### Chapter 6 Organizational Strategy NAME\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

### Management Team Decision

### Purpose

In this case, students are asked to decide how what a global company should do to increase its sales in a foreign market. The most cost effective way to do global business is to sell the same product line in all of the different markets. This approach, however, can be risky, since different consumers in different markets may not be attracted to the same products.

#### A NEW STRATEGY FOR INDIA?

During the most recent management meeting at Nokia’s Asian headquarters, you heard about a small company called Micromax that is one of the fastest-growing cell phone companies in India. The company started as a pay phone provider but quickly branched into mobile phones. In just a few short years, it’s been able to sell 1 million handsets per year, grabbing 4 percent of the Indian market. And much of this growth is coming at Nokia’s expense, which has seen its market share in India dip from 64 percent to 52 percent.

One of the keys to Micromax’s success has been its strategy of creating phones that cater specifically to the Indian market. Its first phone, which featured a small screen and a huge battery and could run for five days, was inspired when Micromax executives saw a long line of people waiting to use a man’s car battery to charge their cell phones. A popular current model is inspired by Bollywood films and features ornate costume jewelry. One of the reasons that Micromax is so popular is that most of its handsets allow consumers to access multiple accounts, either by hosting two phone numbers or allowing for very easy switching of SIM cards (small cards that identify a particular user on the network). And because these phones are targeted toward a market where Internet and 3G coverage is still sporadic, most of Micromax’s phones lack Wi-Fi, 3G, or GPS, features that are critical to a phone’s success in the United States or Europe.

 All of this runs counter to Nokia’s strategy, which has been to make phones for a worldwide market, meaning that it sells what is basically the same phone in Midland, Texas, as in Mumbai, and to emphasize the quality of its products. In fact, each phone spends 18 months in development, as it is tested for quality and durability.

 But as your market share in the rapidly growing Indian market continues to spiral downward, some in the company wonder if maybe a change in strategy is needed. Instead of offering high-priced, high-tech phones that are similar to what it sells in the rest of the world, they wonder whether the company shouldn’t try to duplicate what Micromax is doing and sell phones that are more suited to Indian consumer tastes.

Form a group with three or four other students, and discuss how you would approach this issue as Nokia’s management team by answering the following questions.

Source:

Mehul Srivastava, “India’s Mobile Phone Hitmaker,” *Bloomberg Businessweek*, August 12, 2010, accessed December 12, 2010, from [www.businessweek.com/magazine/content/10\_34/b4192036523358.htm](http://www.businessweek.com/magazine/content/10_34/b4192036523358.htm).

##### Questions

1. What do you think would be more effective strategy for Nokia to respond to Micromax – differentiate itself from Micromax or replicate what it is doing?
2. How could a shadow strategy task force help Nokia identify the best way to proceed?

3. What positioning strategy should Nokia use to gain an advantage against Micromax and other competitors?