

5c battery crisis at nokia marketing essay



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Nokia Corporation is a Multinational communication and information technology corporation headquartered in Keilaniemi, Espoo, Finland. The Nokia Corporation is engaged in manufacturing of mobile phones and portable IT devices. Nokia has sales in more than 150 countries also 123000 employees in 120 countries and is the world's second largest manufacturer of mobile phones after Samsung. Nokia produces mobile devices for every major market segment and protocol, including GSM and CDMA. In India Nokia started its business in the year 1994 and they set up a factory at Sriperumbudur in Tamil Nadu and is globally the second largest production site in Asia, after the China plant.

Nokia being one of the market leaders in Mobile Communication has always focussed on customer, relationship and trust. Building friendship and trust is the heart of Nokia Brand. Even the logo of Nokia shows their brand personality.

BL – 5C Battery Crisis at Nokia

Nokia Corporation has made connectivity truly ever- present. It has emerged as the world leader in mobile technologies and moved towards its vision of “Connecting People”. Even after having a strong strategic growth and transformation, Nokia in the year 2007 had recalled about 46 million units of its BL – 5C model of mobile phone batteries which were manufactured between December 2005 and November 2006 by the Matsushita Battery Industrial Co. Ltd. Due to complaints from its consumers about the overheating of the batteries. On August 13, 2007, Nokia issued a warning over its BL-5C batteries across the world, stating that these batteries may get overheated while charging. It said that about hundred such incidents of

overheating had been reported globally but there were no reports of the batteries being associated with any serious injuries or damage to property.

Service Recovery by Nokia

One of the top and the most important priorities for Nokia was to handle the battery crisis in an intelligent manner so that it does not raise any questions to the brand name of the company and also the integrity of the company.

The warnings issued by Nokia created a nation-wide panic among the consumers.

The consumers checked their Nokia handsets and rushed to the nearest service centre. The Company clarified the problems relating to the batteries and also offered to replace the batteries free of cost to the consumers.

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The head of customer and market operations at Nokia, Mr. Robert Anderson said “ By reacting swiftly and responsibly, and by being fully transparent, we believe that the consumers view Nokia as a responsible and a trustworthy brand”.

The panic all over the nation in the minds of the consumers created havoc and also affected the brand image of Nokia. To overcome such problem and to appease the growing fear in the mind of the customers, Nokia through advertisements in various national newspapers and TV networks made it clear for the safety of the consumers it had issued a product advisory for the BL – 5C batteries and not a total recall of the product.

Nokia took all possible actions to ensure customer safety and satisfaction. Nokia launched a customer service program to help customers and retailers recognize non original batteries. They also introduced the scheme of customers could check online by keying the battery number from the website of Nokia. The customers can check the status of their batteries by stating the 26 character battery identification number, the customers were even allowed to SMS the battery identification number specified by the company. If the battery was found defective and was eligible for replacement then the customers were to fill an online form where the new battery was dispatched to the consumer's registered address with a "postage prepaid" envelope to send the old defective battery back to the Nokia office address.

All these options were not enough because there were also some independent mobile service and buyers and because of that Nokia was unable to reach among all its consumers. To overcome this problem a toll-free telephone helpline was placed at each Customer Call Centre as well as the Nokia Priority Dealers. With the help of the toll-free number Nokia was able to reach the local customers easily. There were more than 150000 phone calls within a couple of days. All the batteries were sent to the CCCs and the RDs which came directly from the consumers.

The After Effects of the crisis was that during the 2nd quarter of 2007, Nokia sold 101 million mobile phones, which was around 29% increase from the previous year. Nokia continued to be the market leader even after the crisis this was because Nokia had a strong sense of Social Responsibility. This scheme was a big hit for Nokia and their customers were more than satisfied with the customer service. In the end instead of being a damage control

exercise, it turned out to be Marketing and PR campaign for Nokia with even more word-of-mouth publicity was created.

Leading mobile operators in India, such as Bharti Airtel and Hutch, have come to support Nokia's efforts in facing this crisis. They appreciate the responsibility that it has taken over its fault in the matter and the fast solutions that it has started deploying. Nokia will have to suffer a major step backwards, in profits and brand credibility, one that it must accept in order to reconfirm its name's having always been linked to product quality.

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There were of course a few disgruntled customers who felt left out as they weren't eligible to avail a 'free' replacement of their batteries, but then that would be a few dissatisfied customers no matter what ever scheme or gimmick was tried.

But on the whole, since an overwhelming majority was happy in the end, that is more than enough to declare and state the scheme, operation and exercise as a success.

Nokia managed to prevent a mad scramble at their authorized service centre (ASC) network and causing an overload on their staff, by making this exchange scheme / offer available from the customers home/office itself, so this benefited the customers too from having to take time out specially to visit a Nokia ASC and then end up spend hours in a queue.

It was also important for the company to communicate clearly and transparently with its consumers. Nokia contended that it had acted swiftly and transparently in the best interests of its consumers and hoped to come out of such a crisis. Nokia won the hearts of the customers to successfully defuse the crisis that could have generated a bigger loss to the Company as well as its well built image. In the end both Nokia and its customers were happy.

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