

# UKS31137

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# **Group Consultancy Report - Innovation Assignment**

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## Executive Summary

The Nokia Corporations and their battle for progress are the subject of the report. RBV, VRIO, SWOT, and Porter's Five Forces analysis of the present business model of Nokia Corporation reveals that the company faces several difficulties in the current, fiercely competitive market. Since its competitors have caught up in terms of technology and innovation, the company finds it difficult <sup>10</sup> to leverage its resources and capabilities to generate a sustained competitive advantage. However, the company's patent portfolio and its strong brand name represent valuable and rare resources. The Corporation confronts intense rivalry with Apple, Samsung, and Huawei, according to the industry report. Additionally, a business canvas model for some fresh proposals has been included in the aforementioned paper. Additionally included are the recommendations' parameters and duration. From there, it was established that Nokia Corporation should concentrate its efforts in niche markets where it can maintain a competitive edge. Nokia needs to use its limited resources and people more wisely if it hopes to maintain a competitive edge in a highly competitive sector. Nokia may position itself for long-term success by concentrating on particular market segments and increasing its agility.

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## 1.0 Introduction

The international consumer electronics, information technology, and telecommunications corporation Nokia Corporation is based in Finland. In 1865, the company was founded and from then the company went through several transformations, including being a major producer of rubber products, before eventually transforming to the telecommunication industry (Nokia, 2023). <sup>3</sup> The company has a long history of innovation and involved many first in the industry. Nokia was the first company to produce a cellular phone with an internal antenna. Moreover, the company introduced a phone with a built-in music player. From the start of the company till the early 2000s, they took over the mobile industry but their struggle starts with the rise of smartphones. In 2004, Nokia sold its mobile phone business to Microsoft and focused on developing networking equipment and services for telecom operators.

Nokia Corporation uses a diverse business model that is spread across multiple sectors of the telecommunications and technology industry. The areas they operate are network, technology, and pioneering invitation, collaborative advantage. Their strategy consists of six pillars and enablers (Nokia, 2023). The pillars define the success of the company and getting there enables them (Appendix 1). The report will describe Nokia Corporation and its struggle for new ideas and business models. This report will give a new business canvas model for the company for their improvement.

## 2.0 Application of Theoretical Concept

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### 2.1 Resource-Based View

The resource-based view (RBV) is a framework and technique for strategic management that organisations and organisations use to find and deliberately employ the resources available to create a long-term inexpensive advantage for the enterprise (Varadarajan, 2020). It is a theoretical framework used to analyse a company's internal resources and capabilities to gain a competitive advantage (Ntimbwa and Ondiek, 2022).

**Tangible Resource:** The company has a strong portfolio and a history of innovation in the telecommunication industry. This helps the company to protect its product and technologies from competitor copying (Nokia, 2023).

**Brand Reputation:** With a long history and strong brand reputation in the telecommunication industry, Nokia Corporation has a strong brand reputation (Nokia, 2023). The relationship and organisational culture of the company are unique and cannot be imitated by the competitor. The uniqueness is the main source of the company's competitive advantage.

**Supply Chain:** The company maintains strong relationships with suppliers and partners in manufacturing, allowing them to lower product costs while enhancing materials efficiency.

**Human Capital:** Human Capital helps a company to produce high-quality products with an innovative style. The company has highly skilled employees who are experts in technology, telecommunication and engineering.

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## 2.2 VRIO Analysis

VRIO analysis is a framework used to estimate the internal resources and capabilities of the company.

### Value

With a strong brand name and a history of innovation in the telecommunication industry Nokia Corporation build recognition. It generates significant revenue through licensing agreements and also has a large patent portfolio (Schwarz, 2019). The strong relationship with suppliers and dealers helps the company to reduce the cost of the products. This creates value for the company.

### Rare

The patent portfolio of Nokia Corporation is rare and is very difficult to replicate. Its brand name and history of innovation are not rare, compared to the other companies (Ding, 2021). The company has strong financial strength and high cultural exposure as well. Its problem-solving skills also make the company rare.

