

# Case study the evolution of nokia marketing essay



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The report shows the market share of the Nokia in India and the how does Nokia gain competitive advantage over others. The marketing strategies adopted by Nokia and the tactics and the innovation by the company.

Building Brand image is the Mantra of the company and emphasis a lot on their technology and on consumer satisfaction.

This report analyses the impact of external an internal influences on the business strategies of Nokia Corporation, evaluates the factors, modifiers of Nokia's advancement.

In addition, Nokia should not only develop new technology, but also has other responsibilities for human, such as to reduce pollution and waste, which are produced by the process of production.

## **INTRODUCTION**

(source: Nokia)

In the present years, the mobile internet has attracted numerous media attention. We need to consider why is it so important to create new mobile products, what does consumer needs, and what kind of social activities change affected Nokia change its main starving. [http://betty-sung.tripod.com/nokia\\_01.htm](http://betty-sung.tripod.com/nokia_01.htm)

Nokia is a pioneer in mobile telecommunications and the world's leading maker of mobile devices. Today, they are connecting people in new different ways- fusing advanced mobile technology with personalized services to enable people to stay close to what matters to them.

Nokia is a world leader in mobile telecommunications, driving the growth and sustainability of the broader mobility industry. Nokia connects people to each other and the information that matters to them with easy-to-use and innovative products like mobile phones, devices, and solutions for imaging, games, media and businesses. Nokia provides equipment, solutions and services for network operators and corporations. <http://www.nokia.co.in/about-nokia/press/press-releases/showpressrelease?newsid=-6156>

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## **BACKGROUND**

Nokia is the world's leading mobile phone manufacturer and one of the top suppliers of network infrastructure products.

Nokia Corporation (NYSE: NOK) is one of the world's largest telecommunications equipment manufacturers. It has since established a leading brand presence in many local markets, and business has expanded considerably in all areas to support customer needs and the growth of the telecommunications industry.

The company was formed by an engineer, named Fredrik Idestam in 1865, who started as a wood-pulp mill and started manufacturing paper in southern Finland near the banks of river. [http://www.connectmobiles.com/nokia\\_history.htm](http://www.connectmobiles.com/nokia_history.htm)

Finish rubber works, a manufacturer of rubber goods, impressed with the hydro-electricity produced by the Nokia wood pulp, merged up and started selling goods under the brand name on Nokia. After World War 2, it acquired a major part of the Finnish Cable Works shares. The Finnish Cable Works had <https://assignbuster.com/case-study-the-evolution-of-nokia-marketing-essay/>

grown quickly due to the increasing need of power transmission and telegraph and telephone networks in the World War 2. Gradually the ownership of the rubber works and cable works companies consolidated. In 1967, all the 3 companies merged-up to form the Nokia Group. [http://www.connectmobiles.com/nokia\\_history.htm](http://www.connectmobiles.com/nokia_history.htm)

Nokia has played a pioneering role in the growth of cellular technology in India, starting with the first-ever cellular call a decade ago, made on a Nokia mobile phone over a Nokia-deployed network.

Nokia started its India operations in 1995, and presently operates out of major offices like in Delhi, Mumbai, Kolkata, Chennai, etc. The Indian operations comprise of the handsets business; R&D facilities in Bangalore, Hyderabad and Mumbai; a manufacturing plant in Chennai and a Design Studio in Bangalore.

Over the years, the company has grown manifold with its manpower with its manpower strength increasing from 450 people in the year 2004 to over 15000 employees in 2008 (including Nokia Siemens Networks). Today, India holds the distinction of being the second largest market for the company globally. <http://www.nokia.co.in/about-nokia/company>

## MARKET ENVIRONMENT

Nokia is one organization that is particularly affected by the interplay of different macro environmental factors. These Macro environmental factors are made up of Political, Economics, Society, and Technology, or what is specifically known as the PEST Analysis. Nokia is a communications company

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with specific focus on mobile phone technology. The following uses PEST Analysis on Nokia.

## **POLITICAL FACTOR**

As markets are deregulated, both operators and manufacturers are free to act independently of government intervention. In countries like India and China where Partial regulations exist, government intervention does take place.

Legal constraints such as the G3 technology constraints that Nokia must take into account because many business aim to make profit so they may be tempted to mislead their customers about prices, quality of products and the availability of products.

## **ECONOMIC FACTORS**

With rise in incomes, people have more disposable income which enables consumers to be more selective with their choice of mobile phones. So fulfilling the most basic needs of the user needs (text messaging and phone calls) and price is an important factor. Nokia has emerged as a brand providing mobile phones to all the people at price people can purchase.

## **SOCIAL FACTORS**

The rise of the so-called information society has made telecommunications increasingly more important to consumers, both in terms work and leisure. Users are more aware of mobile phone handset choice and advancement due to increased information available. Nokia has been successful in providing information to the people with the help of providing all the

information on the web site and promoting their products following the ethical code of conduct and government regulations.

