

INTRODUCTION

Nissan's NTT DoCoMo is a self-healing iPhone case that repairs scratches or scrapes on the phone's screen. It will be introduced into the rapidly growing smartphone accessory industry. The case uses scratch-healing paint that is currently being used on Nissan and Infiniti cars. Small scratches take as little as an hour to repair while larger scratches can take up to a week. The case offers the unique ability to keep a phone looking brand new. Replacing a phone because of a scratched screen may no longer be necessary. The case is not bulky but rather can be used as a Band-Aid to heal the phone and taken off when the healing process is done.

This report will provide a situation analysis for our client. It will include in-depth researching surrounding the smartphone accessory industry, key competitors, a customer analysis, as well as a SWOT analysis. Each section is supplemented by both primary and secondary research, providing further insight into each topic. With this research, we will be able to move forward with creating a strategic marketing plan on behalf of our client.

INDUSTRY ANALYSIS

Smartphone Industry Sales and Economic/Geographic Distribution

Sales in the smartphone industry from 2005 to 2010 went from \$7.9 billion to \$83.3 billion. China surpassed the United States as the largest national smartphone market in 2009. Global smartphone sales are predicted to reach \$137.4 billion in 2012.¹ In the second quarter of 2012 the total smartphone unit-volume rose 9 percent as compared to the same quarter in 2011. Post-paid smartphone sales are now leveling out and carriers are beginning to offer pre-paid smartphones, which allows the market to expand to the lower income range.²

Stephen Baker, vice president of industry analysis at The NPD Group believes, “As the smartphone market matures, and as growth slows, carriers have been smart to aggressively market some of their best current smartphones on a pre-paid basis to a new set of customers, in order to keep sales humming along.”²

The income level of the average smartphone buyer is being lowered. In 2012, 71 percent of pre-paid smartphone users had an average income of less than 35,000. According to NPD, Apple and Samsung are first and second in terms of market share for the smartphone market during Q2 of 2012.

1. Apple: 31 percent
2. Samsung: 24 percent
3. HTC: 15 percent
4. Motorola: 12 percent
5. LG: 6 percent

¹ "TOP 10 CONSUMER TRENDS FOR 2012: Smartphone Universe." *Euromonitor International*. Ed. Daphne Kasriel-Alexander. Passport GMID, 30 Apr. 2012. Web. 22 Oct. 2012. <<http://www.portal.euromonitor.com/Portal/Pages/Search/SearchResultsList.aspx>>.

² Baker, Stephen. "The NPD Group: Rise in Smartphone Purchases Driven Entirely by Pre-Paid Phones." *NPD.com*. NPD Group, 8 Aug. 2012. Web. 21 Oct. 2012. <<http://tinyurl.com/9mqzrfw>>.

When apple released its iPhone 4 with Verizon it became the best selling smartphone in the U.S.³ Analyst Carl Howe from Yankee Group Market Research expects the iPhone 5 to be the best selling consumer electronics device ever.⁴

Mobile Phone Accessory Industry on the Rise

The mobile phone accessories industry with feature phones and smartphones was valued at \$36 billion in 2012.⁵ During the first half of 2012, consumers that bought mobile phone accessories increased by 32 percent compared to the same period in 2011. The most popular accessory was phone cases, which grew 69 percent in one year. The average price for phone cases grew 25 percent. NPD conducted a study on reasons that people bought phone cases. 86 percent of those surveyed cited protection and durability as the reason for buying a phone case, 73 percent cited quality materials, and 66 percent cited low bulkiness. These were the top 3 reasons for buying a phone case and the study showed that aesthetics and price were not as important. When buying a phone in the store half of consumers bought an accessory with the purchase of a phone.⁶

³ Baker, Stephen. "The NPD Group: Rise in Smartphone Purchases Driven Entirely by Pre-Paid Phones." *NPD.com*. NPD Group, 8 Aug. 2012. Web. 21 Oct. 2012. <<http://tinyurl.com/9mqzrfw>>.

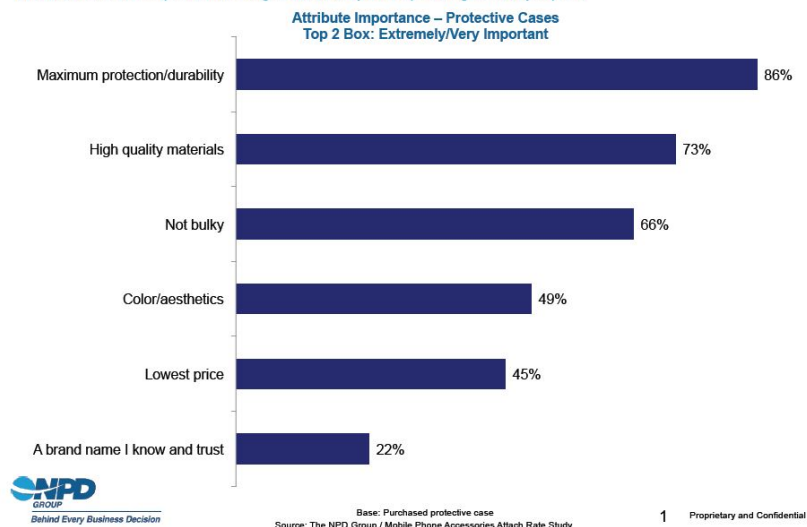
⁴ Satariano, Adam. "Apple's Latest iPhone Set to Become Best-Selling Gadget." *Bloomberg.com*. Bloomberg, 13 Sept. 2012. Web. 22 Oct. 2012. <<http://www.bloomberg.com/news/2012-09-13/apple-s-latest-iphone-poised-to-become-best-selling-gadget-tech.html>>.

