

# HTC decline into obscurity: Tech company experienced precipitous fall after rapid rise

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## Abstracts

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### SUMMARY

HTC, a Taiwanese tech firm, was once a smartphone market leader after experiencing rapid growth internationally - yet its time at the top proved fleeting. The company experienced a precipitous decline in sales and quickly vanished from the imagination of many smartphone consumers. Now management are pinning hopes on a turnaround plan, though correcting fundamental problems of the business will not be easy.

HTC declined at speed thanks to poor marketing, a confusing product range, foreign competition, bad business decisions and other related factors. For a brief period, the smartphone maker looked as though it would be a lasting global force; now the company is struggling to revive past popularity.

### KEY HIGHLIGHTS

The company will carry on manufacturing smartphones but has tacitly accepted future plans are heavily dependent on the success of virtual reality technology. Time will tell if the plan is enough to conjure a comeback.

For the brief time HTC was a global leader in smartphone technology, there existed a period of opportunity during which the company needed to become cemented in the minds of consumers as the brand from which high-quality and value smartphones could be purchased.

In the US companies such as Apple devoured the premium smartphone market, followed likewise in many markets by Samsung; but new Chinese players also gained many millions of customers through offering budget smartphones that performed many features previously the preserve of the most luxurious models.

## **SCOPE**

Examines the viability of the turnaround plan.

Assesses the impact of foreign rivals.

Assesses the quality of strategy decisions taken by the leadership.

Looks at how the company failed to adapt to a changing marketplace.

## **REASONS TO BUY**

Can the turnaround plan work?

What caused such a sudden decline in sales?

What role did foreign rivals play in the decline of HTC?

Why did the company fail to keep up with the latest trends?

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HTC is hoping turnaround plan will work and is betting heavily on virtual reality

Hopes are being pinned on virtual reality being the next big technology hit

Sony may have already assumed an unassailable lead over HTC in virtual reality sales

Concentrating on industry applications presents best opportunity for lasting success

Competition for industrial virtual reality is already fierce and likely to become even more so

HTC plans to carry on making smartphones despite no longer being a significant player

Poor business decisions hurt odds of lasting success for HTC

Diversification was a risky move that failed to provide required business returns

When sales slid, the company could not adapt after spreading resources too wide

Core products became confused, initiating hefty loss of consumer interest

Failure to enter China earlier was a big oversight by senior management

Poor marketing hurt long-term prospects and allowed rivals to advance

Expensive failure of Downey Jr fronted campaign revealed ineffectual spending

Foreign competition eroded HTC from both budget and premium price points

Much more successful brand images of rivals took away HTC consumer base

Small scale of domestic market made HTC vulnerable to foreign rivals

Chinese budget offering has grown to be global leader, making HTC comeback harder

Failure to adapt incited prolonged period of losses

HTC benefited from being an early innovator but soon lost competitive advantages

HTC blew early lead, leaving the company with little to fall back on

Conclusions

HTC declined thanks to numerous factors and turnaround plan is risky

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