RIM and the Blackberry Smartphone

CASE STUDY

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Who is RIM?

- RIM, or Research in Motion, is a global communications company.
- RIM's Blackberry is a major competitor in the Smartphone market
- RIM faces overwhelming competition from Apple Inc, specifically with Apple's iPhone.

What's RIM's Problem?

- RIM faces fierce competition!
  - Apple, Sony, Microsoft, HP
- RIM needs…
  - more loyal customers
  - To adapt to a constantly changing environment
- RIM's Customers
  - Constantly change trends and demands
  - Demand better environmental practices

Problem Summary

"How can RIM adapt to changing market trends and customer demands, and gain new customers?"

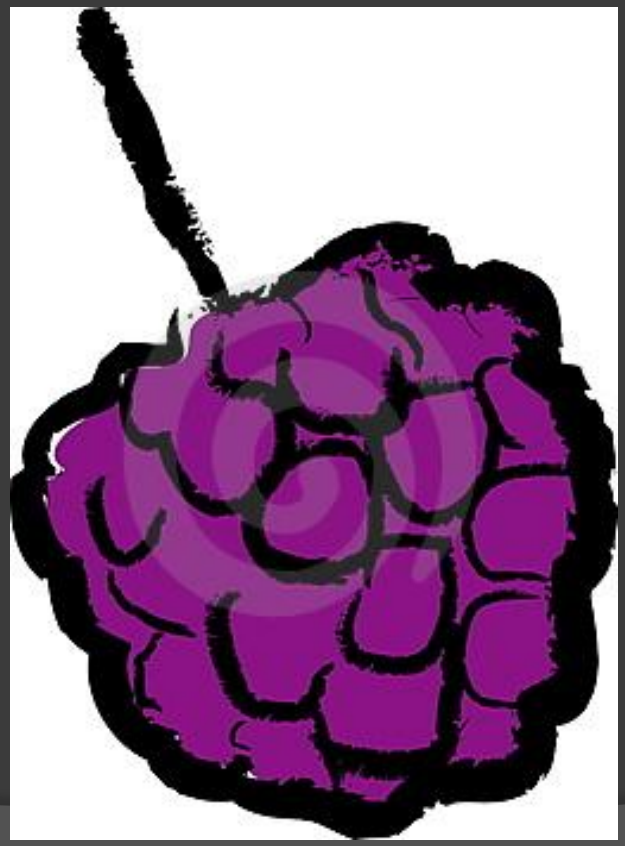
"How can RIM gain a edge over its primary competitor, Apple?"

Assumptions We Made

- RIM has enough resources to pursue a new product line
- Smartphones will still be on the technological forefront in the near future
- Mass data storage (Cloud computing) will be profitable to purchase
- Network providers will be able to handle large quantities of data smoothly