### Imitable

The patent portfolio of the Nokia Corporation is hard to copy as it is protected by intellectual property law. a unique resource for the business because the accuracy and specifics of the predictions are only known to the top management of the business. Therefore, the company's marketing communications are a unique resource that has helped the brand to maintain a sustained competitive edge globally.

### Organisation

It has a strong team working on research and development, and it has been successful in licensing its patents to other businesses. The company has the organisational skills necessary <sup>3</sup> to make the best use of its resources. However, the company has struggled a lot in recent years. Moreover, a good organisational culture makes the company organisationally strong.

## 3.0 Industry Analysis

### 3.1 SWOT Analysis

Strength	Weakness
<ul style="list-style-type: none"><li>• Strong brand recognition</li><li>• strong dealer network</li><li>• Highly skilled workforce</li><li>• High level of customer satisfaction</li><li>• Strong global presence</li><li>• Significant investment in research and development</li></ul>	<ul style="list-style-type: none"><li>• Decline in the mobile phone business</li><li>• Need more investment in new technologies</li><li>• In comparison to competitors, the day's inventory is large.</li><li>• Poor financial planning</li><li>• dependency on some important consumers</li></ul>
Opportunity	Threat



<ul style="list-style-type: none"> <li>• Emerging markets</li> <li>• 5G networks</li> <li>• Lower inflation rate</li> <li>• New markets are being opened as a result of a government agreement.</li> <li>• Change in taxation policies</li> </ul>	<ul style="list-style-type: none"> <li>• Changing consumer behaviour</li> <li>• Rising pay level</li> <li>• New technologies developed</li> <li>• Different liability laws in different countries</li> <li>• Economic uncertainty</li> </ul>
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(Source: Grünewälder, 2014; Nokia, 2023)

### 12 3.2 Porter's Five Forces

Factor	Description	Degree
<b>Threat of New Entrants</b>	The telecommunications business required significant capital investment and expertise in technology, making new entrants difficult to enter in the market. Established businesses like Nokia, Ericsson, Huawei, and Cisco dominated the industry, making it difficult for new entrants to capture a share of the market. However, in the present time, the capital and technology remain high. With the increase of developed software and service segments, competition from new players like Google, Apple Inc, and Xiaomi is also high.	<b>High</b>
<b>Bargaining Power of Suppliers</b>	In this industry, the suppliers of raw materials such as semiconductors and circuit boards are huge. The company has several suppliers and alternatives. Therefore, the bargaining power of suppliers is relatively low.	<b>Low</b>
<b>Bargaining</b>	The bargaining power of buyers has been high due to	<b>High</b>

<b>Power of Buyers</b>	the number of options available in the market, and they can choose from various suppliers, demanding businesses to differentiate what they offer to remain competitive. Buyers can be selective. They seek out the best things available at the most affordable prices. Over time, this affected Nokia Corporation's earnings.	
<b>7 The Threat of Substitute Products</b>	In the telecommunications industry, the threat of substitute products has been significantly high. When a new good or service fulfills equivalent customer needs in different ways, industry profitability declines.	<b>High</b>
<b>Competitive Rivalry</b>	Product characteristics, quality, price, and customer service are all used by businesses to compete. From the start of the industry still, now the rivalry between competitors such as Samsung Electronics, Apple Inc, and Xiaomi Corporation are moderate.	<b>Moderate</b>

(Source: Johnson, Scholes and Whittington, 2008; Marie, 2011; Nokia, 2023)

## 4.0 Market Analysis

### 4.1 4Ps of Marketing Mix

Factor	Description
<b>Product</b>	Networking hardware, software, and services are only a few of the goods and services that Nokia Corporation provides. The company's products are made to satisfy the requirements of businesses, consumers, and mobile network operators. Nokia has recently broadened its product line to include new markets including the Internet of Things and 5G networks.