<http://www.brighthub.com/hubfolio/gwendolyn-cuizon/articles/55583.aspx>

## **TECHNOLOGICAL FACTORS**

It was in 1990s, that Nokia decided to concentrate on the mobile phone market. In order to be ahead of its competitors, introduction of technological advancements is critical to Nokia. The Latest technologies are found in Nokia's mobile phone such as WAP (internet), predictive SMS, and video and camera functions. The global market trends now are to fuse PC functions with the mobile phone.

There has been much global advancement in technology such as MMS, Bluetooth, WAP, GPRS, cameras, etc.

Nokia has been providing the handsets with all the latest technologies to the people in India and Globally. <http://www.brighthub.com/hubfolio/gwendolyn-cuizon/articles/55583.aspx>

## **PORTAR'S FIVE FORCES MODEL**

(Source: Emory)

### **Bargaining power of suppliers**

Suppliers are the important people in the company's overall customer value delivery system and they provide resources to the company to produce goods and services. (Kotler et al, 2008)

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Like Nokia's parts comes from different suppliers in from different parts of the world. The degree of supplier concentration is more as suppliers provide all the parts to the company.

### **Bargaining power of customers**

The customers are the ultimate target of the company. Nokia's price strategy helps all kind of customers as Nokia design its product for the poor people and for rich people as well. Nokia has great financial strength, huge scale and immense loyalty. People are loyal to the brand and will continue to buy. <http://www.independent.co.uk/news/business/analysis-and-features/nokia-faces-3g-challenge-to-mobile-supremacy-736459.html>

Customers have comparative information about the product in terms of price and features. Individual customers have low switching cost and are price sensitive.

### **Threat of New Entrants**

Technology and product designs are protected with patents. High fixed cost means that volume is essential for the companies. Nokia holds the position of being the market leader in the mobile industry in India. It would be difficult for any company to enter the market and compete with already existing firm. Huge capital investment is required for any new company to enter the market.

Nokia have the financial clout to deter new entrants.

## **Threat of substitute product**

Substitute to Mobile phones is very hard to find but one of the threats to mobile phones can be internet telephony. Features like Skype are used by lot of people for making calls locally and abroad.

Millions of individuals and businesses use Skype to make free video and voice calls, send instant messages. People use Skype to make low-cost calls to landlines and mobiles.

Lot of people prefer to use internet telephony to make calls. Though the threat is not high and is not predominantly used by all the people.

## **Competitive Rivalry within an industry**

The mobile industry has just grown by 10% during 2007. The major competitors to Nokia are Sony, Motorola, LG, Blackberry, Apple's I-phone. There is a diverse competition in the industry as every company comes up with new technology phones with innovative features.

Every mobile company is trying to compete against other. But Nokia has competitive advantage over the other companies and enjoys its goodwill.

## **COMPETITION**

Competition is inevitable in any industry. In some cases, competition is so heavy that it invariably leads to price wars. However, there are other industries that do not necessarily compete on price alone. <http://ayushveda.com/blogs/business/pricing-as-a-competitive-strategy/>

For a successful marketing, a company must provide greater customer value and satisfaction than its competitors. Marketers must gain strategic <https://assignbuster.com/case-study-the-evolution-of-nokia-marketing-essay/>



advantage by positioning their offering strongly against competitor's offerings in the minds of consumers. (Kotler et al, 2008)

India is a very big country with and densely populated. The market in India for mobile phones is highly fragmented and is a segmented market. There are lot of mobile phone brand exists in the county which suits different people according to their need and wants. Therefore there is not only single competitor, in fact there are lot of competitors exists in the market for Nokia.

In the low price segment, phones which Chinese phones and LG exists which fulfil the needs of the people who cannot afford expensive phones. So they are the competitors for Nokia in the low price segment. Samsung, LG, Motorola phones are the main competitors for Nokia in the mid price segment. Premium segment consists of the phones like Blackberry and Apple I-phones which are the main threat to Nokia.

In 2009, the market share of Nokia was 63% which is way ahead from all the other mobile companies. <http://www.pluggd.in/mobile/mobile-handset-market-share-india-nokia-leads-while-samsung-beats-motorola-1684/>

Nokia continues to dominate the Indian market because of the company's goodwill and the brand awareness among the customers. (GMID, 2009)

Nokia is a market leader in India but is facing tough competition from players like Samsung, LG, Apple's iPhone and Blackberry to name a few. <http://sify.com/finance/nokia-s-biz-strategy-to-increase-india-market-share-news-technology-jg2phGfaedc.html>

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Apple's I-phone and Blackberry is a tough competition for Nokia as these Phones are premium phones and got all the features and are more advanced than Nokia premium phones. There is one more reason to this as entry of any new product in the market keeps the interest of the customers. So Nokia has to bear in mind about the competitors and to overcome these by launching the mobile phones with more advanced features than their competitors. [http://www.siliconindia.com/shownews/iPhone\\_a\\_threat\\_to\\_Nokias\\_dominance-nid-43182.html](http://www.siliconindia.com/shownews/iPhone_a_threat_to_Nokias_dominance-nid-43182.html)

## MARKETING STRATEGY

### **SEGMENTATION**

The market consists of many types of customers, products and need. The marketer has to determine which segments offer the best opportunities.