⁵ Johnson, Kristy. "Smartphone Accessories Market Growing, While Feature Phone Accessories Market Forecasted to Decline." *Velositor*, 14 Mar. 2012. Web. 22 Oct. 2012. <<http://velositor.com/2012/03/14/smartphone-accessories-market-growing-while-feature-phone-accessories-market-forecasted-to-decline/>>.

⁶ Arnold, Ben. "The NPD Group: Mobile Phone Cases Lead 32 Percent Increase in Mobile Phone Accessories Sales." *NPD.com*. NPD Group, 21 Aug. 2012. Web. 21 Oct. 2012. <<http://tinyurl.com/97ror5z>>.

Attribute Importance – Protective Cases

Q37. Please indicate how important the following attributes are to you when purchasing a case for your phone.



Source: NPD Group

"With the consumer's focus on lower prices and wide product assortment, online retailers like Amazon and eBay are emerging as leading choices for aftermarket accessory purchases," director of industry analysis at The NPD Group, Ben Arnold said. "It is imperative that mobile-phone retailers capitalize on the initial phone transaction, in order to keep more accessory buying within their doors."⁷

Globally, the mobile phone accessories industry is projected to reach \$84.6 billion by 2018. This drastic projected increase is due to the major growth in smartphone sales around the world. Out of 7.2 billion people in the world, 5.9 billion are mobile phone subscribers showing a penetration rate of over 80 percent. According to Global Industry Analysis, Inc. : "Falling average prices of mobile phones including smartphones, falling costs of mobile voice/data services, market maturity, increased competition, and attractive price bargains for consumers,

⁷ Arnold, Ben. "The NPD Group: Mobile Phone Cases Lead 32 Percent Increase in Mobile Phone Accessories Sales." *NPD.com*. NPD Group, 21 Aug. 2012. Web. 21 Oct. 2012. <<http://tinyurl.com/97ror5z>>.

proliferation of mobile network technologies like 3G, 4G (LTE, WiMAX), superior provision of mobile services by MNOs (mobile network operators), are all factors which will help push up volume shipments of mobile phones worldwide. The scenario provides a fertile environment for mobile phone accessories market to thrive and flourish.”⁸ With the sales and prices of smartphones going down over the last few years it has positively affected the sales of high-end smartphone accessories. The average amount of money a smartphone user spends on accessories is \$60.⁸ With the smartphone accessory industry in its early stages of growth and the smartphone industry beginning to peak, it creates a perfect industry environment to market the self-healing iPhone case.

⁸ Global Industry Analysts. "Robust Growth in Smartphone Sales Drives the Global Mobile Phone Accessories Market, According to New Report by Global Industry Analysts, Inc." *Yahoo! News*. Yahoo!, 26 July 2012. Web. 21 Oct. 2012. <<http://news.yahoo.com/robust-growth-smartphone-sales-drives-global-mobile-phone-100314080.html>>.

COMPETITOR ANALYSIS

ZAGG, Inc.



InvisibleSHIELD



Advertising new breakage protection technology

(Both images obtained from ZAGG website)

STRENGTHS

Zagg is one of the leaders in the mobile accessory market. The company offers a range of screen protectors, cases and skins for a large number of digital devices. Zagg offers protection for:

- Cell phones
- Digital cameras
- E-book readers
- Gaming devices
- GPS
- iPods
- Laptops
- Media players
- PDA's
- Tablets
- Watches

Military-Strength Material: Zagg's Emphasis on Quality

Zagg's invisibleSHIELD technology is created from an ultra-tough, patented film exclusive to Zagg. The film is made of the same material used to protect military helicopter blades. It is completely scratchproof, and comes with both lifetime and money-back guarantees. The shield is priced from \$17.99 to \$29.99, ranging from a material that is solely smudge-proof, to a material that is shock-resistant and provides break protection. The levels of protection include "original," "high-definition," "extreme" and "smudge-proof." Each level of protection offers unique features and benefits, including options for a glass-like surface, back coverage, and ranging levels of clarity.⁹

⁹ "Mobile Accessories." *Mobile Accessories*. ZAGG, n.d. Web. 15 Oct. 2012. <<http://www.zagg.com/>>.

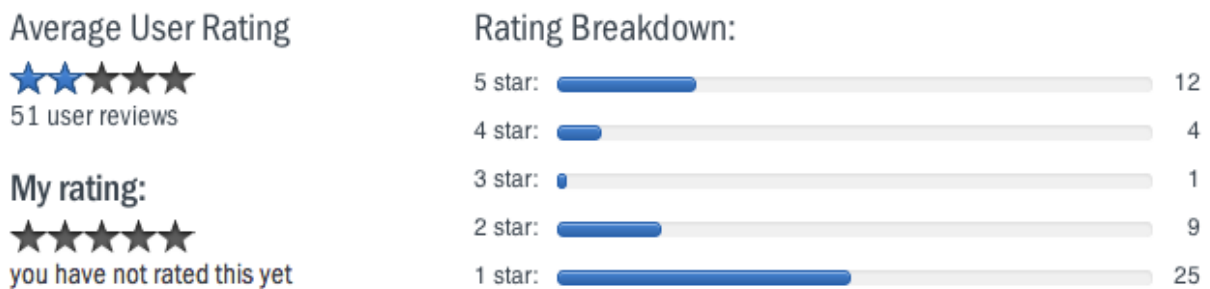
In a February 28, 2012 article from Bloomberg, Zagg was listed as one of the “U.S. Equity Movers”

“Zagg Inc. (ZAGG) gained 9.5 percent to \$11.02, the highest price since Dec. 9. The distributor of electronics accessories reported fourth-quarter earnings of 27 cents a share, excluding some items, beating the average analyst estimate of 25 cents.”¹⁰

WEAKNESSES

Zagg highlights the media coverage it has received from CNET, The New York Times, and the Chicago Sun. However, when further looking into these sites, it is clear that not all reactions and reviews for Zagg products are positive.

