

# Economic analysis of a company economics essay

[Economics](#)



Name: University: Course: Instructor: Date: Introduction

The developments in the global world have resulted in the increase in the amount of competition from various companies. The technological attributes and critical development through innovation have been identified as the factors responsible for the development of increased completion in the market. An example of increased market competition is the analysis of the mobile phone technology and communication market that has been characterized by increased attributes of competition based on the various attributes of critical development and innovation initiatives. Some of the leading participants in the market are Motorola, BlackBerry, LG, Nokia and recently, the introduction of Smartphone technology that includes iphones and other smart phone providers (Electric news, 2006). With special emphasis on BlackBerry communication devices, the records confirm that the first BlackBerry devices was established in 1999 and this was the introduction of the email pager devices (Electric news, 2006). After this period, BlackBerry has witnessed the increased in the attributes of technology and innovation thereby leading to the emergence of critical mobile phones that has significantly competed with the other mobile phone communication providers in the market. Research in Motion (RIM) has been identified as the leading Smartphone manufacturer in the global market and this has been identified as one of the factors that results in the increase of BlackBerry performance. This device has been in operation for more than 10 years and it has been well accepted by the consumers because of the quality it provides to the udders (Connors, Ante & Gryta, 2013). The analysis of the financial records about the operations of BlackBerry has highlighted that BlackBerry was classified as one of the successful firms in the global market because it was characterized by the

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presence of one of the fastest growing brand in the market (Electric news, 2006). BlackBerry has experienced the rise in the growth rate by 84% and this has enabled an increase in the earnings from \$6billion in 2008 to \$11billion in 2009 (Connors, Ante & Gryta, 2013). This information is derived from the annual report. In view of this development, the company has expanded its distribution channel to meet the growing market in the global market that includes North America and other parts of the world. The growth in the performance of BlackBerry in relation to the competitors in the market can be illustrated through the use of the following graph. This graphs shows variation of BlackBerry with apple which has significant share of the market. BlackBerry is one of the wireless and handheld devices that is marketed and produced by research in motion (RIM) and this company has been significantly involved with the operations of increasing the participation in the market. Over the period, the development of the black berry devices has been regarded as the best in the market because of the quality that is associated with their usage and they have continued to evolve their operations thereby leading to the development of various devices (Kelly, 2013). Z10 and Q10 are the commonly sold BlackBerry devices in the market. The records have stated that the company has sold more than 300 million BlackBerry phones to the market.

## **Economic analysis**

The conduction of economic analysis on the firm is essential because it helps in broadening the understanding of the company with respect to the prevailing factors in the market. In view of this analysis, it has been established that BlackBerry is an important market player that has 3% of the

mobile market globally and this is critical because it has helped in the attribute of ensuring an increase in profitability and performance. Certainly, the periods of the recent past has witnessed the critical decline in the macroeconomic performance of the company and this has resulted in the decline in its operations in its global market. The activities of the competitors that include innovation have been identified as some of the leading prospects resulting in the decline in the performance of the organization (CASTALDO, 2012). In the recent past, some of the leading competitors in the market which Apple and other Smartphone technology providers have enacted measures depicting the realization of increased participation. This attributes of development of the competitors has resulted in the decrease in the level of macroeconomic performance of the company (CASTALDO, 2012). In comparison with Apple Corporation, BlackBerry has continued to experience a decline in the value of its performance. This is indicated in the graph below. According to the graph above, BlackBerry has continued to experience critical disparities regarding its performance in the global market because the large chunk of its market share has been consumed by the Apple Corporation. Finally, the recent development and technological advancement leading to innovation has resulted in the changes of the market attributes because the market has shifted from perfect completion to the emergence of monopolistic controls. The emergence of the smart phone technology has resulted in the emergence of critical transformation and BlackBerry has not adjusted to initiate these developmental attributes. BlackBerry devices are majorly based on QWERTY technology that is either physical or virtual (Olson, P 2013). Failure to enact ideal technological advancement has been identified as one of the factors leading to the decline

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in the performance of BlackBerry. This failure has resulted in the emergence of monopolistic powers where Apple Corporation controls the significant share of the market as compared to BlackBerry that has continued to experience a decline in the performance of the market.

