Case Study: Vertu, Nokia's Luxury Mobile Phone For The Urban Rich

By

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Characteristics of luxury consumer goods market

The products fall outside the preview of essentials come under the category of luxury goods. The luxury consumer goods market demonstrates the characteristics of small and niche in nature. The market size of luxury consumer goods market is quite small in size as compared to the market of essential goods. The luxury consumer goods markets have high end and high margin customer segment. In other words, luxury goods and services are designed mainly for affluent customers capable of purchasing expensive and precious goods. The customer segment of luxury goods market seeks value for money and is ready to spend high money in order to gain enjoyable and unique service experience.

The luxury consumer goods market is still in growth and development stage. The increase in the proportion of affluent target customers has made the luxury consumer goods market as one of the rapidly growing and developing market. Some parts of the world represented huge development in the luxury goods market while some others are still under developed. The other characteristics of luxury consumer goods market relates to the brand extension initiatives in order to penetrate and provide the consumers with promising and attracting goods and services.

Latest trends in global luxury goods consumption

The latest trend of global luxury goods consumption revolves around ‘inspire, inform and entertain’. Consumers of luxury goods market expect extraordinary service experience from its
delivery to each aspect of performance. The demand of the unique and admirable designs difficult to be match by other competitors is another latest trend of luxury goods consumption. It has been identified that consumption of luxury goods depends heavily on the presence of exquisite designs and craftsmanship. The higher the presence of such elements, the greater will be the consumption of luxury goods.

In recent years, consumption trend of luxury goods market has visualised unprecedented fusion of engineering, design and technology coupled with technological expertise. Such combinations are recognised to be capable of offering promising and delighted purchase experience to the customers. In all, it can be said that luxury goods should be capable of providing emotional gratification on the one hand and exceptional comfort and convenience on the other hand.

Competitive and brand positioning analysis

Brand positioning of the Nokia Vertu is based on emotion and human personality. The company attempt to offer a unique and exclusive service experience to its customers through slogan ‘experience the world of unparalleled communication’. The slogan clearly describes the intention and positioning the brand on the basis of exclusive design and elements. The unique brand positioning strategy of the company attempts to provide a distinct brand image to the luxury mobile phone, Vertu. However, it seemed that unique brand positioning strategy of the company did not fit and integrated with the mass market. The high price tag of the luxury mobile phone, Vertu made it
difficult to carry out joint promotional and advertising campaigns. Besides, accessibility of the product Vertu is quite limited to the art designs, museums, prestigious locations in the initial years which also affected the brand positioning adversely. However, the brand has expanded its distribution channels and includes watch, jewellery, and departmental stores to increase the product accessibility by 2011 (Wong, 2011).

The Vertu operates in highly competitive and fragmented environment due to low barriers of entry. The market appears highly lucrative and encouraged the attention of several other companies. The emergence of luxury fashion and wristwatch brands and luxury accessories are example of such competitors which has entered the luxury consumer goods market due to its attractiveness and growth opportunities. The emergence of large number of competitors poses a threat on the growth and development prospects of the Nokia Vertu. The company is actively engaged in improving positioning in domestic market and thereby expanding its reach to international market place in order to sustain and compete effectively in the mobile market.

**Discussion of important relationship between brand and its founder**

The brand and its founder hold personalised relationship with each other. The brand acts as a platform for the founder enabling him to convert or transforms his vision into actions. The vision can be related to offering some benefits, services, pleasure, comfort, convenience, etc to the customers. The entire framework of the vision is being coupled in the form of brand and offered to
the customers. The founder sketches all the ideas or themes and present the brand as a combination of such sketched ideas and themes. In all, it can be said that founder provides a slogan, words, or theme to its visionary ideas and thinking with the help of brand (Wong, 2011).

**Possible outcomes of company restructuring**

The company restructuring is primarily done with the purpose of improving existing operational and financial structure of the company. The modified or improved operating and financial structure enhances the profit viability and repositioned the company in a better manner. Nokia has facilitated the restructuring process through hiring and appointing new CEO in order to handle the declining market share and reputation of the company.

The newly appointed CEO announced an integrated and new mobile strategy as a part of corporate restructuring. The possible outcomes of the restructuring can be identified in terms of improved accountability and leadership pattern of the company. The restructuring process will also accelerate the internal collaboration process and encourage the employees to work in collaborated form to introduce and deliver innovative products in the market place. The path of strategic partnership can also be paved through corporate restructuring to enable the company to entry in new markets and tapping new customer base. Last, but not the least, the corporate restructuring can also create positive impact on the brand image and customer attention. The company can gain increased

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attention of domestic as well as international customers with the help of corporate restructuring framework (Wong, 2011).

**Impact of strategic corporate decision on stakeholders**

The strategic corporate decisions create a significant impact on all stakeholders i.e., internal as well as external. The company operates with the purpose of enhancing shareholders value through increasing their return on investments. The shareholders made significant investments in company’s current and proposed strategic action therefore concerned with the return likely to earn on the invested amount. In this regard, the company is expected to adopt cautious approach in analysing proposed strategic alternative and returns likely to earn from it.

The shareholders assume major stakeholders of the company and their active involvement in any strategic action is cornerstone of company’s success. The strategic corporate decisions have significant bearing on the trust and confidence of shareholders. The strategic corporate decisions failed to gain trust and confidence of shareholders can no longer be accomplished successfully by the company. Besides, strategic corporate decisions also affect the corporate image of the company in the eyes of shareholders.

**Strategic priorities of the company**

The strategic priorities of the company should be related to market penetrating with mobile phone excellence. The market penetration strategy enables the company to gain foothold in the market.
existing marketplace and thereby improves its current competitive position. The aspiration and desire of gaining excellence in the mobile communication technology appears to be another significant strategic priority of the company. The excellence in the mobile communication technology poses the potential of providing a distinct competitive edge to the existing strategic position of the brand. In the recent years, Vertu has focused on Middle East region in order to expand its market size and potential. The retail expansion strategy likely to be continued by the company in the coming period also as it offers immense opportunity of strengthening product positioning.

In addition, adopting standardised approach in promoting the brand across the word is also identified as one of the key strategic priorities of the company. The marketing and promotional messages should always be presented in a uniform language in order to ignore cultural differences among the markets. The standardised approach can help the company to develop premium brand positioning strategy in the marketplace, especially in western markets. Besides, the company should also attempt to localise the Vertu in order to facilitate product acceptance in the Asian Markets (Wong, 2011).

**Influence of luxury mobile phone on mobile industry in the future**

The luxury mobile phones are expected to create positive and influencing impact on the mobile industry. It is evident that luxury mobile phones are consumed primarily by the customers
seeking enjoyable and impeccable service experience. The emergence of luxury mobile phones will provide a new and distinct dimension to the service providers to satisfy the needs of affluent customers. The new and enriched manner of serving affluent customers can also add new customer base to the mobile phone companies.

It has been identified that mobile industry is presently exists in the maturity stage of product life cycle whereby market share and foothold of existing players are shrinking down continuously. The luxury mobile phones are visualised as a mechanism of revamping the existing maturity phase of the mobile industry. In this era of stagnant and maturity, the introduction of luxury mobile phones pose the potential of accelerating growth and fosters new development opportunities to the mobile industry.
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