For the invisibleSHIELD cellular phone screen protector, the following is a graph appearing on CNET that summarizes reviews of the product:



Major complaints for the product included:

- “film is very tacky and sticks itself and device readily” (3/14/2010) by user Mr303
- “does not protect from drops so ultimately having a case is necessary” (8/10/2010) by user ahpdaddy
- “extraordinarily difficult installation” (1/8/2010) by user wizbang_fl¹¹

¹⁰ “Apollo, Domino's, Fresh Del Monte, Sina, Sykes, Zagg: U.S. Equity Movers.” *Bloomberg*. N.p., n.d. Web. 15 Oct. 2012. <<http://www.bloomberg.com/news/2012-02-27/amyris-human-genome-linn-pacific-ethanol-zagg-u-s-equity-preview.html>>.

¹¹ “Zagg InvisibleSHIELD Cellular Phone Screen Protector.” *CNET*. N.p., n.d. Web. 15 Oct. 2012. <http://reviews.cnet.com/cell-phone-and-smart/zagg-invisibleshield-cellular-phone/4864-6448_7-33378104-4.html>.

Legal troubles:

The company has recently encountered some major legal trouble. According to an August 2012 article from Investor's Business Daily, "Zagg shares fell 13.7% to 7/30 three days after founder and CEO Robert Pedersen quit and sold his 14% stake- 515,000 shares- in the cell phone and tablet accessory maker to meet margin calls. Additionally, in September of this year, Zagg was faced with a class-action lawsuit." According to a press release appearing on Yahoo Finance, "...the Company made false and/or misleading statements and/or failed to disclose that: (i) Robert G. Pedersen ("Pedersen"), the Company's founder and Chief Executive Officer ("CEO") had placed more than 50% of his Zagg ownership as collateral on margin, jeopardizing his future with the Company; (ii) as a result of Pedersen's reckless actions, the Company began a secret succession plan to replace him; and (iii) as a result of the above, the Company's financial statements were materially false and misleading at all relevant times."¹²

¹² "Rosen Law Firm Reminds ZAGG Investors of Important Class Action Lawsuit Deadline -- ZAGG." Yahoo! Finance. N.p., n.d. Web. 16 Oct. 2012. <<http://finance.yahoo.com/news/rosen-law-firm-reminds-zagg-133843011.html>>.

OTTERBOX



OtterBox Defender Series
Source: Otterbox.com



Commuter Series



Reflex Series



Prefix Series

STRENGTHS

OtterBox identifies itself on its company website as an “innovator of protective solutions for the leading global handheld manufacturers, wireless carriers and distributors.” The company, headed by founder and chairman Curt Richardson, has been extremely successful, particularly in the last few years.

Luisa Kroll’s article in *Forbes*, “Why I Love My Otterbox And The Colorado Entrepreneur Behind It” mentions just how successful the company has been:

“Revenues of the Fort Collins, Colorado outfit that makes the cases jumped approximately **3100%** from the start of 2008 to the end of 2010, ending that year with revenues of **\$169 million**. Sales more than doubled last year, hitting close to \$350 million.”¹³

Kroll professes her love for the device after finding her cellphone on the roof of her car, soaked, with a puddle of rain sitting on the surface. After taking her phone inside and charging it, she realized it was still fully functional: her OtterBox had protected it completely from the torrential downpour that had occurred the night before.

¹³ Kroll, Luisa. "Why I Love My OtterBox And The Colorado Entrepreneur Behind It." *Forbes* 11 June 2012: 54. *EBSCO Host*. Web. 16 Oct. 2012. <<http://web.ebscohost.com/bsi/detail?sid=71ba3f14-d0f9-4f29-b1f4-f918557aaff0%40sessionmgr4&vid=1&hid=18&bdata=JnNpdGU9YnNpLWxpdmU%3d#db=bth&AN=77571987>>.

Unique offerings:

OtterBox has become synonymous with “no ifs ands or buts” in cell phone protection. Although the first thought may be “extreme” protection, the company now offers less bulky cases with milder protection. The company has created a series of cases that vary in levels of protection, catering to the individual who is just looking for mild protection, to the individual who wants his or her phone to be virtually indestructible.

Varying levels of protection:

OtterBox offers a series of cases with varying levels of protection. The following information about OtterBox cases was obtained from Otterbox.com:

Its defender series features 3 layers of protection that withstands drops, bumps and shocks. Its built-in screen protector prevents scratches and its port covers keep out dust and debris.

The commuter series, which features 2 layers of protection, withstands drops, bumps and shock, has a self-adhesive screen protector to prevent scratches and port covers. Unlike the bulkier defender series, the commuter series slides easily in and out of pockets.

The reflex series, which consists of lightweight 2-piece sliders, protect against drops, bumps and shock. It also features a self-adhesive screen protector to prevent scratches, and can be easily taken on and off for convenient use and portability.