### **BlackBerry business strategy-blue ocean strategy**

Over the period, the performance of BlackBerry in the market has been necessitated because of this choice of strategy. The choice of blue ocean strategy has been of immense benefits to BlackBerry because it has resulted in the development of innovation and technological advancement and has therefore been classified as one of the strong points of the company. The strategy resulted in the innovation of new email paging technology that deviated from the traditional technology. BlackBerry developed the system that increased the security of corporation information and cost saving incentive that involved the use of paging devices (Olson, P 2013). These devices has been of immense benefits to many organizational managers because of their attributes in reducing the costs and time and further the capacity of the technology to increase security and efficiency of the company. The development of this centralized server and software was necessitated by the use o blue ocean strategy. Upon development of the BlackBerry paging device that revolutionized the market, BlackBerry ventured into the phone market where it championed the production of ideal phones in the market. The BlackBerry phones have experienced the development of customer loyalty and goodwill thereby enhancing the increase in the performance. Despite these innovations and developments, the company has continued to experience ideal disparities characterized by

the decline in the market performance of the BlackBerry devices (Kenney & Pon, 2011). This decline can be largely attributed to lack of market information and untimely innovation of the products. In order to understand the onsets of BlackBerry economic analysis, the conduction of SWOT analysis is essential and the first consideration of the analysis is the consideration of the strengths of the corporation. The first strength of the company lies in the choice of strategy that calls for the establishment of innovation and technological development. This strategy and offering has been immensely beneficial in enhancing the performance and economic growth of the company because of its capacity to identify the market/industrial disparities then it seeks to identify the critical attribute of investing in the maintenance of these attributes. Ideal and unique software development is another crucial strength that has helped in the development of the organization and it has further necessitated the development of the brand as a strong brand in the market. Finally, BlackBerry devices are user friendly and extremely easy to use as they made simple to increase satisfaction of the consumers.

Opportunities in the market that have been used as factors to increase the development of the company have been identified as the differentiated offerings because the company is involved with the concept of offering BlackBerry Z10 and Q10 amongst others. The aspect of differentiation is essential for the company because it gives the room for further development of the company (Kenney & Pon, 2011). Certainly, the establishments of the factors have been of immense benefits because it has resulted in the creation of the application that covers the third party applications.

Weaknesses of the company have resulted in the consideration o the failures and decline in the global; market performance. One of the weaknesses of the <https://assignbuster.com/economic-analysis-of-a-company-economics-essay/>

company has been identified as the scalability and global coverage. In reality, an analytical result has shown that BlackBerry devices have not expanded into the entire global market because of the distributional channels chosen by the marketers. This has resulted in the poor economic establishment of the company. Another critical weakness is the BlackBerry architecture and the high cost of ownership. The combination of these two disparities have critically influence the decline in the market share thereby resulting in the emergence of the company performance (Kenney & Pon, 2011). The concerns raised by customers have resulted in the consideration of reduction in the cost of ownership that has prevented some customers from making purchases. Finally, the business model and strategy chosen by BlackBerry is not carrier friendly. This is detrimental because it reduces the level of commitment by the employees and further results in the decline in the capacities of innovation. The evolving trends of the market is based on the attributes of innovation and the technological incorporation and BlackBerry has continued to experience reduction in market performance because it has not invested in the production of BlackBerry devices targeted for the future generation. Finally, the threats of the tough competition from other established market players like Apple and iPhone have contributed towards the reduction in the market share because these competitors have occupied critical share of the market thereby reducing the amount of participation for BlackBerry in the market. The incorporation and invention of new technology has also been identified as the factor of threat in the market (CASTALDO, 2012). The advancement in technology has resulted in the development of better software than the existing BlackBerry software and this has resulted in the decline of their sales margin by a critical margin.

