BlackBerry

Michele Varela Caicedo

School or Institution Name (University at Place or Town, State)

**Introduction**

Blackberry was a pioneer in mobile based technologies due to the original competitive smartphones it offered to customers in the mobile market. But the company has been in the news due to its failure to grab the changing market. Initially, the company was known as Research in Motion, which developed the blackberries but it missed the emerging revolution in smartphones market despite being known to be a pioneer of mobile computing. The company was having a hard time understanding the market and lost the market share to bigger players such as Apple and Samsung. The company went bankrupt and was never able to get its position back despite changing the leadership. Blackberry was well known for its secure communication devices, and for its keyboard. In 2013, it was its peak having 85 million subscribers worldwide. However, the success and dominance of Android and iOS resulted in the fall of this number to only 23 million in 2016. The number of factors contributed to the decline of the brand.

**Legal Factors**

Legal Factors is one of the external factors in the external environment of the business. Environmental analysis is a strategic tool that helps identify the external factors which influence the organizational performance. The results obtained from the analysis is helpful in the decision-making process and helps align business strategies with the external environment. Legal factor plays an essential role in the business environment as the legislative changes take place from time to time and affect the business operations of a certain industry. Laws and regulations affect the business performance in an economy hence making it crucial for the businesses to analyze the legal developments in respective environments. The general legal factors are the product regulations, competitive regulations, patent infringements, and other health and safety regulations. In addition, the factors from the macro environment including the legal factors impact Porter's five forces which shape business strategies. They can impact the overall profitability and competitive advantage of the technology industry.

The changes in the regulatory environment have a direct impact not only on Blackberry but also on the other actors in the Diversified Communication Services. Blackberry had to consider different legal factors affecting the business such as antitrust laws in diversification communication service industry and overall country, Data Protection, Employment law, Copyright, patents or Intellectual property law, Discrimination laws, and Health and safety law. The smartphone industry has bought new challenges to the laws related to piracy, copyright and licensing. The ever-changing needs of a smartphone brought brand new legal issues. Major legal issues that a smartphone brand has to consider is data privacy, copyright issues, and licensing issues.

The major legal issue faced by the company is that the company's services are fairly secure and it becomes hard to monitor. The regulatory bodies of countries like UAE, India, and others are considering to ban the service, and this has a massive impact on the operations of the business. Blackberry also had legal battles with companies like visto, motoroleatic, which had huge impacts on the company. In 2007 and 2008 complaint was filed against Blackberry by Minerve Industries alleging infringement of its patent. In 2008, MSTG also filed a complaint against Blackberry and in 2010 other complaints regarding the infringement was filed against Blackberry. All the legal issues influenced the company's performance negatively. Certain counties including UAE, India, Saudi Arabia, Indonesia, and Lebanon banned telecommunication services of Blackberry. Legal lawsuits have become a major issue concerning the smartphone industry players.

Although Blackberry faced many penalties, these sanctions consider of the issues like not providing customer information to telecom services or to any external third party due to the privacy reasons. Blackberry had to face all the legal proceedings even though sets are best for business interests. The legal proceedings and the complaints influence the business performance negatively and so does happened with Blackberry. Blackberry could have made efforts to increase its brand reputation which got troubled. Blackberry failed to increase its market image and consequently declined from the current smartphone market.

**Threats of New Entrants**

The threat of new entrants in the market is one of the forces in Porter's model which affects the competitive environment of the existing players in the market and measures the firm's ability to achieve profitability. High threat of entrants means that more players will be entering market increasing the competition for existing companies in the industry due to market attractiveness. New competitors are a threat to the profitability and market share and may influence changes in price level and product quality. New competitors pose threat to the existing market players. If entry barriers are high, there will be fewer chances of entry of new players in the existing market and on the contrary if the market barriers are low there the threat of new entrants will be high.