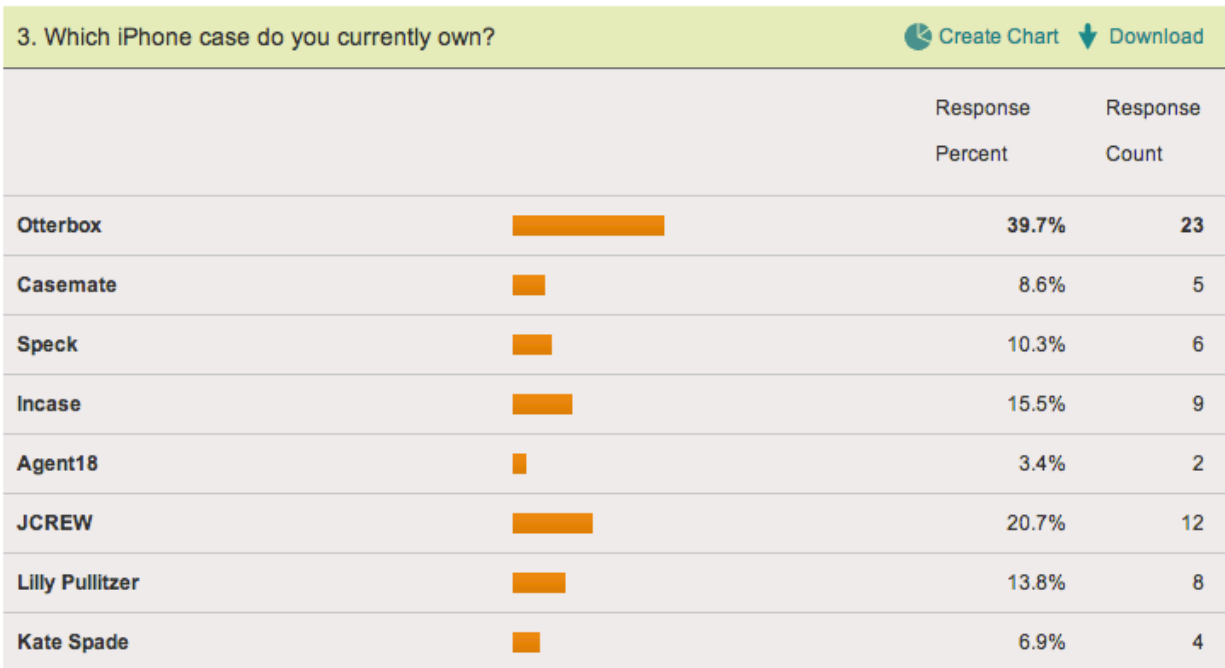
The prefix series consists of a durable silicone outer case, an interior polycarbonate skeleton, and a self-adhesive screen protector. It deflects bumps and shocks, but may not protect against all drops.

The impact series withstands bumps and shock, features an inner coring that absorbs impacts, a self-adhesive screen protector, as well as a textured outer grip.

The pursuit series features a 100% waterproof dry box, protecting against water, crush, drop and dust. It has a lockable carabiner loop, international cushioning, and is easy to open

SURVEY DATA SHOWS: OTTERBOX A POPULAR CHOICE

Of a survey polling 100 participants, 39.7% said that they owned an OtterBox Case.



A Thriving Company Culture Reflects Innovation and Creativity:

OtterBox has been praised by Entrepreneur.com and Inc.com not only for its great cases, but also its company culture. An article on Entrepreneur.com hailed it as one of the best businesses to work for:

This designer of protective cases for smartphones hires people for their "Ottertude" – those who embody the company's core values including innovation, passion and accountability. New employees benefit from a half-day "Ottermersion" orientation with veteran employees and a tour of the OtterBox headquarters, which features a spiral slide between floors, game rooms and a fitness center. Profit sharing is paid out during monthly company meetings to every employee, including part-time Otters and interns. According to the company, the bonus reminds all "Otters" to be stewards of the company and its finances. The lower the expenses, the greater the bonus.¹⁴

¹⁴ "Best Medium Businesses to Work for 2011." Entrepreneur. N.p., n.d. Web. 16 Oct. 2012. <<http://www.entrepreneur.com/gptw/97>>.

Looking at the thriving business models of “company-culture”- centered businesses like Zappos, company culture is increasingly important, in fact, as an article on its blog claims, “Your Culture is Your Brand.”

“As Zappos, our belief is that if you get the culture right, most of the other stuff—like great customer service, or building a great long-term brand, or passionate employees and customers—will happen naturally on its own. We believe that your company’s culture and your company’s brand are really just two sides of the same coin. The brand may lag the culture at first, but eventually it will catch up. Your culture is your brand.”¹⁵

OtterBox has clearly nailed “company culture,” and its commitment to this company culture may be a reason for its success. According to an article from the Northern Colorado Business Report, “OtterBox’s success is often attributed to Richardson’s entrepreneurial spirit and drive to create a company culture that not only keeps employees happy but also fosters creativity and productivity.”¹⁶

WEAKNESSES:

Although OtterBox is undoubtedly a fierce competitor, our primary research shows that there are several factors that draw people away from purchasing OtterBox cases. In particular, although the company has introduced a line of sleeker cases, our primary research shows that there is a mental association of OtterBox with “bulkiness.” This is an indicator that perhaps OtterBox is failing to successfully market its sleeker, more simplistic models of cases.

Of 33 participants surveyed, 45.2% would not buy an OtterBox case because they think it is too bulky. Additionally, 32.3% said they would not buy an OtterBox case because they consider it to be too expensive. An additional 9.7% said that they did not like the design, and 6.5% said that they could not find where to buy OtterBox cases.

¹⁵ CEO, Tony H. "Your Culture Is Your Brand." ZAPPOS BLOGS: CEO and COO Blog. N.p., 3 Jan. 2009. Web. 16 Oct. 2012. <<http://blogs.zappos.com/blogs/ceo-and-coo-blog/2009/01/03/your-culture-is-your-brand>>.

¹⁶ Armbrister, Molly. "Three New Companies Spring from OtterBox's Success." Northern Colorado Business Report 17.16 (2012): 21. EBSCO Host. Web. 16 Oct. 2012. <<http://web.ebscohost.com/bsi/pdfviewer/pdfviewer?sid=4b561580-93b6-4a8c-9d26-5aae9adfd39d%40sessionmgr4&vid=4&hid=108>>.



