**Illusions about product success leading to a fall from grace:A Case Study on Blackberry Smartphones**

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### Abstract:

This case is about the fall from grace of one of the most influential and popular companies in the mobile industry, Research in motion. This case study hopes to instigate a thought process in the minds of its readers as to how and why such an influential and highly successful and popular company had to almost declare bankruptcy in a matter of just 4 years!This case study will help you:

a)Give its readers an idea about the company by giving a brief history of the same.  
b)Give you a SWOT analysis on the company.

c)Give a SPOT analysis.

d)Give some facts about the company.

e)Give the pricing model that the company followed and how it changed over the years with respect to the company’s revenue.

f)Change in marketing strategy over the years.

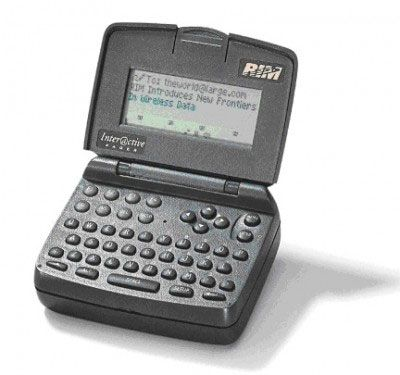
### INTRODUCTION:

The BlackBerry is a communicative tool in the wireless age. The device is brilliantly designed which allows communications by wireless mobile, broadband internet, SMS, and email using a small device that fits into the palms of one’s hands. The BlackBerry supports multiple wireless network standards, enabling it to operate seamlessly in many parts of the world. This mobility feature that the BlackBerry allows is greatly prized by its end-users,which includes senior executives at companies and high-ranking government officials.The creator, Research In Motion, Inc.(RIM), also supports third party developers to enhance the functionality of the BlackBerry system.

### History and Evolution:

**1984:** RIM is founded by University of Waterloo engineering student Mike Lazaridis and University of Windsor engineering student Douglas Fregin.

**1996:** RIM releases Inter@ctive Pager, also known as the 900 RIM, its first keyboard device

**1997:** RIM goes public on the TSE

About the RIM 950(One of their first products):

[Research in Motion](http://www.rim.net/) (RIM) makes two BlackBerry models. The 950 and the 957.The distinctive feature about this device is that it is always connected and always on. You don’t need to retrieve your email. Your email comes to you. There is no initiating connections. There are also no antennas to raise.This allows you to be immediately notified as new mail arrives as it remain on and continuously connected to the wireless network. You won't lose messages when out of coverage either ! As soon as you enter an area of coverage, the BlackBerry will receive and send mail automatically.

**2002:** RIM adds voice call capabilities to the 5810

**2003:** Research in motion is added to the top 100, releases its first colour screen blackberry.

**2004:** RIM marked its 20th anniversary by crossing the 1m mark. By the year’s end it has more than 2m subscribers using its devices.

**2005:** RIM hits 4 million subscribers, mark and Lazaridis are named among Time’s 100 most influential people

**2006:** BlackBerry releases the first consumer-friendly Pearl devices, adding a camera and media features.

**2007:** Research in motion becomes the most valuable company on the TSX with a market value surpassing $67b. The company has 10 million users and brings out the first of its Curve devices. But RIM is caught by the huge response to Apple’s iPhone

**2008:** RIM shares hits a high of $149.90 but the euphoria is short lived. The market crashed in September takes its shares below $50 and its first touch BlackBerry, the Storm, is critically slammed as iPhone hype grows with the new 3G model.

**2009:** BlackBerry launches its App store to compete with Apple’s Store. Its selection pales in comparison, a problem that is never solved

**2010:** RIM surpasses 40m users and announces it has shipped its 100m smartphone. It buys QNX Software Systems, which would help reshape its os software going forward. A few months after the 1st gen iPad hits the market RIM unveils the tablet named PlayBook but says it won’t release it until early the following year

**2011:** An unfinished PlayBook is finally released in the spring quarter, later than expected, and reviews were not good. A few months later the company announces that 2,000 jobs were cut. In October, users around the world suffered a 4 day service break

