications products (Luo, 2000). According to Luo (2000), Nokia entered China in the early 1980s. The main reason of Nokia entered Chinese market is due to mobile phone subscriber base was slow to develop in China. In the mid-1990s, after the economy opened for Foreign Direct Investment (FDI) and trade in China, the start-off subscriptions had quick and rapid take off (Collins, Hogberg-Petersen, Stuart & Wetstone, 1999). Thus, as it was the first company delivers the Global System for Mobile Communication (GSM) system, Nokia had expands the system to China after get the consent from Shanghai Post and Telecommunications Authority. According to Luo (2000) said that the first official GSM call in China was made by Post and Telecommunications minister, Wu Jichuan, using a phone and a network both deliver by Nokia. The company also cut 4000 jobs in Finland, Hungary and Mexico factories then moved its manufacturing operation to Asia in order to cut costs and bring the smartphone building process closer to the component suppliers, who are largely located in China (Zack, 2012). China has more on the source of cheap labour and technological expertise as well. Furthermore, Nokia able to cut down on part shipping which could save the company millions per year (Zack, 2012). Nokia also trying to save money to hope can squeeze more out of its relationship with suppliers and get products out without the extensive delays (Bobbie, 2012). Nokia executive

vice president of Markets, Niklas Savander said that shifting device assembly to Asia is targeted at improving their time to market. He believes that they will be able to recommend innovations into market more quickly and be more competitive when they working more closely with their suppliers (Bobbie , 2012).

2. 0 Analysis

2. 1 Gains

Firstly, gain of Nokia when entering into China was Nokia has established Joint ventures with partnerships to expand the market. Business and High - Tech Editor (2000) cited that IBM China Company Limited (IBM) China, Great wall ShenZhen Co., Limited (Great Wall) the new manufacturing joint ventures in China to provide electronic manufacturing services for Nokia joint ventures. The new company Beijing GKI Electronics Co. Ltd. (Beijing GKI) provided advanced printed circuit board to Nokia joint ventures for their current and future wireless communication products and systems. The manufacturing of printed circuit board in Industrial Park in China, by having manufacturing of advance printed circuit board, Nokia has improved quality of products such as quality of cellular products. This is because of manufacturing of printed circuit board was located in low-cost country, Nokia able to get higher profits with low-cost production and low labor income. Nokia also has able to improved qualities of products through advancement of technology in producing printed circuit board. Besides, Nokia also able to provide good quality of products to their customer. Business Wire (2005) states that North American-based (NBA) and Nokia expanded partnership

into China to provide the First North American Sports League Video Content to Mobile Phones. In 2005, Nokia enable their mobile users to access NBA latest updated video. The deal will mark the video content of NBA sports is made for users in China. As expected, Nokia has also offered NBA Java games to attract the youth segment to enjoy exciting and entertaining anytime and anywhere. The demand of customer increased, it is because customers are willing to pay for their interest. Meanwhile, NBA is very popular among young generation in China by launching new fashionable and high technology products and services such as enable customer access NBA video and games. The Joint Venture between Nokia and NBA is helps Nokia in youth segment and strengthen Nokia's brand reputation, innovation, and launching new fashionable products. Moreover, Nokia also won broadband access deal from China Telecom (Normans Media Ltd, 2003), Nokia has signed agreement for the supply of DSL equipment to four China Telecom's subsidiaries in Fujian, Guangdong, Hunan and Jjiangsu. Nokia supplied generation multi-service access platform and other related services. By having its experiences and innovations, Nokia has become the leader supplier of mobile phone, fixed broadband and IP networks in China. Besides, by referring the internet access, users are able to access to internet anywhere and anytime with high speed of internet access. Nokia has enriches and improved people standard of living. Due to the cooperation with China Telecom, this deal successfully highlighted Nokia's achievement of broadband services in China. After all, Nokia has embraces high quality and low price strategy in China (Chang, Huai-Chi, Horng & Der-Juinn, 2010). These strategies include established six Research & Development (R&D)

center in China on technology strategy. It is crucial for Nokia to run global network. For example, In 2001, Nokia has establish a R& D center to develop platform technologies for Nokia's 3G mobile network in China (Normans Media Ltd, 2001). Nokia has employed well-educated personnel of China in order to run global network. By having majority of well-educated personnel of China, Nokia has gain positive effect on running global network in China.

