

Explanations to the Failure of Nokia Phone

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ABSTRACT

Nowadays, with the application and popularization of 5G technology, the efficiency and convenience of mobile phones have made people live with the indispensable part of their lives. While the mobile phone market is experiencing rapid development, we should also continue to reflect, so as not to repeat the tragedy of Nokia. In 2013, the mobile phone business of Nokia was acquired by Microsoft. This incident marked the temporary departure of the former mobile phone industry giant Nokia from the personal mobile phone market. In the past ten years, Nokia subsequently tried to make a breakthrough in smartphone manufacturing, but all attempts ended in failure. The development of networks and technology has made the mobile phone market very competitive today. The failure of Nokia has heavily increased the sense of crisis among various mobile phone brands. This article uses case analysis method to study some issues that mobile phone manufacturers should pay attention to. Taking Nokia as an example, this article analyzes related issues. Finally, some important reasons for the business failure of Nokia phone are summarized. Mobile phone manufacturers cannot be too confident to ignore the market and consumers, and they are supposed to continue searching for new core competence.

Keywords: *Nokia; Mobile Phone; Innovation; Operating System*

1. INTRODUCTION

With the rapid development of communication technology, mobile terminals have evolved from the simple communication product with only a single call function to the mobile communication devices with multiple functions such as voice, data, and images [4]. From the perspective of the entire development of mobile phones, shown in figure 1, we can divide the development of mobile phones into three stages. The first stage is the change in volume. The mobile phone has evolved from the original large mobile phone to a

convenient device that can be controlled by one hand. The second stage is the color change. The mobile phone screen changes from only showing black and white to showing different colors, and then there are different kinds of innovative mobile phones, such as camera phones, music phones, and game phones. The third stage is the emergence of smartphones, which change from a closed operating system to an open operating system, which can implement a variety of extended functional applications.



Figure 1: Evolution of Mobile Phone[8]

It is not difficult to find that every major change is the result of continuous innovation. During the development process, some brands have gradually emerged, such as Apple. Some well-known brands have been eliminated, such as Nokia. Nokia has achieved great success in the first stage mentioned above, allowing most people to enjoy the various conveniences brought by convenient small phones [5]. However, Nokia phone did not maintain its competitiveness for a long time and finally had to give up its mobile phone manufacturing and sales business. The causes of Nokia's failure in the smartphone business have attracted the attention of many industry insiders and scholars. They mainly focused on studying the failed collaborations of Nokia. This article tries to find Nokia's problems from different angles and analyzes Nokia's strategic issues through case analysis method. The case analysis method used in this article was first developed by Harvard University. Now, this method is widely used in teaching and company training. It is hoped that the final conclusion of this article can provide a reference for the development of other mobile phone manufacturers.

2. ANALYSIS ON THE FAILURE OF NOKIA PHONE

Nokia is a multinational company established in Finland in 1865. At present, the main business of this company is the production of mobile communication equipment and related services. At the beginning of its establishment, the company was mainly engaged in logging and papermaking, and later also involved in the fields of tires and cables. It should be its mobile phone business that makes Nokia famous all over the world. In 1982, the Senator, the first mobile phone network in Northern Europe, was made by Mobira (then called Nokia). Since then, Nokia had officially entered the mobile phone market. In the 1990s, with the reduction of mobile phone manufacturing costs and volume reduction, Nokia realized that people's demand for mobile phones would experience explosive growth. From the company development strategy, Nokia decided to develop into an excellent telecommunications company[1]. At the same time, Nokia also has problems such as a shortage of funds and improper management

due to the numerous industries involved. As a result, the top management of Nokia decided to sell other sectors, taking the electronics department as its core development direction. Nokia, which took telecommunications as its development direction, had developed rapidly and expanded rapidly. Nokia was also committed to global communication technology. The first global

communication dialogue was conducted using Nokia phones, which was conducted through the Nokia Radiolinja network in 1991. Since 1996, Nokia had occupied the No. 1 market share for 14 consecutive years. It was not until Apple and Samsung achieved great success on touch-screen smartphones that the appeal of Nokia phones was gradually replaced [6]

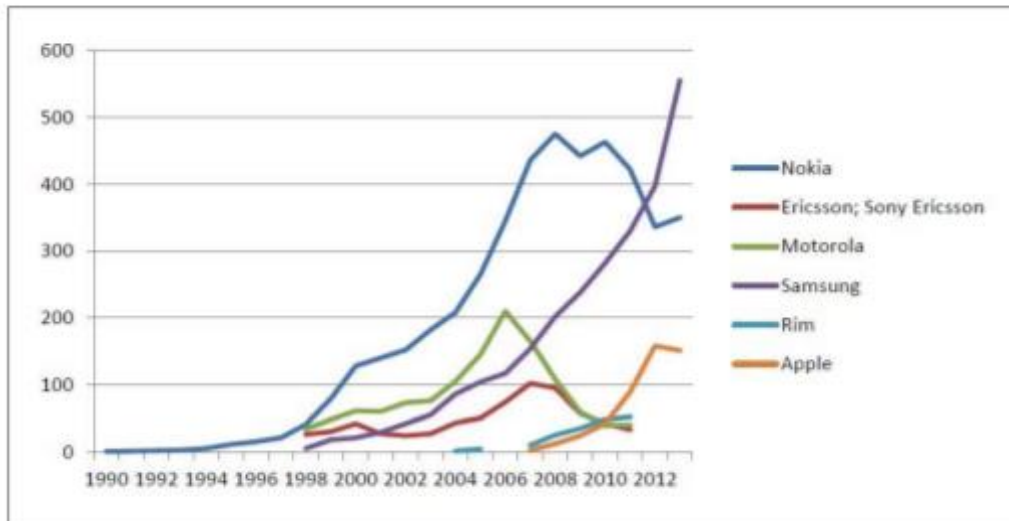


Figure 2: The market share of Nokia[2]