SUMMARY:

ZAGG and OtterBox are two competitors that our client needs to be mindful of when entering the mobile accessory market.

While ZAGG’s strengths lie in its diversity of offerings, OtterBox has established itself as the “extreme protection” brand with a unique and innovative company culture that reflects spirit of the brand itself. ZAGG’s poor online reviews and press and impending legal troubles may hurt the company, while OtterBox may need to develop strategies to better market its less bulky series for its customers.

The weaknesses facing these major competitors may present opportunities for our product to enter the market. After analyzing the strengths and weaknesses facing these competitors, we must consider the position that each hold in the market in order to strategically introduce our product.

CUSTOMER ANALYSIS

iPhone Ownership

According to Aaron Smith, senior research specialist at the Pew Internet Research Center, “ownership rates for Blackberry and iPhone devices are particularly high among the well educated and the relatively well off.”¹⁷ The research also states that cell phone owners with a college degree or a household income of \$75,000 or more per year are approximately 3-4 times as likely to say that their phone is a Blackberry or an iPhone. Additionally, urban and suburban dwellers are much more likely than their rural counterparts to own an iPhone.¹⁸ In terms of primary research, 100 people were surveyed on iPhone ownership and use. 88 percent of the 100 respondents own iPhones. 78 percent of the 100 respondents are over 21 years of age. According to Smith, 10 percent of cell owners (24 percent of smartphone owners) describe their phone as an iPhone.¹⁹ Overall, research shows that iPhone ownership is highest among well-educated adults who live in urban areas.

64 percent of survey respondents reported that they had noticed scratches on their iPhone, even if it was in a case. As previously stated, 78 percent of respondents are over 21 years of age. Therefore, a large portion of survey respondents 21 years of age and older have scratches on their iPhones. 43 percent of respondents reported that they find it relatively easy to scratch their iPhones, and 57 percent of respondents stated that they scratch their iPhones by dropping them on the floor.

Target Profile: iPhone Owners with Active Lifestyles

According to OtterBox, an innovator of protective solutions for the leading global handheld manufacturers, wireless carriers and distributors, “Our cases are dedicated to all the klutzy, spontaneous, chaotic, graceless individuals who have broken a device or valuable due to their active lifestyle.”²⁰ 40 percent of survey respondents admitted to owning OtterBox phone cases.

Burlington, North Carolina AT&T store manager, Jason King, said that the Burlington AT&T store sells more OtterBox cases to iPhone owners than any other type of phone case.

“People with active lifestyles want a case that will protect their phone from scratches when the phone is dropped,” King said.

¹⁷ Smith, Aaron. "35% of American Adults Own a Smartphone." *Pew Research Center* (2011): 1-24. Web. 21 Oct. 2012. <<http://pewinternet.org/Reports/2011/Smartphones/Section-3.aspx>>.

¹⁸ Smith, Aaron. "35% of American Adults Own a Smartphone." *Pew Research Center* (2011): 1-24. Web. 21 Oct. 2012. <<http://pewinternet.org/Reports/2011/Smartphones/Section-3.aspx>>.

¹⁹ Smith, Aaron. "35% of American Adults Own a Smartphone." *Pew Research Center* (2011): 1-24. Web. 21 Oct. 2012. <<http://pewinternet.org/Reports/2011/Smartphones/Section-3.aspx>>.

²⁰ "Our Story." *OtterBox*. N.p., n.d. Web. 21 Oct. 2012. <<http://www.otterbox.com/our-story/our-story,default.pg.html>>.

With that said, it is evident that iPhone owners with an active lifestyle are the target customers for a product such as the Nissan self-healing iPhone case.

College Students, Trends & Influencers

King said he believes the target customers for a phone case designed to self-heal scratches are college students and adults with active lifestyles or careers in construction or home remodeling.

According to a Mashable article entitled “In a Relationship: College Students and Their Smartphones,” more college students use iPhones than any other device.²¹

In terms of primary research, a second survey was conducted that was marketed only towards college students. The survey received a total of 74 responses. When respondents were asked what influences them when purchasing an iPhone case, 90 percent of respondents stated that they want a case that will protect their phone from being damaged. Eighty-seven percent of respondents reported that their parents pay for their iPhone and phone plan. Additionally, 53 percent of respondents stated that if their parents pay for their phone and plan, their parents also ask that they use a case that protects their phone from being damaged or scratched. According to our survey results, a large portion of college students are influenced by what their parents want or suggest for them in terms of keeping their phones safe.

While parents influence college students, television, online and print (magazine and newspaper) advertisements also influence college students and their behavior, according to our survey’s results. According to our results, 76 percent of survey respondents stated that they receive their news on new technology products such as iPhone cases from television, online and print advertisements. Twenty-three percent of respondents admitted to receiving news on technology products from Twitter, and 14 percent stated that they receive news on technology products from tech blogs. With that said, a creative advertising campaign should be implemented to spread awareness of Nissan’s self-healing iPhone case. While an advertising campaign should be implemented, a social media campaign involving Twitter should also be implemented in order to promote the phone case. In terms of public relations, primary research suggests that tech blogs should be targeted when promoting Nissan’s self-healing iPhone case.

Since college students use iPhones more than any other device, primary research conveys that they are guided to purchase phone cases that protect their phone from being damaged. According to primary research, they are also influenced by their parents to own a protective case and obtain information on new tech products from online, print and television advertisements.

Construction Workers, Trends & Influencers

While King suggested that college students be targeted as customers, he also suggested that adults with careers in construction be targeted as customers.