**2012:** mark and Balsillie step down as co-CEOs and are replaced by Thorsten Heins. Balsillie also leaves the board. Within months Heins announces 5,000 job cuts and a delay to the critical BB10 software update, which is seen as the company’s final chance to remain afloat. The stock reaches a low of $6.10 in the fall

**2013:** Heins finally unveils BB10 and the 2 smartphones to use the OS, the Z10 and Q10. The company purchased a Super Bowl ad to build hype for the new company, which officially changed its name to BlackBerry. The phones didn’t sell well enough to increase its fortunes. Lazaridis steps down as VC and leaves the board. In August, the company says it is open to “strategic alternatives” including a sale possibly. On Friday, the company announced it was cutting another 4.5k employees and planned to refocus on the enterprise market. On Monday, it announced Fairfax Financial Holdings offered to buy the company for US$4.7 billion.

The demographics of the current Blackberry target market comprises of mid to upper class buyers aged between 30-55 belonging to the professional, executive and industrial segments. The mainstream consumer market is targeted for acquiring new customers where RIM will penetrate this segment by bringing in changes in the consumer expectations.

### Review of literature:

**BOOKS**:**1)McNish, Jacquie and Sean Silcoff. Losing The Signal. Print.**

**1)"Blackberry - Case Study". Slideshare.net. N.p., 2016. Web. 8 Sept. 2016.**

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**3)Keller, Chris. "Sales Model - How To Increase Sales - Blackberry Example". Profitworks.ca. N.p., 2016. Web. 8 Sept. 2016.**

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**5)"RIM/Blackberry Net Income/Loss 2009-2016 | Statistic". Statista. N.p., 2016. Web. 8 Sept. 2016.**

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### METHODOLOGY:

A SPOT AND SWOT analysis was done and thereafter the report was generated.Also the various price ,marketing and promotion strategies are mentioned.Thereafter suggestions were given taking into account the above sources and existing case studies on the same.

Also the reasons for the fall of blackberry was also analysed .

### SWOT ANALYSIS:

#### **Strengths**

* Blackberry has a decent reputation and enjoys top of the mind recall among corporate users of mobiles because of its proprietary technology that outpace its competitors especially when corporate users are taken into consideration.
* The Blackberry devices are compatible with any mobile carriers anywhere in the world which makes it a key strength for the company as it helps in easy mobility and portability of the business.
* Adding on to the strengths of the company, its devices are more secure than its competitors and security features inherent and embedded in their products.are unmatched by any other mobile maker including Samsung and Apple. Hence making Blackberries popular among the corporate users who use it to link it and integrate it with their VPNs or Virtual Private Networks.
* The following strengths make Blackberry the Smartphone of choice for many governmental agencies in the United States including the CIA, FBI, The White House, and the State Department. Thus making it an ideal phone for agencies dealing with sensitive information as it comes with an encrypted security difficult to be cracked.

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#### **Weaknesses**

* The key weaknesses of Blackberry was that it went on a single-track focus on the corporate users and enhanced its security features as a USP or a Unique Selling Proposition. While this helped them being in a good stead with the corporate clients, but once Samsung and Apple came out with Smartphones for the consumers and for daily purpose, Blackberry was unable to keep up with the competition.
* Blackberry users now had to install expensive enterprise software, hence they began to switch to their rival OS’s. The company lost its ground when Samsung and Apple OS provided more benefits to this customer segment leaving Blackberry out of the race.
* Blackberry was essentially focusing on the corporate users. Samsung and Apple quickly quickly targeted the consumer segment by providing an easy to use user interface and apps that were simple and effective. Thus these companies soon began to take away the corporate customers of Blackberry.

#### **Opportunities**

* The company recently took some moves which are very aggressive as it has rejected a sale offer and a buyout offer, also in addition it accepted fresh infusion of capital from an Angel Investor. Blackberry has appointed a new CEO and revamped its organizational team and structure.
* The company has a profitable opportunity as far as leveraging its existing customer base of over 100 Million users is concerned. There is a significant opportunity waiting for the company as it can tap into this customer base for its future products.
* Blackberry can mimic the strategies followed by Apple and Samsung of integrating applications and features. Also the increase in their business partnerships with the third party providers proves to be a key opportunity for the company so as to take on Samsung and Apple.