	<p>In the telecommunications sector, Nokia Corporation provides a variety of goods, such as smartphones, feature phones, and network hardware (Nokia, 2023). The business places a priority on innovation and design, and its products include features like excellent cameras and long battery life.</p>
<b>Price</b>	<p>Nokia Corporation markets itself as a premium brand, offering high-quality products with innovative features. For its high-end items, such as its flagship smartphones, the Corporation uses a premium pricing strategy (Nokia, 2023). However, Nokia also sells lower-cost feature phones to clients in emerging areas, as well as a variety of products to fulfil the demands of various customer segments.</p>
<b>Place</b>	<p>Nokia Corporation has a strong presence in emerging regions such as India and Africa, where it has formed relationships with local telecom providers to expand its reach. The business offers its goods through a variety of channels, including internet stores, physical stores, and telecom providers. It has a global distribution network (Nokia, 2023). To expand its distribution and reach, the Corporation has formed alliances with major technology firms such as Microsoft and Google</p>
<b>Promotion</b>	<p>In addition to using digital channels like social media and influencer marketing, they also use conventional advertising mediums including television, print, and outdoor advertising (Grünwälder, 2014). They use a variety of promotional efforts to increase product awareness and sales. Nokia has a significant social media presence, with a large following on platforms like Instagram and Twitter.</p>

## 5.0 Recommendations

### 5.1 New <sup>9</sup> Business Model Canvas

According to Osterwalder and Pigneur (2010), to improve growth and competitiveness in the dynamic telecommunication industry the company should focus on the ideas described below (Appendix 2).

#### a. Value Proposition

The company should continue to invest in R&D to develop innovative products and services which can change the needs of the customers. Moreover, they need to concentrate on the service areas like the 5G network, the Internet of Things, and cloud computing. For this, the company will be required to focus on emerging technology and investing in new technologies. The business can also enter new markets by utilising its powerful brand and widespread presence (Muhammad, 2022).

#### b. Customer Segments

Nokia Corporation may concentrate on providing services to a range of clientele, including mobile network operators, businesses, and individual users. They should focus more on the customer-centric business model. Successfully reaching these categories, can entail creating specialised marketing plans and sales channels (Muhammad, 2022). Moreover, the company should invest more in digital channels to improve the customer experience.

#### c. Channels

Nokia has access to several distribution channels, including partners, distributors, and direct sales. To enhance the customer experience and offer more individualised service, companies should make investments in digital channels (Muhammad, 2022). The company can leverage social media, e-commerce type digital media to reach customers in innovative ways so that customers can know the offer without going to their website.

#### d. Customer Relationship

By offering top-notch customer support and service, Nokia can establish long-lasting ties with its clients. To promote client loyalty and repeat business, Nokia should give priority to developing great customer relationships. Personalised support like customer service centres, self-service and technical support, can help the company to build a strong

connection with their consumer (Bea. N.D.). Moreover, the company can leverage social media, e-commerce type digital media to engage with customers and build loyalty and encourage loyalty.

**e. Key Partners**

To boost its business operations and enter new markets, Nokia can collaborate with a range of businesses, including suppliers, distributors, and technology partners.

**f. Key Activities**

Nokia should focus on key activities such as R&D, product development, and marketing to drive innovation and differentiation in the market (Muhammad, 2022).

**g. Key Resource**

Hiring skilled engineers and designers, developing partners with research institutes and investing in technologies are the key resources of the company where they should invest or improve more.

**h. Cost Structure**

The company should maintain a limited cost structure to remain competitive in the market. This includes <sup>11</sup>research and development, product development and sales and marketing. The reduction of cost can give the company long-term growth and profitability.

**i. Revenue Streams**

The company can generate revenue through recurring revenue streams such as subscriptions and maintenance contracts (Bea. N.D.). By focusing on these key elements, Nokia can create a strong business model that enables it to capitalize on new opportunities in the telecommunications industry and drive growth over the long term.