²¹ Laird, Sam. "In a Relationship: College Students and Their Smartphones [INFOGRAPHIC]." *Mashable Tech*. N.p., June 2012. Web. 22 Oct. 2012. <<http://mashable.com/2012/06/30/smartphones-college-students-infographic/>>.

According to a case study done by OtterBox, “Construction is the ultimate rough-and-tumble industry, and now, thanks to protective smartphone cases from OtterBox, the iPhone 4 can survive even the most demanding jobsites.”²² OtterBox targeted phone review blogs such as “Gotta Be Mobile: Mobile News & Reviews”²³ and “App Storm”²⁴ when implementing a public relations campaign to spread awareness of the case to construction workers. With that said, Nissan should target phone review blogs in order to spread awareness about their self-healing case to construction workers.

Overall, adults with careers in the construction industry are guided to purchase OtterBox phone cases in order to protect their phones while on the jobsite.

SUMMARY:

Through primary and secondary research, it is evident that iPhone owners are typically well-educated adults with an annual income of \$75,000 and live in urban areas. The target market for Nissan’s self-healing iPhone case are iPhone owners with active lifestyles and include college students and those in the construction industry or other industry that may induce wear and tear on the iPhone.

²² *Hardhats, Steel-Toed Boots & OtterBox: Total Protection for the Construction Industry*. N.p.: n.p., n.d. OtterBox. Web. 22 Oct. 2012.

<http://media.otterbox.com/sites/otterbox.newshq.businesswire.com/files/case_study/file/Hardhats_Steel-toed_Boots.PDF>.

²³ Smith, Josh. "OtterBox iPhone 5 Defender Case Review." *Gotta Be Mobile: Mobile News & Reviews*. N.p., 27 Sept. 2012. Web. 22 Oct. 2012. <<http://www.gottabemobile.com/2012/09/27/otterbox-iphone-5-defender-case-review/>>.

²⁴ Johnson, Joshua. "Otterbox Defender Series: A Working Man’s iPhone Case." *App Storm*. N.p., 18 May 2011. Web. 22 Oct. 2012. <<http://iphone.appstorm.net/general/hardware-news/otterbox-defender-series-a-working-mans-iphone-case/>>.

SWOT ANALYSIS

SWOT Analysis

Location of Factor	Type of Factor	
	Favorable	Unfavorable
Internal	<p><i>Strengths:</i></p> <ul style="list-style-type: none"> • A respected brand name • Licensed to a leader who specialized in cutting edge technology • Proven “paint” technology • “Band aid” for phones 	<p><i>Weaknesses:</i></p> <ul style="list-style-type: none"> • Complaints about our product • Skeptical of Nissan branching into the smart phone mobile device accessory • No flexibility in range, protection, variety or price
External	<p><i>Opportunities:</i></p> <ul style="list-style-type: none"> • Increased demand for smart phone accessories • New technologies • <u>iPhone</u> 5 scratches easily 	<p><i>Threats:</i></p> <ul style="list-style-type: none"> • Well-established competition • Increased competition • Consumers currently purchase more Androids than iPhone

STRENGTHS:

- **Proven “paint” technology with the Scratch Shield**

Nissan first invented scratch Shield technology in collaboration with the University of Tokyo and Advanced Softmaterials Inc. in 2005.²⁵ A product (like a phone or car case) painted with Scratch Shield has five times less scratches than products without the paint. The paint does this because of its’ basic structure, which is made of a special, highly elastic resin. This works in tandem with a conventional clearcoat, which increases the paint’s flexibility. Both of these factors increase resin density, which allows the paint to “self-heal” the scratches. Depending on

²⁵ "This Self-Healing iPhone Case Produced By Nissan Can Make Scratches Vanish." *This Self-Healing iPhone Case Produced By Nissan Can Make Scratches Vanish*. N.p., n.d. Web. 18 Oct. 2012. <<http://www.besttechinfo.com/this-self-healing-iphone-case-produced-by-nissan-can-make-scratches-vanish/>>.

the surrounding temperature and the severity of the scratch, it can take longer for certain scratches to “heal.”²⁶

- **Nissan is a very respected brand name**

Nissan is recognized as a leader in car manufacturing, and that respected name will translate as one that is well known in the burgeoning smartphone accessories market.²⁷ Nissan is swiftly transferring their Scratch Shield technology currently used on Nissan and Infinity cars to make iPhone 4S and iPhone 5 cases.²⁸ Made from lightweight ABS plastic, the case is “more rigid” than other plastics and also includes a gel-like surface, which handles scratches better than competitors.²⁹ Being made of polyrotaxane allows the case to react and “heal” when its structure is changed, and actually morphs back into its original shape.³⁰ In addition to the self-healing benefits of the ABS plastic shell, the coating of the actual case “feels more grippy and tactile” than other phone cases, potentially prevention the consumer from dropping the phone in the first place.³¹ While scratches may be healed in as little as an hour, larger scratches may take up to a week.³² This technology is not only the first of its’ kind in terms of iPhone cases, but also the first of its kind in the world.³³

- **The Self-healing iPhone case is licensed to NTT DoCoMo, a leader who specializes in cutting edge technology**

NTT DoCoMo is Japan’s leading provider of mobile voice, data, and multimedia sources. In addition to its cell-carrying service, DoCoMo works to continually provide its customers with innovative mobile technology and change up industry standards. DoCoMo was the first carrier to introduce i-Mode, which is the world’s most popular platform for emailing, browsing, and downloading. DoCoMo is also recognized for introducing FOMA, which has “transformed the mobile landscape in Japan while bringing the DoCoMo brand global recognition.” By Nissan partnering with a company such as NTT DoCoMo, it brings the product worldwide recognition with one of the true innovators in the mobile phone industry, aside from already having such a strong brand name itself. NTT DoCoMo supplies its’ customers with ground-breaking mobile phone technology, products, and accessories. While currently reaching over 60 million consumers, NTT DoCoMo is expanding its offices and markets to include Asia, Europe and

²⁶ "Scratch Shield." *NISSAN TECHNOLOGICAL DEVELOPMENT ACTIVITIES*. N.p., n.d. Web. 17 Oct. 2012. <<http://www.nissan-global.com/EN/TECHNOLOGY/OVERVIEW/scratch.html>>.

