Week 3 Paper

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**Abstract**

Rivalry and the level of its intensity are very high even in every industry if few are excluded. Same is the case with the smartphone industry where rivalry among existing firms is very strong and intense. Due to that, the smartphone company called Nokia also has intense competition to face in the industry so, it is very important to evaluate such rivalry. So for the purpose, this paper analyzes the Rivalry Strategy tool which is used by the industry players to control the competition/rivalry they face. The main focus of the tool and paper is on a particular company which is NOKIA.

Rivalry Strategy Tool is a technique that covers the evaluation of the number and relative size of competitors, degree of industry product standardization, the growth rate of the industry, unused industry production capacity, perishable high fixed costs of firms and products, and extent of exit barriers.

**Rivalry Strategy Tool**

1. **Number and Relative Size of Competitors**

Based on the case “Nokia and the Smartphone Industry”, the evaluation and analysis of the rivalry in the industry state that the market share of the smartphone industry has been covered by 4 main and top industry players which are Samsung, Huawei, Apple, and Xiaomi. These top control more than 70% of the market share of the smartphone industry (Anh, 2016). Beyond that, the size of these rivals is relatively large while their presence is also comparatively strong than the presence of industry players of other industries.

1. **Degree of Industry Product Standardization**

Based on the degree of industry product standardization, the difference among main or all competitors of the smartphone industry on the basis of pricing of same products can be found very less as well as not a huge amount of smartphone products are sold at the discounts especially the luxurious ones while a bit of discounts have been offered by the firms while offering a special package etc. (Bala, & Singh, 2016).

The customers of the smartphone industry and products are very keen which are highly compatible with recognizing the brands and quality of products they plan to buy. Hence, they make their purchase decisions mostly based on their personal evaluation of brands and products offered by companies (Anh, 2016). Despite this, in terms of the degree of switching cost, it can be witnessed that the switching cost for customers is relatively low and customers can switch from one seller to another with no troubles to face.

1. **Industry Growth Rate**

As new products and technology advancements in the smartphone industry can be recognized, the growth rate also takes such a strong and fast pace. The growth rate of overall and industry is very high. It (growth rate) of the industry is high due to two main aspects, one is offerings of new and advanced products by companies and second is the huge number of loyal and potential customers who prefer to buy and use smartphones.

1. **Unused Industry Production Capacity**

The unused production capacity of firms in the industry is comparatively strong and high. Based on this, it can be stated that more advanced and innovative products can be offered in the future if that unused production capacity has been used efficiently (Bala, & Singh, 2016).

1. **Degree to which Firms have High Fixed Costs or Products have High Storage Costs of are Perishable**

The degree to which firms have fixed costs is comparatively higher because they sometimes produce products without looking at demand while preferring to waste their capacity (Anh, 2016). But here, they should drop down such production or do not take such risks.

1. **Degree of Exit Barriers**

Going out the industry or leaving the industry (exit) is not much easy while a firm wants to exit would take several risks and losses as firms of smartphone industry have huge investments like innovative technology and advanced machinery etc. so, exit barriers are much high.

**Overall Intensity of Rivalry**

After the analysis of Industry Rivalry Tool and overall industry, the results have been captured which states that the overall smartphone industry is enough attractive and profitable. It is so because companies have generated values, power, strong presence, barriers to entry, eliminated threats of substitutes (Anh, 2016). While it should not be ignored that the rivalry in the industry is very intense and high.

**References**

Anh, H. N. (2016). Smartphone Industry: the New Era of Competition and Strategy. Doctoral Thesis.

Bala, M. R., & Singh, D. P. (2016). Nokia: It’s not over yet, A Come back in 2016. International Journal of Management, IT and Engineering, 6(2), 222-234.