#### **Threats**

* Even though Blackberries were the original Smartphones, both Samsung and Apple had beaten it to the race to build the Smartphone of the future as they provided the flexibility and ease that Blackberries lacked and hence, were able to rule the market taking away its customers.
* Apart from the threats posed by its competitors, the company had to face and fight the slack and the gloomy internal environment.
* Blackberry has to rejuvenate and reinvent itself as the smartphone industry is based on innovation.

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### SPOT analysis of blackberry 2016:

“**BlackBerry plans to release two mid-range Android smartphones this year.”**

CEO John Chen said BlackBerry smartphones are on the way to improve its hardware assets: one with a physical keyboard, and another with a full touchscreen. Both will run Android. Unlike the pic smartphone, which was a misstep, the two new BlackBerry phones, which are rumored to be code-named the Rome and the Hamburg, will target a mid-level price point. BlackBerry executives are likely pushing for a sub-$500 price off-contract. And the company will keep pushing its marketing angle that it sells the only truly secure Android devices.

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### Pricing Model of Blackberry:

Pricing the most vital and highly demanded component within the theory of marketing. It helps consumers to know the standards the firm should offer through their products, thereby making an exceptional reputation in the market. The firm’s decision pricing strategies impacts the consumer’s decision on whether or not to buy the product.

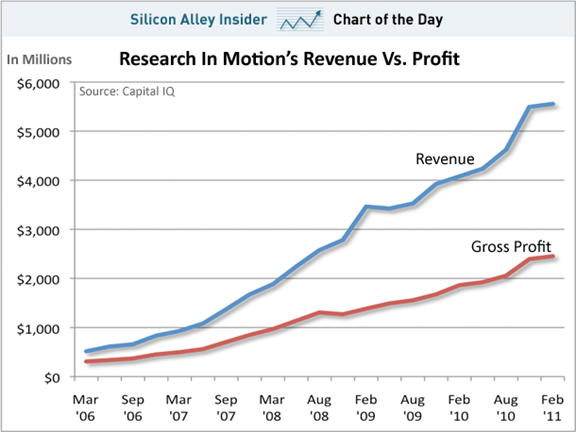
Initially blackberry focussed on the email reliant businessmen.They generated the main revenue due to their strong hand when it came to Emails. Another factor was their physical keyboard.These features were in demand among the businessmen who could afford a high priced phone and moreover, they were more than happy with a basic but very reliable smartphone.This is exactly what blackberry initially provided and hence were able to price the products higher than the rest of the market.

They initially followed the :

#### **Premium pricing strategy:**

Premium pricing is intended to keeping the price of a product or service artificially high in order to encourage favorable perceptions among buyers, based solely on the price. The practice is basically intended to exploit the tendency for buyers to assume that more the expensive an item is , the more they can enjoy an exceptional reputation. Moreover, a premium price may portray the meaning of better quality in the eyes of the consumer.

Consumers are not afraid to pay more for trends,on how much a product or service might actually cost them, which is a key motive for premium pricing. The novelty of consumers wanting to have the latest trends is a challenge for marketers as they are having to entertain their consumers



### MARKETING STRATEGY:

The company is looks into other possible business hub and expands its business by introducing new products. Their marketing strategy also includes the fact that most expensive products should be introduced in developed countries as its demand will be less in the developing countries. The company makes the effective strategies and needs to develop it, so that it help in maintaining the deep relationships with the clients. Improvement is needed in terms of the skills and quality of products and ensure effective distribution of the products among the clients.

The marketing strategies adopted by RIM in 2010 was the introduction of the new campaign called 'Not just the office guys' which talks about how the mobile device is now a favourite among the youngsters who use it for BlackBerry messenger and social networking.The campaign also seeks to targets the youth who is known for heavy data usage.The promotion also talks about introduction of a pre-paid scheme by Vodafone for BlackBerry users, hence making these plans more affordable. The prepaid BlackBerry plans by Vodafone come with daily and monthly cycles and range between Rs 599 a month to Rs 6,000 a year, depending on the plan chosen. Pre-paid plans start from Rs 15 a day to Rs 399 a month.