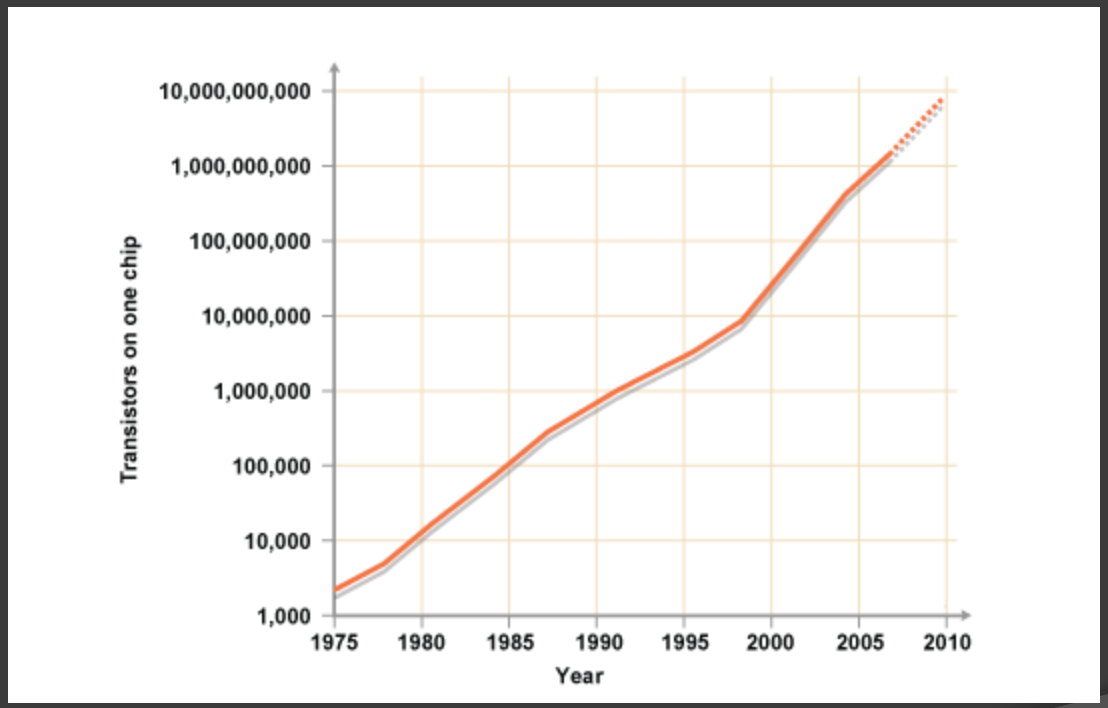
Key Findings

- The Blackberry is a major competitor in the Smartphone market



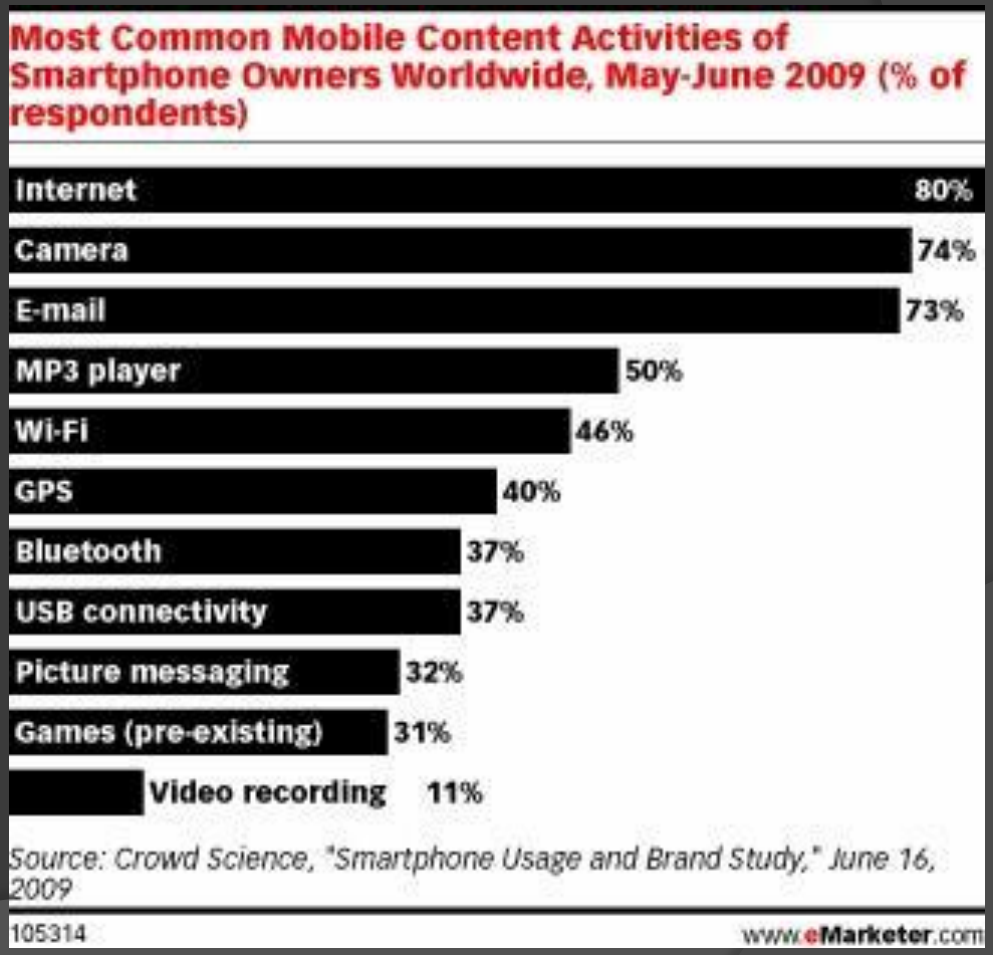
Key Findings

- Technology is always improving, and so is trends



Key Findings

- Smartphones are expected to have



The Big Two: iPhone vs Blackberry

- The iPhone
  - Pros
    - Music
    - Pictures
    - Video
    - Instant Messaging
    - Internet
  - Cons
    - Poor telephone quality
    - Phone must be ‘jailbroken’ to access its true power