(Kotler et al, 2008)

The dimensions of segmentation

High Involvement

The people in India are highly involved and as they change their phones every 6 months

Since people in India are highly connected to the brands they use and are loyal to their brands, so they tend to pay higher prices for handsets

Customers buy from well known brands

There exists concept of Design driven purchase

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## Aspirational

People in India use mobile phones as a fashion accessory

People tend to spend much on their mobile handsets and look for good looks with functionality.

As mobile phones are like fashion symbol for people in India, they keep on updating their handsets and feel embarrassed if their handset is outdated

The company segments the markets according to the consumers and then targets them separately and satisfies their wants. The company segments it on the basis of geographic, demographic, psychographic and behavioural factors.

Market segmentation that Nokia has chosen to aim is the youth market focussing on students aged 13-19 as market research has shown that some of the youth market are receiving large amounts of pocket money and most have no real commitments to spend it on and that means they have lots of disposable income and are able to spend more on new mobile phones.

## **TARGETTING**

It involves evaluating each market segment's attractiveness and selecting one or more segments to enter. Companies like Nokia should target segments which they can profitably generate the greatest customer value and sustain it over time. (Kotler & Armstrong, 2008)

So Nokia got different mobile handsets starting from cheap phones to expensive ones. The company uses same logo to target for each of its cell phone as they have goodwill and the brand value in the market.

So Nokia in India targets the people of middle- class as they the cell phones are mostly consumed by these people in India. They also target the people of lower and higher class as well with their different handsets.

Nokia's immediate target is rural India. People of age 25-50, makes up to 80% of the Nokia mobile phone market. The primary target of Nokia is the heavy users as they heavy users have the ability to buy the product. This is so because users like latest products with latest and advanced features.

Nokia targets international students, teenagers and the business class people in India. <http://www.scribd.com/doc/19039775/Nokia>

## **POSITIONING**

When Nokia positions its brand in the crowded mobile phone marketplace, its message clearly bring together the technology and human side of its offer in a powerful way. The specific message that is conveyed to consumers in every advertisement and market communication (though not necessarily in these words) is “ Only Nokia Human Technology enables you to get more out of life”

It is also represented by the tag line, “ We call this human technology”. This gives consumers a sense of trust and the consideration by the company.

Nokia understand that technology is only enabler so that a customer can enjoy the better life.

Nokia thus uses a combination of aspirational, benefit-based, emotional features, and competition-driven positioning strategies. <http://www.brandingasia.com/cases/nokia.htm>

## MARKETING MIX

It refers to the 4 p's namely price, product, promotion, place.

### Price

It is one of the important factors which should be kept in mind as price has an irrational side: something that is expensive must be good. In India, the prices start from Rs 2000 and goes to 50000 Rs. So Nokia designs phone for all kind of users from economical phones to expensive phones.

### PRICE OF MOST SELLING PHONES IN INDIAN MARKET

## **MODEL**

### **PRICE APPROX IN RS**

Nokia 3250

Rs 15000

Nokia 7610

Rs 16000

Nokia 6230

Rs 12000

Nokia 6630

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Rs 22000

Nokia 9300

Rs 28000

Nokia 3660

Rs 11000

Nokia 1100

Rs 3500

Nokia 6610

Rs 6000

<http://www.docstoc.com/docs/12163706/Nokia-MArketing-Mix>

## **Product**

Nokia provides different mobile handsets to the people according to their needs and want.

Nokia products are very durable and reliable. Nokia's operating life under natural circumstances is longer than other phones. It is known for its durability: " If it's Nokia than it has to be good". All the Nokia phones come with the warranty of one year and 6 months on the accessories of the product. The incident of BL5 batteries proved that Nokia is a reliable company and cared about its customers. <http://www.scribd.com/doc/24050006/Positioning-and-Product-Life-Cycle>

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## **Place**

Nokia's success is mainly attributed to distribution deals they inked- of the estimated 79000 retail outlets in India selling mobile phones, Nokia had a presence of 72, 000 of them. [http://www. pluggd. in/mobile/mobile-handset-market-share-india-nokia-leads-while-samsung-beats-motorola-1684/](http://www.pluggd.in/mobile/mobile-handset-market-share-india-nokia-leads-while-samsung-beats-motorola-1684/)

Company has made ease of ordering Nokia handsets all over the country.