**Promotion Strategy:**

Blackberry needs to focus on the advertising its products through electronic and print media. The social media can also play an important role in its promotion. The company needs to maintain its effective advertising campaign of the products to survive in the market.

**Why did BlackBerry fail?**

**1) They didn't innovate fast enough.** Apple and other android phone producers were able to outrun Blackberry by introducing new OS and physical features on the phone that appealed to the mass. Blackberry wasn’t being able to follow this huge disruption or sudden competition in the mobile market.Neither could they change or improve the OS to match the new offerings nor could they bring any satisfactory change in the physical forms of their phones. The keyboard panel occupied half of the mobile phone screen making it look like a phone from the past,like an old Nokia. They wanted to push their own OS so badly that they didn't move to android until recently. Android was always vastly superior and, with minor adjustments to the code, blackberry apps could be made to work on android OS (both JAVA based I do believe).

**2) Their focus was on Enterprise not on Consumers:**Unlike Apple and the android phone makers,BlackBerry found success through selling to IT departments of huge corporations mainly and this is what kept the momentum. All that the Sales Director of BlackBerry had to do was to just focus on this market segment and forget that anything else existed, fetching him 90% of the revenue of the market share just like that.

**3) They couldn't grow the Consumer sales:** Although they were recieving profit from the enterprises, they hada place in the consumer marketplace but unfortunately they couldn't grow it. The reasons are that their devices looked ugly compared to iPhones and many android devices (HTC builds very nice phones) and nobody thought of BlackBerry as a cool phone. It had already built an image as a professional tool that would give you instant access to your email but even in 2008 email wasn't cool, it was just another tool. Chat and Facebook and YouTube were far more attractive and engaging and BlackBerry didn't do these right until it was very late.

**4) They insisted on their OS:** Blackberry app store had very minimal number of apps due to which it lost its popularity. Smartphones supported huge number of apps which supposedly had the ability to transform your phone to something magical instantly. From Games to productivity apps you can do amazing things on your phone nowadays. But with BlackBerry's OS you couldn't do this and even today there is only a small portion of apps available.

### Suggested strategies:

## **Generate More Leads And More New Customers**

More Leads:

The best way to generate more leads is to pay attention to the marketing methods that work best. The marketing methods for small business that gives the best return on investment are Cross promotions, RFPs, a website,email marketing, bing ads, [google adwords](http://www.profitworks.ca/blog/online-advertising-best-practices/342-are-ads-on-google-google-adwords-ads-an-effective-and-profitable-marketing-method) and telephone marketing. If you are able to generate more leads and maintain your closing ratio, you will increase the number of customers and total sales for your business. The most effective marketing methods and how Blackberry could use them better are listed below.

**Website Content Creation and Search Engine Optimization** - I am sure Blackberry is doing some search engine optimization and I can see they are doing a pretty good job of adding content to their website. They have a Blackberry blog, support blog and a Blackberry developer forum. All things that are constantly adding content to their website and getting them more traffic. As noted in the article [The Importance Of Adding Content To Driving Website Traffic](http://www.profitworks.ca/blog/website-search-engine-optimization-service-tips-and-advice/332-the-importance-of-adding-content-to-driving-website-traffic), adding content regularly is key to increasing your rankings, traffic and sales from a website. The one thing they may not be doing with their website is doing conversion tracking, but for all I know they are doing this as well. The one place for SEO they may be able to improve is by writing better meta descriptions. This is the text below the link in search results. This text is critical to enticing people to click and get traffic to a website. For example, currently for their Blackberry 10 page the meta description is "Experience the new Blackberry Z10, BlackBerry Q10 & BlackBerry 10 for Business. - Global".