2. 2 Shortcomings

2. 2. 1 Sales drop

Nowadays, Nokia had lost its dominant position in the global cell phone market, with Android phone (Samsung) and iPhone (Apple) was overtaking it in the growing smartphone segment. In the final quarter of 2011, Nokia was drop 40 percent net sales in China compared to the same quarter of 2010. The volume of devices sold in Greater China was dropped 33 percent from quarter four 2010 to the same quarter of 2011 (Millward, 2012). Nokia had taken some step to increase its sale like Nokia ship its first Windows device in 2011 and more in 2012. Therefore, Nokia company was released the smart phone based on Windows Phone. The company plans to increase the rate at which Windows Phone-based (Lumia) smartphone became available in new market. But the Window Phone-based smart phone (Lumia) shipment were far from filling the gap as show in the below chart (Millward, Tech in Asia, 2013). The table 2. 1 showed the net sales and mobile device volume 2012 in China. We observed that the sales was dropped 79 percent from the previous years and dropped 69 percent in phone units.

2. 2. 2 Restructuring plan

Nokia stock price had drop from 6. 3 percent to 2. 35 euros when the stock market open in the morning (Wauters, 2012). From the beginning year 2012, Nokia's stock price had drop 37. 5 percent and last year had drop almost 61 percent. Below table 2 was the Nokia's stock price quarterly evolution in the last five years and we can know that the stock price of Nokia was dropped in every year (Wauters, 2012). The market share of Nokia in China also was fall, this is because the sales drop had affected the Nokia share and they go through the restructuring plan. In the restructuring plan, Nokia would close two operation offices in China, there were Chengdu and Shanghai, it was confirmed to the Wall Street Journal and Nokia would expand its operation in Beijing and Guangzhou after the restructuring plan (Cheng, 2012). Besides that, job cut definitely was also a part of restructuring plan. When close down the operation, there were more than 10, 000 people had lose their job (White, 2012). If 10, 000 people lose their job in China, it will affect the economic in China fall down. Nokia also will change the management team around.

2. 2. 3 Boycott

In 2009, Nokia had boycott by the retailer in China. There have more than 100 wholesalers provinces sent a sue letter to Nokia. It was accusing the Nokia of monopolizing the prices to get windfall profit (CCTV, 2009). They want to lawsuit the Nokia's policies, such as the quality of product did not have guarantee when sold outside the areas, are an effort to monopolize prices and the market (CCTV, 2009). Nokia will be sue by those retailer if

does not give them any response and Nokia may be violation of Chinese Law. On June 10, they hung a red banner saying " Boycott Nokia" in front the fifth largest cell phone wholesale and retail market in China. In Hangzhou and Zhejiang Province, the dealers have also joined the protest (Journal, 2009). Nokia said that doesn't have business relationship with them and will not negotiate with them, Nokia just shifted the distributors in Shanghai. The problem known from distributors was Nokia will fine distributors 10, 000 ringgit for each one who sold a single cell phone to outside the distributor's assigned sales area. Besides, the distributor said they only can receive the commission if they reached the sales target within their region, the problem distributors face was only can meet their quotas by selling outside their assigned sales areas (CCTV, 2009). The last problem was different supply channel can decide different prices by their own, distributors prefer lower prices so it makes the transferred product inevitable (Journal, 2009). The conflict between Nokia and distributors has exists for several years. Nokia was refused to get in on first and second time boycott. The third time Chinese retailer lawsuit Nokia was on August 2009 (Times, 2009). Nokia was being to sue the price fixing, tax evasion and violating consumer's rights. Retailers noted the revenue of Nokia's fine over cross-territory products should be reported to tax authorities and charged for business income tax (Times, 2009). They want Nokia cancel and turn back the fines, and promise that the same product will enjoy the same services across China. Nokia must also promise no illegal things will happen. However, if no agreements were reached, they will sue Nokia, Dong said. (Times, 2009)

