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Mobile Industry Analysis

Since forty years ago, the first mobile coming to people, the mobile software and devices market has been steadily growing at a nearly geometric pace, and there in no sign of slowing. Now mobile have been dispensable in our daily life, it is easy to find someone, talking to friends, surfing the internet, watching video playing games and so on. I cannot believe how people can live without mobile. Here you can witness the journey of mobile development.

As I remember, mobile phones have gone through from the simple one to being multi-function pocket size computers. On April 3, 1973, Martin Cooper, a Motorola researcher and executive, made the first mobile telephone call from handheld subscriber equipment. The prototype handheld phone used by Dr. Cooper weighed 2.5 pounds and measured 9 inches long, 5 inches deep and 1.75 inches wide. The prototype offered a talk time of just 30 minutes and took 10 hours to re-charge. (The first cell phone)

The first cellular networks 1G are basic on calling ability and widely used for long distance communication and immediate communication, but it was so big and not convenient to carry. Later in1990’s it turned into more sophisticated devices and small as the technology inside them started to spawn an ever larger number of features. Later, with the advanced technology, the pre-smart coming known as 2G, capabilities such as text messaging, downloadable content, and extremely basic web access gave consumers the ability to send emails, view a small selection of online multimedia, and download simple digital applications such as ringtones and music files. (10 Years of Mobile Industry History in 10 Minutes)

Currently, mobile device use 4G network running fast and more powerful instead of 3G, and the modern era of wireless Smartphone were becoming pocket size computer. And also the mobile changed from the button to touch screen smart phone. Those huge changes just cost almost fifty years. And bringing more convenient for people’s life.

According to research from IDC, the typical consumer uses his device consistently throughout his daily activities. In fact, 79% of Smartphone users have their phone on, or near them, for all but two hours of their waking day. And four out of five smart phone users check their phones within the first 15 minutes of waking up. Plus mobile marketing is universal. It takes many forms and applies to all kinds of businesses and marketers.(why mobile marketing is important) Therefore, more and more people are used phone now, and even cannot live without them, in a word, mobile phone industry is a broad and promising market for future.

However, there are certain factors which affect the entry to the mobile industry by firms. These factors can be briefly analyzed by using the Porter’s Five forces model. They include industry rivalry, the threat of substitutes, threat of new entrants, bargaining power of suppliers as well as the bargaining power of buyers (Wikipedia). These factors should be assessed whenever a firm is entering into industry since they help the management develop effective marketing and competitive strategies. Knowledge of the Porter Five forces also helps business evaluate the feasibility of making profits in the long run.

**Industry rivalry**

Industry rivalry as part of competitive analysis in marketing, describes competition among existing firms. Rivalry can lead to reduced profits for companies. If there is intense rivalry in an industry, it will encourage businesses to engage in price wars (competitive price reductions), investment in innovation & new product, intensive promotion (sales promotion and higher spending on advertising). All these activities are likely to increase costs and lower profits (Reference library).

The mobile industry has significant growth over the last forty years. Its industry almost around the world. But competition is intensive among existing companies. Even there in no too much differences among modern phones, companies try to differentiate products as for new technology, various color and shapes, or services. According to the research, with the rise of smart phones the number of mobile devices has outpaced the global population. In 2014 the number of devices hit 7.7 billion, while the population was 7.1 billion. (Why cells phone is important)

Therefore, that means at least one people have mobile phone, and even two. So this boosted the mobile industry worldwide, meanwhile, increasing the global competition. For example, Blackberry china phone, the competitive environment of the Blackberry is intense due to the launch of new products from already well-known brands, such as Apple Inc, Samsung galaxy S4, Nokia ect. But Blackberry competes well with its unique of BlackBerry messenger, which other smart doesn't have. also Apple, Samsung and Nokia smart phones price start minimum 5k but blackberry price start from 1.3k, so out common people are interested in blackberry.(BlackBerry Z10 appears competitive against Apple iPhone5). Therefore, the those make the blackberry competition more intensive.

**Threat of new entrants**

This factor analyzes the ease with which firms may enter into an industry. Competitive industries are likely to attract many firms which will strive to capture a market share (Aaker, 2001).

New firms coming to the mobile market forming a threat are low, because mobile phone industry already established over 40 years, and if a new mobile industry coming, they need higher capital for manufacturing, higher technology research, higher marketing research. Meanwhile, the leading firms of mobile such Apple, Samsung will give a obstruction for new firm. They want more market share. One important thing is brand loyalty, like many people are like apple too much, even buying every product Apple has. Therefore, the company are less threat for new entrant but it should be more focused on existing firm.

**Threat of substitutes**

Porter’s threat of substitute’s definition is the availability of a product that the consumer can purchase instead of the industry’s product. A substitute product is a product from another industry that offers similar benefits to the consumer as the product produced by the firms within the industry. According to Porter’s 5 forces, threat of substitutes shapes the competitive structure of an industry (Wilkson,2013).

In the mobile industry, substitutes product not only a similar phone, even one or more functions of smartphone, like surfing the internet, map, emails ect. So that easy for substitutes product. So the power of substitutes cannot be ignored. When buyers focus on specific function, there will have more substitutes, like digital camera can take

better photos than phones, MP4,or iPod can listen music better than smart phones.

In the case of Apple, an example of a substitute product is a landline telephone that might be a substitute for owning an iPhone. This market force is relatively low for Apple due to the fact that most potential substitute products have limited capabilities compared to Apple's products, as in the example of a landline telephone compared to an iPhone that has the capability to do much more than just make telephone calls(Threat of Buyers Opting for Substitute Products) In conclusion, the threat of a substitute product is moderate due to the smart in not only making call but also various functions. it is not a big deal for smartphone part function substitutes.

**Bargaining power of buyer**

Bargaining power of buyers is an advantage to consumers that comes from gathering together to put collective pressure on producers to lower prices or improve quality. The bargaining power of buyers typically has the strongest effect on pricing when buyers are organized and they collectively account for much of the producer's income, they are interested in a product that has an excess of suppliers, and they are interested in making substantial purchases (Business dictionary)

The mobile industry for bargaining power of buyers are higher, because now there exist various brand smartphone in the market, and the differentiation is little, so the customers have more choices for smartphones. And also the firm does not have price advantage. Customers demand is not pressuring for new generation smartphones, if new smart phones price higher, customers will wait until the prize goes down.

**Bargaining power of suppliers**

The presence of powerful suppliers reduces the profit potential in an industry. Suppliers increase competition within an industry by threatening to raise prices or reduce the quality of goods and services. As a result, they reduce profitability in an industry where companies cannot recover cost increases in their own prices (Mars Library, 2013).

The bargaining power of suppliers for mobile industry is moderate, when they meet the leading firms are weak, otherwise are higher. For example, like apple, and Samsung, there have lots of suppliers wanting to provide the parts. They can choose anyone they like, and also they can negotiate with suppliers, the price may go down. Meanwhile, there exists lot of suppliers in the world, so suppliers’ competitors can compete to reduce the price for firms. The bargaining power of suppliers will be weak.

In conclusion, after the analysis of the mobile industry, we can learn that the mobile industry will grow stronger in future with more modern technology. If I was the caption of the industry, what I should do is to promote fair competition and try to cooperation together.

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