



"Motorola will challenge Nokia for top spot," says latest visiongain report

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Motorola now set to be a serious contender to become the world handset market leader, challenging both Samsung and Nokia for top place.

PR9.NET January 10, 2006 - San Francisco, CA and London, UK - Motorola, which was widely predicted to be overtaken by Samsung to second place in 2004/05, has turned the corner and is setting its sights on challenging Nokia to become the handset market leader. That is the finding from a new study, "Motorola: Innovating to become the handset market leader", published by industry research firm, visiongain.

Visiongain estimates that Motorola's handset market share grew to almost 19% in 2005 from 15% in 2003, thanks to products such as the RAZR, which have increased sales and boosted the company's brand image, at a time when Nokia's share has been sliding. The success of RAZR helped Motorola's shipments increase 41% year-over-year in Q2 2005, outperforming all competitors. But is the RAZR the shape of things to come for the US mobile phone giant?

"We believe that the success of RAZR and other newly-introduced products has provided Motorola a solid base to implement emergent and planned strategies to further improve on its profit margins and market share," says report author Prachi Nema.

"Since 2004, Motorola's profitability has improved, largely due to its innovations, which helped the company to distance itself from its closest competitor, Samsung. This strategy of product innovation also helped Motorola to position itself more favourably to challenge Nokia," adds Nema.

With new models based on a slim design expected in 2006, as well as new services such as iRadio, visiongain believes Motorola is well positioned to further make market inroads. In addition, the 'Hello Moto' campaign and Motorola's association with films and music has helped introduce younger customers and improved brand strength.

However, Motorola faces a number of challenges as it attempts to gain ground on Nokia, particularly in Europe, where Nokia is dominant, as well as in emerging markets. While the involvement with the GSM Association's Emerging Market Handset (EMH) Programme will help the latter cause in terms of market share, it will also put pressure on Motorola's profits and ASPs. As competitors begin to replicate Motorola's ultra-slim designs, the company will have to ensure it keeps innovating to stay a step ahead, as well as improve a notoriously cumbersome User Interface system.

Nevertheless, Motorola's rise presents threats and opportunities that companies across the value chain need to be aware of. It is vital for vendors, network operators and other players in the wireless value chain to understand the growing power of Motorola, and plan for emergent strategies.

This report provides a strategic analysis of Motorola's current position in the market and how the company is evolving, as well as its future plans in the face of a changing wireless industry landscape. It also discusses Motorola's internal management, structure and organisation, market strategy, products and services. The report provides strategic insight into the operations of Motorola and suggests how the company should position itself in order to take advantage of the opportunities that are present in the external environment. In addition, the challenges that lie in Motorola's path are analysed, as are its relationships with partners, suppliers and competitors.

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