3. 0 Recommendations

Some observers believe Western companies are bargaining away important industry knowledge in exchange for performance nowadays. Should companies go along with local government's request to enter into low-cost country? Some local government's request exists in nowadays. Nokia company better understanding about these systems and to determine whether the company are collectivism or Individualism in order to strengthen their competitive advantages appropriate and wins the contract with China to operate business in there. Collectivism refers to a system that stresses the primacy of collective goals over individual goals and Individualism is a political philosophy that an individual should have freedom over his or her economic and political pursuits. From the above, we can know the nation's requirement and to decide whether the business is going to conduct to fulfill the needs of the society as whole and is more important than the individual's goal. Nokia's shortcoming of entering into foreign country is sales drop because of Symbian operating system dies. Globally, Samsung Electronics is the leader in smartphones, although Chinese vendors such as Huawei and ZTE have increased their presence in their home market, often at the expense of Nokia. We know that China is very competitive market and the competitors such as Samsung and Apple, they are very strong and competitive in potential market, due to this, Nokia is hard to differentiate themselves among all these forces. Because of these situations, Nokia's management might lose their confidence and led the whole operating system dies. Apart from that, the sales certainly will drop and lose their competitive advantages. Therefore, we would like to recommend some

strategies to strengthen Nokia's competitive advantages. Except for external forces, company is also influences by internal forces which is Nokia's internal operating system is going down and failed. At this point, Nokia suggested to establishing alliances with other company which means the products and services can be combined and available from one company which can make customers more convenient and offered at a cheaper rate compared with others (Lenz, 2008). The offering of many products in one place can increase their numbers of potential customers from those who may only use one product to a combination of many different customers (Lenz, 2008). From this method, the internal management with two companies could help each other and exchange opinion as well. These phenomena would help to increase productivity and the withered party would be influenced by the effective group member. For example, Nokia can cooperation with Nikon to strengthen its phone's build in camera. Indeed, cooperated with well-known company will learn more and discover more and Nokia's internal management team will work out once again and to be more knowledgeable to fixed the problems in future. These method will once again to let Nokia's operating system live. Moreover, Nokia close its operations in Chengdu and Shanghai because of market share fall. China is more stand on collectivism system which is country's goal are more important than company, therefore, Nokia could using this opportunity to creating new products and services that are designed to China people in order to grab the good relationship with China's government and China people. For example, assign employee to do more research regarding to needs and wants of China people and using competitive intelligence to check out what competitors are lacking. As we

can seen, Samsung and Apple is huge competitor in market and therefore there is no point to challenge them with same features, Nokia could creating or invent new features and unique products to challenge them and use their weaknesses to your advantage. For example, research might found out what China people wants, desire and what they are lack of nowadays, and Nokia are suggested to fill these holes and gain a sales and uniqueness in market. When this method start to running, this is possible to increase their shares in market. Furthermore, retailers boycott Nokia, and Nokia face lawsuit, being sued for price fixing, tax evasion and violating consumers' rights. To solve these, Nokia are suggested to learn from their competitors. Nokia should not be afraid of your competition, but rather use them as a learning tool and assess their business model, the business information learn from the rivals will help Nokia to develop the competitive edge that need to surpass them in the industry. Like the cases we found, the retailer boycott China and being sued, due to this, Nokia could learn and observe the strategies that competitors used to overcome and imitate their strengths. For example, after Samsung reveals Chinese labor or any other law breaches, they are immediate designing, researching, and/or implementing corrective actions to address every violation that was identified, corrective actions include new hiring policies, work hours and overtime practices to protect the health and welfare of employees and customer. Indeed, Nokia should learn from the company which is successful and ethical in doing business so Nokia can truly learn the appropriate way to overcome the problems. Nokia has being sued for price fixing, to solve this, researcher may do more observation and market survey to find out what the latest market price today and ensure the

price fixed are reasonable. Besides, the problems may come from the internal management fraud, the management team should be strictly monitored by company in order to avoid any fraud as well as tax evasion. Apart from violating consumers' rights, Nokia may use a mix of many tools and methods to measure consumer insight and both your position in the market. In addition, Nokia could gain in-depth insights about customer portfolio to maximize revenue potential, increase customer retention, and boost prospective customers. Besides, Nokia could do more social responsibility activities to change people's perception and to gain a trust and loyalty. According to research firm Strategy Analytics, Samsung released a smaller version of the Samsung Galaxy S3. The Galaxy S3 Mini has a 4-inch screen, compared with 4, 8-inches on the full-sized model. From this statement, we can know that Samsung keep updating and even update the existing product which is smaller version of S3. From this view, Nokia should learn from Samsung that not just update by creating new products and neglect the existing old version, instead, Nokia could updating themselves by even extend the old version products. Besides, Samsung's smartphones come in a range of sizes, though its flagship devices, such as the Galaxy S3, have tended to sport increasingly large screens, in keeping with the general trend for Android handsets. Nokia can also imitate the strengths such as keeping with the general trend for Android handsets. Samsung has do well in R&D and come out with unique product and the most important is keep follow the nowadays trend and never be outdate from market or society. For example, follow the GenY's footsteps and fulfil their needs, by using this method, Nokia will slowly to be improved and become the same position with