Apple

- The Blackberry
  - Pros
    - GPS
    - Very similar OS to Windows
    - TiVo integration
    - Big on communication
      - Email
      - Instant messaging
  - Cons
    - Inferior graphics capability
    - Does not have as wide variety of user-made apps

RIM

SWOT: Strengths

- Blackberry
  - Convenient – hands on feedback
  - Compact
  - Replaces cell phones and MP3 devices
  - Durable product

SWOT: Strengths

- RIM
  - Loyal customers
  - Recognized brand name
  - Worldwide recognition
  - Not limited to just one product
    - Wireless platform
    - Wireless device product line
    - Software development tools
    - Radio modems

SWOT: Weaknesses

- RIM has a conservative attitude
  - Reluctant to make investments or take risks
    - RIM is limited this way and cannot venture with brands beyond their current borders
- RIM does not market their brands to consumers aggressively enough

SWOT: Weaknesses

- Brand support is limited by RIM's budget
  - RIM only has one widely recognized product in the market currently
- RIM has only one successful product in the market – the Blackberry
  - Has been focused on developing existing products instead of new ideas
- Each part of the organization is disconnected/separate – lack of knowledge sharing

SWOT: Opportunities

- Current demographic is more wealthy
- Current customers are more likely to purchase new products
- A large group of consumers have no loyalties
  - creating a better product will draw them in
- New technologies are becoming available for use in all markets
- Large untapped global market
- Anything new will be marketed through word of mouth + main stream media

SWOT: Threats

- Apple iPhone 3G is a strong competitor to RIM's Blackberry Storm
- Technology could advance beyond the Smartphone and to the next level
- Smartphone industry has high elasticity

Competitive Analysis

RIM Vs. Apple

	Research in Motion, Ltd.	Apple
market cap	C$ 39.47 billion	$ 170.1 billion
revenue	$ 13.19 billion	$ 34.56 billion
employees	8387	35 100
revenue / employee	$ 1.573 million	$ 984 700
net income	$ 2.033 billion	$ 5.175 billion
shares outstanding	568.3 million	895.8 million
annual earnings / share	$ 2.58	$ 5.09
P/E ratio	26.92	37.3

Competitive Analysis

http://www.itbusiness.ca/IT/client/en/Home/News.asp?id=53310

iPhone 3G vs Blackberry 9000 Bold

"Frankly, I've concluded it's time to bury the Blackberry. I was shocked to discover how bad an email client the Blackberry is compared to the iPhone and the Blackberry is terrible at the rest of what the iPhone excels at: being a phone, web browser, application platform and a media presenter."

Apple 1 RIM 0

Competitive Analysis

	iPhone	BlackBerry 8800
Carriers	AT&T (Cingular)	AT&T (Cingular), Sprint/Nextel, T-Mobile, Verizon
Retail Price	$499 (4GB) or $599 (8GB)	$499
Memory	4GB or 8GB flash drive	512MB or 1GB microSD
Height	4.5 inches	4.5 inches
Width	2.4 inches	2.6 inches
Depth	0.46 inch	0.6 inch
Weight	4.8 ounces	4.8 ounces
Inputs	Multi-touch screen, few physical buttons	Trackball, physical keyboard and buttons
Battery	Rechargeable lithium ion	High capacity
Display	3.5 inch multi-touch; 480-by-320-pixel resolution; 160 dpi	LCD; 320-by-240-pixel resolution
Operating System	OS X	BlackBerry
Email	Yes	Yes
Voicemail	Visual Voicemail	Yes
Text Messaging (SMS)	Yes	Yes
Instant Messaging	No	Yes
Web Browser	Safari	Yes
Address Book	Yes	Yes
Calendar	Yes	Yes
Microsoft Exchange Support	Yes	Yes
Exchange Data Syncronization	No	Yes
Exchange Push Email	No	Yes
Memo Pad	Yes	Yes
Tasks List	No	Yes
Ringtones	Yes	Yes
Voice-Activated Dialing	No	Yes
Bluetooth	Yes	Yes
Music	iPod Application	Yes
Video	YouTube and iTunes	Yes
GPS	No	Yes
Maps & Directions	Yes	Yes
Wi-Fi	802.11 b/g	No
Tethered Modem Support	No	Yes
Camera	2.0 megapixels	No
Photos	Y	o
Stocks program	Y	o
Weather program	Y	o
VPN Support	Yes	Yes

Apple 2 RIM 1

Competitive Analysis

http://www.wired.com/geekdad/2009/08/great-geek-debates-iphone-vs-blackberry/

Applications -> iPhone +1

Physical Attributes -> Blackberry +1

Gaming -> iPhone +1

Personal vs Business Functionality -> iPhone +1 Blackberry +1

iPhone 3 vs Blackberry 2

Apple 3 RIM 1

Target Market

- Current
  - RIM reaches out to:
    - “Professional” demographic
    - Business demographic
    - Generation X & Y
    - Travelers
- Future goals
  - Expand beyond Canada’s borders (Global market)
  - Focus on younger ‘trendseeking’ demographic

Alternatives: 1st Alternative

"Got a Smartphone? Get smarter storage!"