The industry of smartphones market has a high barrier to entry due to the cost of research and development and marketing etc. To enter and compete the smartphones market, the investment required is high. Consumers are reluctant to purchase from the new market players and prefer to buy from the incumbent companies with high market reputations. This is the reasons why Apple and Samsung are the most popular in the smartphone industry. A new entrant in the market has to be well differentiated and innovative in order to survive in the smartphones market and grab share from existing players. The threat of new entrants is moderate for Blackberry because the barriers are high. The new entrant will have to develop new technologies which require a high cost. These new entrants encounter difficulties holding vast capital which hinders their ability to build a loyal clientele and create their brand. Another risk that the new entrants have is due to the short commodity life cycle in the mobile phone market. To survive such market competitors need to grow steadily. Cost of R&D on hardware and software, patent and intellectual property loyalty, and rapidly evolving market increases the barriers to enter this industry.

The existing players in the market have merits regarding this situation of the market. Their capital foundation is enough to develop in the market. Their need is to expand the existing market share. In addition, they can get finances to invest in data mining tools to understand clients buying behavior and get ahead of future developments to remain competitive. New entrants find it hard to cope up with the market challenges and vibrant market needs. Blackberry created a large share of brand loyalty like Apple and Samsung and created switching cost for its buyers. These factors are a barrier to market entry which is the competitive point for Blackberry.

In the existing market, Blackberry as a current player had particular merits over the new players. The firm is well known well wide for its differentiated product with a huge physical asset foundation that reached its disposal. The company comprised of more than 16000 workers, around 80 million subscribers, about 10 manufacturing bases and the network of more than 550 carriers all over the world to offer Blackberry services. The number of generations of smartphones and tablet and add-on applications with customer support functions reveals the company strength in the market. The firm is also known for its excellent service as the ability to provide security to the confidential data of users. Blackberry had a fairly steady capital foundation for growth and development but after a reduction in its profitability. Despite the market attractiveness and lack of government laws and environmental protection requirements the industry cost for new entrants is high. Blackberry had enough resources and capital to maintain the market share and its competitive position in it, but poor leadership resulted in the failure to cope up the emerging market opportunities. In the modern condition of the smartphone industry. It is even harder to manage the competitive position because of the existing China mobile companies offering impeccable mobiles at reasonable prices. Blackberry lost its position and made the situation harder to deal with competition.

**Bargaining Power of Suppliers**

The Bargaining Power of Suppliers is one of Porter’s five forces which provides a framework of industry analysis. This is the mirror image of bargaining power of customers and describes the pressures a supplier is able to put on the company by using certain strategies such as increasing their prices, limiting the supply and lowering the quality of products. Bargaining power of suppliers influences the competitive environment of business and its profitability. It shapes the competitive landscape of the industry and measures its attractiveness. The bargaining power of suppliers is a strong force and determines the company's ability to stand in the market.

In the case of Blackberry, the market share reduced with the time and hence the bargaining power of suppliers increases. In contrast, the rivals of the company Samsung and Apple have a progressive control on the market and have more bargaining power as compare to their suppliers. They have huge commodity order shaving more suppliers in the market. In the smartphone market, the suppliers have so many options as the hardware used to make the smartphone is the majority of the time same such as the same storage, same ARM architecture processor and Gorilla glass screen. Having many buyers increases the bargaining power of suppliers. The increase in smartphones demand has also resulted in an increase in suppliers bargaining power demand. The market is full of buyers to buy the smartphone related products, and Blackberry is not the only option for suppliers, and as a result, the raw materials become very expensive for the company. The suppliers and buyers both have a strong bargaining power in this industry which is the major reason for the decline of Blackberry.

There is the availability of plenty of hardware's and software's manufactures for cellphones in the market but the operating system used by Blackberry is a complex one, and it limits the number of software suppliers to work with the company. The problem has been witnessed when Blackberry struggled to get level apps for the launch of Z10. The eroding market share of the company also became a reason for the strength of its suppliers as compared to its rivals. Firms who dominate the industry have relatively high bargaining owner as compared such as Samsung and Apple because of large orders. Less availability of suppliers to work with the company is a significant factor in the decline of market share and demand of Blackberry smartphones.