Samsung or Apple. Moreover, demand of Nokia in China is greater ever. Therefore, Nokia should ensure to maintain their quality in the long term in order to strengthen company's competitive advantage. It is because environmental influences will cause the quality of products, China has produces a lot of low quality product and it is possible to disturb perception of Nokia. Manufacturing the products outside the home country will faced several problems and risks like damages of reputation influence the product quality but if management could manage it by monitoring and control well, it would minimize the risks. Besides, China's worker will more hardworking since China are very competitive market and due to this worker will more loyal to their organization. Moreover, management encouraged to meet the local government's request in order to grease the process and approaching to the target. If management refused to do so, it will probably lose their sales because it is hard to find the second country which having the best condition to production like China did. For extra information, the report stated: 'Maintaining a strong foothold in China is important. The Chinese market accounts for almost one-third of global smartphone shipments, having overtaken the U. S. this year. More Chinese are also still converting to smartphones. Shipments are expected to grow 36% a year through 2016, forecasts International Data Corp. And China Mobile is a decent partner, with 75. 6 million 3G users'. By Renee Schultes. The statement described those situation will force American companies or other production companies to change their manufacturing location from domestic country to China or other low-cost country. However shifting to low-cost country would also brings disadvantages such as the policy of outsourcing work in US is progressively

more controversial which is currently experiencing a "jobless recovery" said by Singapore leader Lee Kuan Yew (Chanda, 2004). It is because American jobs will shift to low-cost countries, especially China and India." Suppose the Americans forbid this - 'You can't outsource' - but the Japanese, Germans, British, French outsource, so their goods and services are cheaper said by Lee (Chanda, 2004). You are placing yourself out of business if you are removing yourself of outsourcing and competitors do not (Chanda, 2004). This is a roadblock to slow it down, but unable to stop the forces that drive the economy. Due to this, we can use Management Vision strategy which means the vision of chief executives are determined to retain some or all manufacturing in their home country. Management can choose to maintain a strategic focus on high-value-added products rather than manufacturing location. The company aims to keep 60percent of its manufacturing at home country. This strategy will help to 'jobless' in own country, management are suggested to remain some manufacturing or authorization in own country in order to consider the local people's opportunity. Furthermore, when apply to development in low-cost country (outside the home country, management may educate their employees which located in low-cost country (outside the home country). For instant, educate them by giving speech and provides training to them such as give them tuition and vocational learning. If management wants to expand their business in low-cost country, they should educate the local people and treat them reciprocity, giving what they need to deserve in order to gain loyalty from employees. In such condition, employees will do it hardly and sincerely for management. Indeed, low-cost country would make more profit and cut down all related costs such as

transportation cost, legal fees, salary and wages. It is because China's market is very competitive market and people are willing to do hard for the income and the currency of China is smaller compared to other countries. These benefits plus the demand of China is one of the main reason that manufacturer should go along with all the requirements in order to enter China's market.

4. 0 Conclusion

China has the world's largest population therefore it is an opportunity for Nokia to enter into China market. In early 1980s, Nokia entered into China market which is a growing market for smartphone to develop their business with a concept of " Technology Connecting People". Nokia was partnering with printed circuited board company in a low cost country in order to produce quality products and to increase company's profitability. But sales of Nokia dropped and lost its dominant position in China recently. This is because Samsung and Apple overtaking in smartphone industry. In conclusion, Nokia aimed to meet their different customers' needs with different types of mobile phones. Nokia has started to collaborate with Microsoft in order to bring in smartphone to the market. However, Nokia also has to pay a great attention to improve the innovative ability in order to win the competitive advantage among Apple, Samsung, HTC and others brand. Therefore, Nokia can rejuvenate the existing mobile phones with more features and lower prices point in order to compete among their competitors. By improving the technological innovation ability, this will helps Nokia moving forward their position in China's market all the time.