²⁷ "Scratch Shield: Nissan Introduces World's First Self-Healing iPhone Case." *TechCrunch*. AOL Tech, n.d. Web. 16 Oct. 2012. <<http://techcrunch.com/2012/01/17/nissan-scratch-shield/>>.

²⁸ "SlashGear." *Nissan Scratch Shield iPhone Case Heals Grazes* -. N.p., n.d. Web. 17 Oct. 2012. <<http://www.slashgear.com/nissan-scratch-shield-iphone-case-heals-grazes-16209409/>>.

²⁹ "Nissan Scratch Shield iPhone Case Fixes Its Own Scratches And A blemishes." *The Verge*. N.p., n.d. Web. 18 Oct. 2012. <<http://www.theverge.com/2012/1/16/2710969/nissan-scratch-shield-iphone-case-healing>>.

³⁰ "SlashGear." *Nissan Scratch Shield iPhone Case Heals Grazes* -. N.p., n.d. Web. 17 Oct. 2012. <<http://www.slashgear.com/nissan-scratch-shield-iphone-case-heals-grazes-16209409/>>.

³¹ "SlashGear." *Nissan Scratch Shield iPhone Case Heals Grazes* -. N.p., n.d. Web. 17 Oct. 2012. <<http://www.slashgear.com/nissan-scratch-shield-iphone-case-heals-grazes-16209409/>>.

³² "Nissan Scratch Shield iPhone Case Fixes Its Own Scratches And A blemishes." *The Verge*. N.p., n.d. Web. 18 Oct. 2012. <<http://www.theverge.com/2012/1/16/2710969/nissan-scratch-shield-iphone-case-healing>>.

³³ "Scratch Shield: Nissan Introduces World's First Self-Healing iPhone Case." *TechCrunch*. AOL Tech, n.d. Web. 16 Oct. 2012. <<http://techcrunch.com/2012/01/17/nissan-scratch-shield/>>.

North America. The strength of licensing with NTT DoCoMo brings prestige to an already pioneering product like the Self-healing iPhone Case.³⁴

WEAKNESSES:

- **Complaints about the product**

In terms of the Self-healing iPhone case, one of the biggest complaints is the amount of time that it can take to heal larger scratches. While smaller scratches can be combated in little under an hour, larger scratches can take days, if not weeks. The product also does not work if the iPhone itself is shattered, or if the severity of the scratch is too deep to be healed.

- **Skeptics of Nissan branching into the smart phone mobile device accessory industry**

Nissan is well-known for its presence in the car industry, and this is its first venture into any other sort of market. For people who are tech-savvy, or even those who recognize the value of this product, they will ignore the fact that Nissan is technically “a car-company.” For those who simply hear the word “Nissan,” they will hesitate to consider such a choice for an accessory when the words “Otterbox” or “Zagg” are more familiar.³⁵

- **No flexibility in range, protection, variety, or price**

As of now, the Self-Healing iPhone cases only come in one shape and one color, black. For those in Generation Y, one of the product’s key markets, this is simply not enough. For a generation that wants everything customized to their exact feedback, a product with no color palate, range of price, variety in levels of protection, the product might not sell as well as other cases. For an older generation, such as Generation X, that would not mind being *given* a product that will simply protect their expensive phones, this might not be as much of a marketing problem. For Gen Yers, the limited range of products, price, and variety might outweigh the outstanding capabilities of the case itself.³⁶

OPPORTUNITIES:

- **Increased demand for Smartphone accessories**

The current economic market bodes extremely well for the smartphone accessory industry. Currently, the industry is expected to reach a marketshare of \$20 billion for accessories in 2012 alone, while the global market for phone accessories is expected to reach upwards of \$84.6 billion by the year 2018.³⁷ There is an increased demand for accessories to “help enhance the

³⁴ "Company Overview | About Us | NTT DOCOMO Global." *Company Overview | About Us | NTT DOCOMO Global*. N.p., n.d. Web. 18 Oct. 2012. <<http://www.nttdocomo.com/about/company/index.html>>.

³⁵ "Scratch Shield: Nissan Introduces World's First Self-Healing iPhone Case." *TechCrunch*. AOL Tech, n.d. Web. 16 Oct. 2012. <<http://techcrunch.com/2012/01/17/nissan-scratch-shield/>>.

³⁶ Hobart, Buddy. "Understanding Generation Y: What You Need to Know about Our Millennials." *Princeton One*. Princeton One, n.d. Web. 19 Oct. 2012. <<http://www.princetonone.com/news/PrincetonOne%20White%20Paper2.pdf>>.