- **The idea:** market an "online storage" plan to complement RIM's current Smartphones
  - ***This alternative will reinforce customer loyalty to the Blackberry brand by offering a product that works with all Blackberries***
  - ***This alternative will give RIM an advantage over Apple with a new concept that has not been touched on before in the Smartphone market***

Pros and Cons: 1st Alternative

- Users who want this service will shift loyalties from other companies
  - Will attract “trendseekers” and “early adopters”
- This never-before-seen idea will not have a direct competitor from Apple
- The expenses of hosting online storage are very low

Pros

- This market-altering plan is risky
  - Customers may not be attracted to this new idea
- Is not focused on any new demographics
- This plan does not branch out to external markets

Cons

Alternatives: 2nd Alternative

"Introducing the Blackberry's little brother: the 'Blueberry!'"

- **The idea:** market a Smartphone which has more appeal to Apple's customers (The younger, non-business demographic)
  - ***Create a colorful, trendy phone with a reduced price (and cost), attracting some of Apple's customers***
  - ***This phone will directly challenge Apple's monopoly on the younger demographic in the Smartphone market***

Pros and Cons: 2nd Alternative

- Appeals to a younger demographic
  - This target market isn't currently covered by the Blackberry
- Less risky than moving
- Far less start-up costs and expenses

Pros

- Does not bring anything new to the market
- Will only continue the escalating 'Smartphone feature' war
- Won't give a significant advantage over Apple
  - Doesn't have enough risk to reap large enough rewards

Cons

Alternatives: 3rd Alternative

"Taking Asia by Storm"

- **The idea:** RIM will focus more on delivering its product to the global market
  - ***This alternative can tap into the incredible buying power of China***
  - ***This alternative will give RIM an advantage over Apple with a new concept that has not been touched on before in the Smartphone market***

Pros and Cons: 3rd Alternative

- The popular Blackberry brand name will attract many customers
  - Large untapped market in China
- Apple's influence is lesser in China
- Large demographics will adhere to new trends; Blackberry's popularity will bring lots of customers

Pros

- Huge risk to branch off into a new market
  - Costs will be very high
  - Fierce competition from many companies in Chinese market
- This plan does not branch out to external markets
- No new niche; the product is not offering anything new

Cons

Our solution:

Alternative 1: “Cumulus” Data storage

Growth Strategy: *Product Development*

The overall strategy in this alternative is to serve a new product to RIM's current target market.

RIM currently serves a professional, business-oriented target market (as well as people with a higher income bracket in general).

This product simply expands what RIM's current customers can do with their Smartphones, increasing the value of all of RIM's Smartphones.

Macro Strategy: *Customer Excellence*

In RIM's SWOT analysis, it is determined that RIM's marketing and brand support are limited by RIM's status as a smaller Canadian market.

Therefore, in order to improve on both brand support and customer awareness of the Blackberry line, RIM will focus on being able to provide customer support and ease of use to its new online storage.

Furthermore, this plan encourages current Blackberry owners to stay loyal to RIM, in order to take advantage of this exclusive deal.

Solution: The Marketing Mix

- **Product:** An ‘online storage service’ plan
  - Can be bought to be compatible with any Blackberry
  - Offers extra value to customers who buy this plan with a new promotional Blackberry
  - Allows Blackberry users to easily and inexpensively store files such as music, images, videos, and more!
    - Blackberry users will be able to access this storage with an internet connection
    - Users can also download data from their storage space directly to their Blackberry

The Marketing Mix:

- **Product:** An ‘online storage service’ plan

  Takes advantage of the SWOT opportunity that current customers are more likely to return to buy another RIM product.

  Many customers currently owning a RIM Smartphone would be enticed by this service which is exclusive to RIM’s Smartphone market.

The Marketing Mix:

- **Price:** Apply changes to RIM's current Smartphone plans available to encourage customers to use the new Smartphone plan.

  Mitigates the SWOT Threat that customers may be enticed to buy from RIM's major competitors – Apple.