The high bargaining power of suppliers act is the contributing factor towards the closure or failure of Blackberry's business. The complicated software resulted in high supplier power, and Blackberry failed in the timely update of the software which affected the reputation and customer loyalty of the company negatively. Besides lack of partners to help the company in the development of applications lead to the limited apps in the play store and rivals grabbed the attention of market due to the variety of offers they made in terms of applications and software updates. The slow pace of Blackberry sales made it hard to hit the breakeven.

Like the other few corporations in the industry, Blackberry failed below par in terms of its suppliers' power and the dominating market players such as Apple and Samsung grabbed the market share and surpassed Blackberry in smartphones market. Blackberry's absence in the tablet market is also one of the features of supplier bargaining power. Blackberry had to work with the suppliers and distributors to maintain the market share and to maintain its potential in terms of suppliers and buyers since the company had the prospective to substitute its rivals in terms of technology.

**SWOT analysis**

The SWOT analysis is a useful technique to understand a company's position in the market. The strategic position of Blackberry can be assessed through its internal analysis. The internal analysis reveals the company's Strengths, weaknesses, opportunities it had to grow and the threats it faces.

**Strengths**

* The Blackberry offers highly secured smartphones based on the encrypted network, and it allows sharing information without any possibility of stealing. This is the unique selling proposition of Blackberry smartphones and attracted corporates and government. It as a number one choice for them.
* Blackberry focused on narrow customer segment. Unlike other smartphone offering companies, it only appealed to corporates and government. The company just focused on the needs of this one segment.
* The company has its competitive advantage in the way it offers the messaging and keyboard services, QWERTY keyboard.

**Weaknesses**

* Blackberry failed to market its brand effectively in the market. Before the arrival of iPhone, it enjoyed more sales and better market share. The amount spends on marketing ($41.3 million) by the company in 2012 was 10 times less than Apple ($400 million) according to CNET. Poor marketing efforts also resulted in the declined brand reputation and customer loyalty.
* RIM's OS powers Blackberry's phones and tablets. Its customer base is too small to be profitable for the majority of app developers, and few apps in the play store daunt customers from buying it. The company made delays in introducing or upgrading its OS.
* Blackberry was highly dependent on government and corporate contracts because they make most of the company’s market. However, getting no contracts from these parties in long-run results in lower sales.
* RIM’s PlayBook tablet has failed in the market, and it was as in vain effort to enter tablet market resulting in the loss of the company. The chances to compete the reputed brands reduced due to the poor presence in the tablet market.

**Opportunities**

* The growth of the tablet and smartphone market was a great opportunity as it was expected to grow rapidly by the end of 2015. It was a great way to strengthen the market position and increase the market share.
* The growth of the mobile advertising market was a great opportunity that can be exploited by the company on its smartphones and tablets.
* The increasing demand for cloud-based market and its rapid growth till 2020 was an excellent opportunity for Blackberry to increase its cloud-based services and benefit from the growing market.
* The strong patent portfolio is of significant advantage in the mobile market. This is another opportunity for the company to obtain patents through acquisitions.
* The company can integrate third-party apps and features in its smartphone to compete with the rivals, Apple and Samsung.

**Threats**

* One of the severe threat is the swiftly changing technology. The company has the pressure to meet the changing technological needs of the market, releasing new and better products faster. The one who can't keep up with competition will become obsolete. The inability to release new Blackberry OS on time is a major threat for the company.
* Smartphones market in developed countries is saturated, and it was notable for the company to expand its market share to US and Canada.
* The government keeps on renewing its contracts every few years, and the company has to compete with the daunting players in the market. However, the company is reputed for its secure mobile phones but was outcompeted by Samsung in renewing some of its US government contracts in 2012.
* The mobile market is becoming highly competitive due to the increase in competition from various China mobile companies as well such as Huawei and OnePlus. These companies are offering flawless mobile phones at attractive prices.