There are around 1, 00, 000 distributors of Nokia handsets across the country. Nokia handsets are available at more places than its competitors.

Launch of “ Nokia Concept Stores” which makes consumer feels that he/she is standing in the middle of the cellular tech-hub. [http://www. domain-b. com/companies/companies\\_n/Nokia/20091202\\_nokia\\_india. html](http://www.domain-b.com/companies/companies_n/Nokia/20091202_nokia_india.html)

Nokia phones are widely available all over India. Nokia mobile phones are available at almost every mobile outlet in India.

## **Promotion**

Promotion means activities that communicate the merits of the product and persuade target customers to buy it. (Kotler et al, 2008)

Nokia promotes its brand through movie channels, football matches, cricket matches, music channels; Etc. Nokia promotes its brand by sponsoring certain events like Indian premier league (Cricket) in which Nokia tied up with the team Kolkata Night Riders and promoted its brand by sponsoring the team. The company also sponsored the an exclusive five-song music album “ Nokia 2 hot 2 cool”. [http://www. itexaminer. com/nokia-to-change-its-ipl-strategy. aspx](http://www.itexaminer.com/nokia-to-change-its-ipl-strategy.aspx)

The company promotes its products through advertisement, media and etc.

Pepsi launched Nokia 5800 On-pack promotion. <http://popsop.com/27441>

(Source : POPSOP)

## COMPANY'S STRATEGY AND TACTICS

Strategic change is often considered as a necessity for companies to survive in a turbulent environment. Intense competition and rapid technological change are often mentioned as primary motives for companies to adapt their corporate strategy. [http://www.openinnovation.](http://www.openinnovation.eu/download/KDNokiase20openinnovationNov2005KDittrich.pdf)

[eu/download/KDNokiase20openinnovationNov2005KDittrich.pdf](http://www.openinnovation.eu/download/KDNokiase20openinnovationNov2005KDittrich.pdf)

Nokia is fundamentally changing its business model to transform both the company and the industry. As quoted by Nokia president Olli-Pekka Kallasvao, " To succeed in this new environment, we need to offer consumers irresistible solutions that improve their lives. He said that Nokia's strategy of combining unique services with high quality devices will increase customer retention. He also said that success in the changing business environment would require courage and a shift away from the conventional: " We cannot expect to do it all alone. We have to work together with certain competitors, new players and partners in new ways. We have to compete and co-operate. We are working more closely with many other companies, including operators and partners. We expect more such partnerships to come." [http://www.pcb007.com/pages/zone.cgi? a= 49669](http://www.pcb007.com/pages/zone.cgi?a=49669)

Nokia's strategy is to build trusted consumer relationships by offering compelling and valued consumer solutions that combine devices with

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context enriched services. <http://www.nokia.com/about-nokia/company/vision-and-strategy>

Nokia strategy in India is to involve as many consumers as they can and for doing so, they have been coming up with different kind of mobile handsets and with distinctive features and innovations to keep the goodwill and to attract consumers by selling the phone at the price lower than its competitors.

#### RECOMMENDATION FOR FUTURE DEVELOPMENT

Today it is a product race, while Nokia plays on its brand image alone. It is not sufficient to fight the product race.

Nokia Company can be classified as market leader hereunder mobile phone market, and it can be easily observe their wide range of product which may be too often to change its model within one series e. g., Nokia 3210 until now Nokia 3350. Despite the rapid change in one series, it still looks quite similar as the old model which has just launched in the short period before. So it would be helpful for Nokia to launch the product timely, and Nokia should have product life- plan (specific time table) in order to inform and ensure the end-users who need to buy a really new model. Nobody in the real world is willing to buy the product, which is going to change and obsolete in the next few days. These can be helping Nokia in the aspect of customer's satisfaction and give the chance to the users to select.

It is also found that some of the Nokia's Mobile Handsets are very expensive and sometimes they get out of reach of the consumers and their competitors

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take advantage of it as the phone with almost same features and same design from different company cost consumers the same. Nokia has highest price range compared with all the competitors, so if the price is floated unreasonably to the end-users, it is not a good way for Nokia to achieve its long term goals. Reasonable price is the best way for Nokia to gain both profitable and customer's satisfaction.

## CONCLUSION

It may be argued that brand extension following the stretching path may be too absurd. Nokia has been successful at brand stretching from a paper manufacturer to supply mobile phones and network service.

Since, Nokia has been the market leader of the mobile network in India and has been constantly improvising their products and extending their network to reach all the people in India, they are always being innovative. People go on the name of the brand in India and are loyal to the brand they choose.

Nokia's extension to the rural areas is a big achievement of the company as people in the rural areas have also access to Nokia phones now.

The market share of the company is way ahead as compared to its competitors. Nokia in India enjoys the position of Mobile Phone Leader in India.