  Customers will be more likely to get onboard to buy a Smartphone to take advantage of promotional offers that RIM will be offering.

The Marketing Mix:

- **Place:** Make this product directly available to any existing customer by encouraging online distribution and sales.

  Takes advantage of the SWOT Opportunity that information and product sales are much more available to consumers over the internet.

  Simplifies the buying process for this plan, allowing people to make a decision from the comfort of their own home and preventing them from having to go to the store to investigate what the plan is all about.

The Marketing Mix:

- **Promotion:** Change RIM's promotion strategies to take advantage of self-advertisement

RIM will a shroud of secrecy around and then 'accidentally leak' the development of this new service just before its release; the product will 'market itself' through blogs, the media, and more – all at virtually no cost to RIM.

Mitigates the SWOT Weakness that RIM does not have the budget or current marketing power to effectively communicate its brand story.

Our Implementation Plan

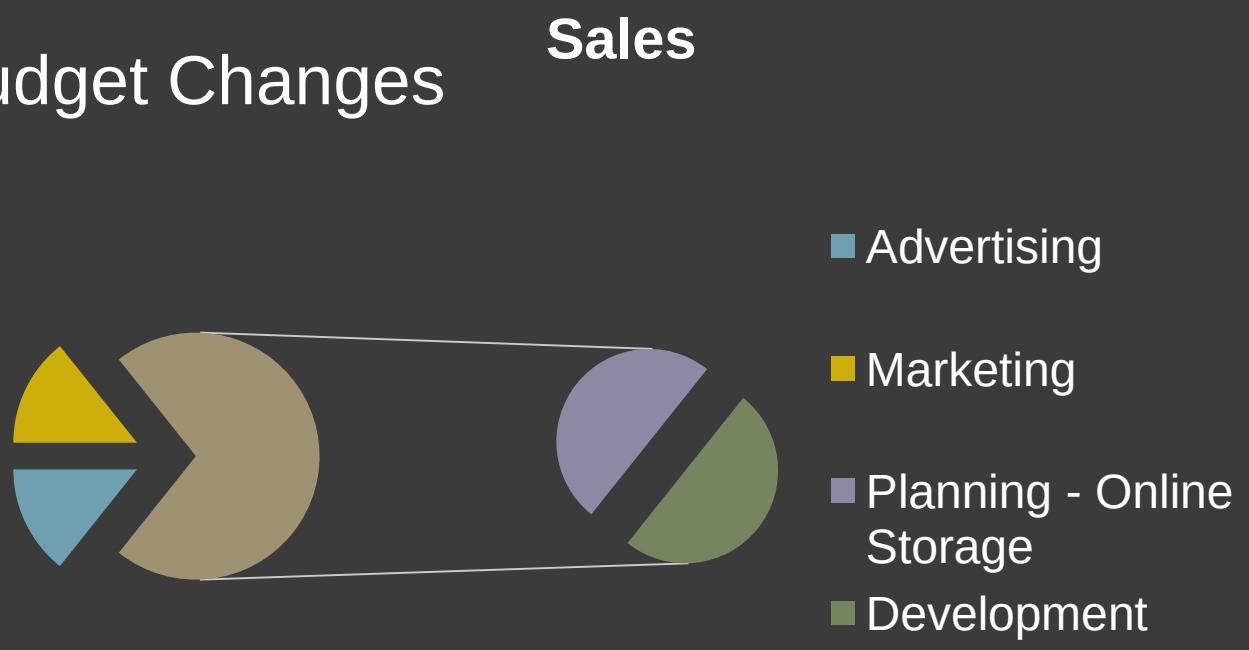
- SMART plan:
  - 1) Apply patents and do research on Cloud Computing and Storage
  - 2) Build a prototype
    - A) Work on a new Smartphone to support the network storage
    - B) Complete the storage network and test it
    - C) Begin generating ‘hype’ about a new RIM product through controlled media releases

Our Implementation Plan

- SMART plan:
  - 3) Apply patents and do research on Cloud Computing and Storage
  - 4) Build a prototype

Our Implementation Plan

- Budget Changes



Plan B

- Alternative 2: The “Blueberry”
  - Develop a new Smartphone
    - Cut back on some of the more expensive features and apps
    - Keep enough features to keep this phone unique from Apple Smartphones
  - Give the “Blueberry” some personality
    - Create a effective commercial
    - Design a slick, trendy and good looking case for the phone

Course Concepts

References

- Wikipedia
- Google pictures
- Wolfram Alpha