#### **Email Marketing**

Blackberry has finally started to get better at email marketing since writing the article [Where RIM's Blackberry Mobile Fusion For Business Went Wrong](http://www.profitworks.ca/blog/marketing-strategy/327-where-rims-blackberry-mobile-fusion-for-small-business-went-wrong). We can say that they have already started to create segmented lists and sending information to these lists. We are hoping by now that they are starting to generate lists of existing customers and prospects of people looking forward to buying their products as well as listing out contacts at retailers like Verizon, etc and sending marketing emails to all of these groups. Taking into consideration how they attend to individual emails ,we think they have lots of room for improvement as well. Their emails are still picture congested at the top which means people might not be interested in opening the email previews as it blocks images. Images should be placed lower down in the email. To increase click through rate we would advise more links to be included within the content of the email. Right now as most of the links are at the bottom of the email, some people might not have the will to read that far. Finally they should be A/B page testing the conversion rate of their email marketing landing pages to be constantly improving the conversion from the email marketing they are doing.

#### **Free Model**

A great way to bring up more leads is to offer a free product with only some of the full product features or that ends after a certain time period.Presently Blackberry is using a version of this model with offering a free 60 day trial of Blackberry Enterprise Service 10. This product used to be called the [Mobile Fusion](http://www.profitworks.ca/blog/marketing-strategy/327-where-rims-blackberry-mobile-fusion-for-small-business-went-wrong). According to us this could be furthur improved by going to a free forever model that would up sell clients to additional needed services. A great idea for Blackberry would be to offer a basic version of Blackberry Enterprise Service 10 that would require buyers to pay for the additional features. This would allow Blackberry to capture a considerable part of the mobile enterprise management market and develop its customers into paying customers over future years. This would create a communication network with those organizations to sell them other Blackberry products.

#### **Google Adwords & Bing Ads**

Blackberry has been advertising on Google Adwords. When you type in blackberry an ad from Blackberry pops up. Blackberry does not advertise on Bing. They are paying way too much for their Google Adwords advertising than required for it to have a positive ROI. What we would recommend is that they start advertising on both Google and Bing, Then must use similar ideas and replicate them to the Bing Ads as well.

#### **Sell a new product to a new segment**

Blackberry has recently done a good job by launching into the tablet market quickly and introducing mobile fusion for the mobile device management. What they are doing by expanding the mobile enterprise management is excellent. They are doing a great job by pushing Blackberry 10 enterprise and focusing on it as this product has great potential and will also be a key strategy that can give lots of valuable information on businesses to help them excel in the business segment. The only idea for them to expand into would be to give full device management services along with their device management product BlackBerry Enterprise Service 10. By doing this they would have a better understanding of some of the challenges of their customers and help them better understand how their products are comparable to Apple and Android in the eyes of the customer. In addition this puts focus on their strength and image of being the best unique solution for businesses.

#### **Invent a new usage for one of your existing products**

If blackberry can come up with a new usage method for any of the their products though, this would be a sure a success strategy to increase sales.

#### **Capture a greater market share in current market**

In order to be able to do this, Blackberry needs to improve their marketing. It is very clear from the statements from the company that they are aware of all this and they have made good advances recently to improve in this area. The only further advice for them is to make sure they are putting the most focus on the most effective marketing methods and how they are tracking the sales results from each campaign and marketing medium fo better understanding of what is working and what is not. Not just looking at metrics like awareness and purchase intent but tracking actual sales results.

## **Increase The Average Purchase Price Per Transaction**

Raise Prices:

Blackberry is doing a good job of raising their prices over time and charging more for their phone. There is a scope for improvement with the next tablet that they launch. The price should be made higher than the first tablet and the price should be made in line with the highest priced products on the market. With the next tablet Blackberry will have the operating system, features and hardware quality to warrant a higher price. In addition to this is that I would also offer a low priced, minimal features model to compete in the low cost tablet market to gain popularity among more people to the Blackberry platform.

**Sell More Items Per Transaction At Point Of Sale:**

Blackberry should go for offers like additional products and services that they can sell with their phones. It can be selling an online storage service or antivirus software

.**Sell More Of An Existing Product:**

I think Blackberry has taken their greatest opportunity by doing a great job of targeting the emerging markets in the world to improve sales growth of existing products. They again have a great opportunity to sell more in North America but they need better marketing. In general they need to showcase their strengths better in their marketing, performing a better job of leveraging every prospect and customer interaction to do marketing and do a better job of lead capture.

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