## **BlackBerry Vulnerability and Costs**

Vulnerability is another factor that influences the operations of the market and its capacities because it depicts the attributes of influence from the external macroeconomic effects. The movement in the macroeconomic contexts like the cases of economic downturn have immense consequences on the profit margin of the companies and this is because the performance and profitability of the organizations determined by the macro economic factors that operate within or outside the confines of business environment (CASTALDO, 2012). In this regard, analysis of the Vulnerability and Costs of BlackBerry is extremely beneficial because it helps in the understanding of sustainability of the company by altering the costs and revenue realization through the interaction of the market forces. The sample vulnerability curve for the BlackBerry market is depicted as given below. In view of the SRATC curve, some movements in the market can be ascertained and controlled by the macroeconomic responsiveness. Some of the leading factors of the macro environment that affects the operations of the market are the increases in operation costs, reduction in the participation of macroeconomic factors also have an effect in illustrating the effects of the curve. In this regard, the graph depicting the activities of the macroeconomic effects is flattened thereby showing that the establishment of BlackBerry gadgets are extremely vulnerable to the changes in the macro economic factors (Electric news, 2006). The company experienced adverse reduction in the amount of sales during the attributes of 2008 and 2009 financial crises and it is likely that the company will continue to experience the adverse impacts of reduced macroeconomic variable performance. The records have also identified the attributes of the organization to be composed of the factor that

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are Type 2 vulnerabilities because they are largely influenced by the elements of macroeconomic changes in the market like changes in oil process and alteration in the production and availability of the raw materials. Finally, the wireless communication market under which BlackBerry operates is characterized by the participation of many participants. The degree of BlackBerry concentration in the market has been reduced because other competitors have adopted greater technology and software development than thereby leading to the attribute of reduced market participation. Even though there are no barriers in the market, Apple has continued to control the market because it occupies the larger share of the market. Furthermore, the market is pure inelastic and the changes in prices have no significant consequences on the changes in demand. In view of this the basis for competition in the market is technological advancement and quality of the product. The government regulations in the market are solely for the establishment of consumer protection against the infringement of their rights by the market companies (Electric news, 2006). Finally, lack of monopolistic participation in the market results the absence of supernormal profits because Apple is associated with the increase of monopolistic activities in the market.

### **BlackBerry financial reporting**

The analysis in the financial statements and provisions of the company has stated that the company has immensely developed and is experiencing sudden rise in the performances following the previous decline in the past period. Analysis of the financial statements from the company has deviated from the depiction of the financial analysts because it has increased in the

sales margin despite the claim that its products have been disregarded by the consumers. This concept is supported by the fact that net income and revenue of the consecutive quarters has experienced increases by 2% that is highlighted by the rise from \$2billion. The net income has increased to \$98million from the \$9million in the previous trading period. Furthermore, the organization has been able of to offset the loss of \$125 million that was experienced in the previous trading period (Electric news, 2006). Currently, the company has confirmed the shipment of 6 million phones over the period of the last three months and reports have confirmed the shipment of more than 1 million phones. This is an opportunity for growth and development of the BlackBerry Corporation in the market.

## **Conclusion**

The emergence of BlackBerry in 1999 has resulted in the revolution of the market because of the emergence of revolutionary technology. Upon introduction of the paging devices, BlackBerry further proceeded towards the production of phones and this has enhanced participation in the market thereby increasing the profitability in the market. The existence of market competition has adversely affected the operations in the activities of the company because the competitors have enacted measures leading to innovation and development of superior products. With the increase in competition, the economic performance of the company has reduced and the profitability has also declined. Other factors that have contributed towards the decline in the performance are the adoption of inefficient distribution channels because insufficient global coverage is identified as one of the factors that enhances decline in the performance of BlackBerry. In the wake

of these disparities, BlackBerry has enacted new measure of increasing its market activities and this involves the consideration of introducing new revolutionary product into the market. BlackBerry is on the verge of introducing BlackBerry Z10 which is ideal and technologically viable for the market.