***Limitations***

The highly competitive nature of the telecommunication industry could make it challenging for Nokia Corporation to differentiate itself and gain market share. Moreover, the rapid technological change could make it difficult for the company to keep up with trends and customer demands. To implicate the recommendation company needs to change some processes and systems which could be difficult for the company for some time. According to the research paper of Ahmed, Hasan and Kamal (2022), stated that the present time

Brexit, the Ukraine war, and covid gives a hard time in the telecommunication industry and manufacturing industry as well. Therefore, the implication of new change can be difficult to make. Moreover, for this reason the laws and regulations are changed in different areas or countries, thus it could be a limitation for the company. There may also be constraints on resources, such as funding and talent, which could limit the company's ability to pursue all of these recommendations simultaneously.

### ***Timescale for The Change***

The implementation of a new business model canvas could take several years and will require ongoing evaluation and adjustment. Nokia should focus on building partnerships and investing in R&D to drive innovation and differentiate itself from competitors, this can be their short-term goal. For the medium time goal, the company should focus on the customer-centric business model and focus on developing new services. This could be Nokia Corporation's long-term objective, to prioritise sustainability while continuing to adjust to new trends and technological innovation in the telecommunications sector.

## **6.0 Conclusion**

The report is based on the Nokia Corporation and its struggle in the area of improvement. The current business model of Nokia Corporation has been analysed through RBV, VRIO, SWOT, and Porter's Five Force framework, which shows that the company faces several challenges in today's highly competitive market. After completing the theories such as RBV and VRIO Analysis the company struggles to leverage the resource and capabilities to generate sustained competitive advantage, as its competitors have caught up in terms of technology and innovation, but the term of valuable and rare resource lies in the patent portfolio and its strong brand name. From the industry analysis, the company faces strong competition from Apple, Samsung, and Huawei. Moreover, some new recommendations have been also given in the above report as a business canvas model. The recommendations limitations and period are also given. Where it concluded that Nokia Corporation should focus its resources on specific areas of the market where it can sustain a competitive advantage. To create a sustainable competitive edge in a fiercely competitive industry, Nokia needs to more effectively utilise its precious resources and



talents. By focusing on specific areas of the market and improving its agility, Nokia can position itself for long-term success.

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## Appendices

### Appendix 1: Nokia's Six Pillar and Four Enables



### 4 Appendix 2: New Business Canvas Model for Nokia Corporation

Key Partners	Key Activities	Value Propositions	Customer Relationship	Customer Segments

<ul style="list-style-type: none"> <li>Suppliers</li> <li>Distributors</li> <li>Technology partners</li> </ul>	<ul style="list-style-type: none"> <li>R&amp;D</li> <li>Product development</li> <li>Marketing to drive innovation</li> <li>Differentiation in the market</li> </ul>	<ul style="list-style-type: none"> <li>The company should continue to invest in R&amp;D to develop innovative products.</li> <li>5G network and Internet of things, and cloud computing.</li> <li>Emerging technology and investing in new technologies.</li> </ul>	<ul style="list-style-type: none"> <li>By offering top-notch customer support and service, Nokia can establish long-lasting ties with its clients.</li> <li>Develop great customer relationships</li> <li>Social media, e-commerce-type digital media.</li> </ul>	<ul style="list-style-type: none"> <li>Mobile network operators, businesses, and individual users.</li> <li>The company should invest more in digital channels to improve the customer experiences.</li> </ul>
	<b>Key Resources</b> <ul style="list-style-type: none"> <li>Skilled engineers and designers</li> <li>Developing partners with</li> </ul>		<b>Channels</b> <ul style="list-style-type: none"> <li>Partners</li> <li>Distributors, and direct sales.</li> <li>Social media, e-commerce</li> </ul>	

	research institutes		type digital media	
<b>Cost structure</b>			<b>Revenue streams</b>	
<ul style="list-style-type: none"> <li>• The company should maintain a limited cost structure to remain competitive in the market.</li> <li>• Research and development expenses</li> <li>• Distribution and sales expenses</li> </ul>			<ul style="list-style-type: none"> <li>• Recurring revenue streams such as subscriptions and maintenance contracts.</li> <li>• The sale of network equipment, software, and services.</li> </ul>	

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