In fact, in the face of the wave of smartphones, Nokia has always been innovating. From a big mobile phone to a small mobile phone, Nokia had successfully met people's needs and made mobile phones a convenient communication tool. In 1991, Nokia made global calls possible. The Nokia 6110 series realized the long-term supply of mobile phone power for the first time. From a wired network to a wireless network, Nokia once again proved its innovative ability with the birth of the 7110 series in 1999. It was the first mobile phone in the world to support WAP (Wireless Application Protocol). At that time, Nokia had become a well-known multinational company in the era of mobile information. However, Nokia's dominance in the mobile phone market has not continued to this day. Nokia's failure in the field of mobile phones is mainly due to the following reasons.

2.1. Neglect of competition and the market

Nokia's overconfidence has neglected that its competitors were building their core competitiveness [7]. In 2007, Jobs announced to the world a mobile phone with only one button, the iPhone. Consumers know that mobile phone functions can be performed entirely by touching the screen. In addition, people can use it to achieve more entertainment functions, which changed the development of mobile phones. The novel, convenient and technological experience quickly attracted people's attention. In the same year, Google released the Android system. People began to be keen on

mobile phone operating systems. At the beginning of the rise of IOS and Android, Nokia had no sense of crisis. Compared with IOS and Android systems, the Symbian system used by Nokia was obviously not convenient enough, but Nokia did not give up in time. Instead, the company invested more in Saipan, thinking it could maintain its dominance, but it ended in failure [3]

Nokia also ignored the needs of consumers in the market. Obviously, with the introduction of IOS and Android systems, people can better use the Internet through mobile phones. Consumers' demand for mobile phones was no longer the basic calling and text messaging functions, but entertainment functions and Internet applications that can be realized anytime and anywhere. While other mobile phone brands began to vigorously develop various application software based on IOS and Android systems to meet people's needs, Nokia was still working hard to invest in its own operating system. This makes Nokia ignore the real needs of consumers.

2.2. Swinging attitude and no use for Android

Faced with the impact of IOS and Android systems, Nokia had successively cooperated with Intel and Microsoft, insisting on developing its own systems instead of directly using Android systems. Looking back at Nokia's research and development on smartphones, we can see that this company has actually invested a lot. In 2010, Nokia and Intel jointly promoted the release of the

MeeGo operating system at the Global Mobile Communications Conference. In early 2011, Nokia officially announced a global strategic partnership with Microsoft. Microsoft's new Windows Phone system will become Nokia's main mobile phone operating system and will focus on this system. However, neither of the two-cooperation allowed Nokia to bring a good user experience to consumers again. It is in this vacillating process that Nokia allows other competitors to chase. The Android series mobile phone brands represented by Samsung quickly used the simplicity and convenience of the Android system to establish their own software ecosystem. Competitors who have won consumers carve up Nokia's mobile phone market. In such an obvious trend, Nokia was still reluctant to learn from the Android system. Insisting on participating in the research and development of its own system made Nokia lose these years of rapid changes in the mobile phone market.

2.3. Brand aging and lack of fashion sense

Nokia is famous for its feature phones. Nokia did not pay much attention to mobile phone fashion, which made customers who pursue fashionable mobile phones give up Nokia. Apple's introduction of touch-screen mobile phones made consumers want to have the most fashionable mobile phones. Brand story and innovative design began to become the focus of consumers. For consumers, the mobile phone is no longer a simple communication device, but a fashion product. Samsung's subsequent series of mobile phones also highlighted the fashion of its mobile phones in the advertisement. Under this development trend, Nokia had gradually been ignored due to the outdated design of mobile phone products.

From the mobile phone dominance to the sale of its mobile phone business, Nokia had been studying how to maintain its advantages. Nokia had long been the number one in the mobile phone industry, which made it very confident. Therefore, Nokia paid too much attention to its existing advantages and constantly tried to find breakthroughs from its existing advantages. Because of this, the company ignored the development of the market and competitors, which prevents Nokia's investment in mobile phone R&D from turning into performance. A large amount of investment and failed market effects made Nokia mobile phones go to extinction.

3. CONCLUSION

Nokia failed in the phone market because it ignored the market, competitors, and the needs of consumers. In addition, the company was reluctant to directly use excellent operating systems. Nokia's story tells us that there is no eternal king, only constant change. The rapid development of the Internet age makes consumers face new things every day. Mobile phones are highly

integrated products with the Internet. We cannot ignore the rapid changes in the market. Industry giants must also adjust their R&D direction in time to keep up with changes in consumer demand. Mobile phone manufacturers with core advantages need to always pay attention to whether their core technology can still meet the needs of consumers. While sticking to its core competitiveness, the company should continue to invest in technological innovation. In addition, it is important to develop new competitive advantages based on consumer needs. It is not known when the existing advantages will be replaced by other companies, just like Nokia's mobile phones are defeated by IOS and Android systems. Only with strong adaptability can companies survive in fierce competition. It is hoped that this research can be used as a reference for some mobile phone manufacturers. In the following study, adding some field research as evidence to make the conclusion more convincing will be considered.

ACKNOWLEDGMENTS

Thanks very much for the help from the tutor and the school. Before writing this research, the tutor taught me the writing structure and ideas of the article, which inspired me deeply. Through the writing method taught by the teacher, I was able to carry out this work smoothly. In addition, I want to thank my school. Through the platform provided to me by the school, I can find relevant information and understand the existing research. In this process, I found my writing direction. Please allow me to express my deep thanks to the tutor and the school again.

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