³⁷ "Robust Growth in Smartphone Sales Drives the Global Mobile Phone Accessories Market, According to New Report by Global Industry Analysts, Inc." *Robust Growth in Smartphone Sales Drives the Global Mobile Phone Accessories Market, According to New Report by Global Industry Analysts, Inc.* N.p., n.d. Web. 17 Oct. 2012. <http://www.prweb.com/releases/mobile_phone_accessories/chargers_headsets_USB/prweb9737241.htm>.

functionality and performance of a mobile phone,” and the Nissan product does just that.³⁸ With such an innovative product, and 140 million Apple phones currently in use, the Nissan Self-healing iPhone case has the chance to reach millions of customers who need such a case to ensure the protection of their expensive phone.³⁹

- **New technologies**

Apple currently introduces new products at least once and year, and never introduces more than three things at once so as not to “dilute the media.”⁴⁰ With Apple introducing products at such a rapid pace, Nissan (partnered with NTT DoCoMo) is in the perfect industry at the perfect time. For a company like Nissan that currently only makes one product for one company, Apple, Nissan can concentrate on a niche market with a lot of loyal customers.⁴¹

- **iPhone 5 is very easy to scratch**

According to extensive primary and secondary research, scratches are one of the biggest problems with the current iPhone 5.⁴² Although Apple has released a statement saying that such scratches are normal for aluminum products, consumers are still unhappy with spending so much money on a phone that can be damaged so easily.⁴³ At Apple stores, employees are ridden with complaints about scratches that could easily be healed with the Self-healing iPhone case. According to an anonymous Apple source, not only would this product alleviate problems with unhappy consumers for Apple, but it would also alleviate the stress consumer’s face of dropping or phone or getting a scratch, knowing that insurance might not cover such damages or carelessness.⁴⁴ By investing in a product that is very expensive and very easy to damage, this creates a situation where the Self-healing iPhone case is almost a need, instead of a want. Apple would most certainly welcome such a product that does not interfere with its own market, and instead lightens problems for them.

THREATS:

- **Well-established competition**

³⁸ "Robust Growth in Smartphone Sales Drives the Global Mobile Phone Accessories Market, According to New Report by Global Industry Analysts, Inc." *Robust Growth in Smartphone Sales Drives the Global Mobile Phone Accessories Market, According to New Report by Global Industry Analysts, Inc.* N.p., n.d. Web. 17 Oct. 2012. <http://www.prweb.com/releases/mobile_phone_accessories/chargers_headsets_USB/prweb9737241.htm>.

³⁹ "Smartphone Accessories Market Growing, While Feature Phone Accessories Market Forecasted to Decline." *Smartphone Accessories Market Growing, While Feature Phone Accessories Market Forecasted to Decline.* N.p., n.d. Web. 19 Oct. 2012. <<http://velositor.com/2012/03/14/smartphone-accessories-market-growing-while-feature-phone-accessories-market-forecasted-to-decline/>>.

⁴⁰ "Apple Results: Don't Neglect iPhone 5, iPad Nano, iMac, 13" MacBook Plans." *Computerworld.* N.p., n.d. Web. 17 Oct. 2012. <<http://blogs.computerworld.com/macintosh/20738/apple-results-dont-neglect-iphone-5-ipad-nano-imac-13-macbook-plans>>.

⁴¹ "Build loyalty like Apple, Define You Enemy." *Forbes.* Forbes Magazine, n.d. Web. 20 Oct. 2012. <http://www.forbes.com/fdc/welcome_mjx.shtml>.

⁴² "The iPhone 5's Aluminium DOES Scratch Too Easily, And That's Why Supply Has Limited Sales." *Business Insider.* N.p., n.d. Web. 17 Oct. 2012. <<http://www.businessinsider.com/the-iphone-5s-aluminium-does-scratch-too-easily-and-thats-why-supply-has-limited-sales-2012-10>>.

⁴³ Kingsley-Hughes, Adrian. "Check Your New iPhone 5 For Scratches." *Forbes.* Forbes Magazine, 24 Sept. 2012. Web. 20 Oct. 2012. <<http://www.forbes.com/sites/adriankingsleyhughes/2012/09/24/check-your-new-iphone-5-for-scratches/>>.

⁴⁴ Information from anonymous Apple employee source in Raleigh, North Carolina. Interview Cited in Appendix.

One area where the Nissan Self-healing iPhone case could potentially fall short is in terms of market presence. Currently, the smartphone accessories industry is dominated by two major players, Otterbox and Zagg. Otterbox was created in 1998 by CEO Curt Richardson and is now considered a staple in the smartphone industry. A trusted and reliable name, Otterbox offers a wide range of colors and prices, waterproof cases, and “four lines of device-specific cases for today’s hottest technologies.” They are a company that prides themselves on listening to customer feedback and “attributing the evolution of their products to consumer’s who’ve challenged us to take the idea of a protective case to the next level.” For those wishing to protect their expensive smart phone, Otterbox is their first choice.⁴⁵ Zagg is another industry leader in the smartphone accessory market. Refer back to competitor analysis section for information regarding the industry standing for the company.

- **Smartphone consumers currently purchase more Androids than iPhones**

While 35% of Americans own a smartphone, of those, only 24% own an iPhone. A remaining 35% of consumers own an Android phone.⁴⁶ Apple’s biggest competitor with the iPhone is Google’s Android operating system, which came out in 2008. Although considered a rip-off by some, Android is currently “the leading operating system for smartphones with a market share of over 50 percent.”⁴⁷ Google is the largest smartphone vendor as of 2011, and Apple has dropped to second place. While Apple is still the second-largest presence in the United States market place, this could potentially pose a threat for Nissan if they do not start making cases for Android devices.

⁴⁵ "OtterBox." *About : Our Story // .com*. N.p., n.d. Web. 20 Oct. 2012. <<http://www.otterbox.com/our-story/our-story,default.pg.html>>.

⁴⁶ "Pew Research Center's Internet & American Life Project." *Smartphone Adoption and Usage*. N.p., n.d. Web. 19 Oct. 2012. <<http://pewinternet.org/Reports/2011/Smartphones.aspx>>.

⁴⁷ "Statistics and Facts about the iPhone | Statista." *Statistics and Facts about the iPhone*. N.p., n.d. Web. 19 Oct. 2012. <<http://www.statista.com/topics/870/iphone/>>.