

# Bstr 349

Technology, Mobile Phone



BSTR/349 ICMR Center for Management Research Emerging Markets

Strategy: Nokia Life Tools for Rural Markets This case was written by Hadiya Faheem, under the direction of Debapratim Purkayastha. ICMR Center for Management Research (ICMR). It was compiled from published sources, and is intended to be used as a basis for class discussion rather than to illustrate either effective or ineffective handling of a management situation. 2009, ICMR. All rights reserved. To order copies, call 0091-40-2343-0462/63 or write to ICMR, Plot # 49, Nagarjuna Hills, Hyderabad 500 082, India or email [info@icmrindia.org](mailto:info@icmrindia.org). [www.icmrindia.org](http://www.icmrindia.org) BSTR/349 Emerging Markets

Strategy: Nokia Life Tools for Rural Markets “ Filling in the information gaps in agriculture and education with Nokia Life Tools, we strive to contribute towards empowering people with the right tools to help them make informed decisions in their daily lives. Nokia Life Tools was developed to help bridge the Digital Divide in the emerging markets. ”1 Jawahar Kanjilal, global head of Emerging Market Services at Nokia Corporation (Nokia), in November 2008. “ There were many in the rural and emerging areas whose needs and pain points were being unmet? ”2 Dinesh Subramaniam, senior manager of communications for Nokia, Finland, commenting on the launch of Nokia Life Tools in India, in June 2009. “ It’s important to remember that this is about money: Nokia wants to sell handsets to this growing market, and providing services to farmers in India may prove as lucrative as selling us applications and content through Ovi. But better informed farmers grow better crops so, for once, it seems everyone can be a winner. ”3 Bill Ray, The Register4, in April 2009. INTRODUCTION On June 12, 2009, Finland-based telecom giant, Nokia Corporation (Nokia) launched its Nokia Life Tools (NLT) service in the

state of Maharashtra in India. This was a bid to expand its rural base in the country. The service was commercially rolled out after the successful implementation of the pilot program in Maharashtra, in November 2008. The launch of the NLT service marked the increasing accessibility of value-added services (VAS) to rural consumers in India. Targeted at the rural consumers, the NLT service offered a range of services in the areas of agriculture, education, and entertainment to address the information gaps in the rural community. Nokia began focusing on the Indian rural market in 2003 when it launched a mobile handset with features such as longer battery life, one-touch flashlight, etc., that catered to the needs of the rural consumers. Over the years, it extended its support to the rural markets by launching several low-end phones that rural consumers found affordable. However, the company felt the need to serve the rural market by offering a value proposition along with its handsets. It noted that the rural consumers, especially farmers and students, had little or no access to the information they needed due to lack of resources and erratic Internet connections. This prompted Nokia to launch a service that would be embedded in its handsets and would serve the needs of the rural community. In 1 2 3 4 Michael Schwartz, "Nokia Brings out Life Tools for Rural Emerging Markets," [www.developingtelcoms.com](http://www.developingtelcoms.com), November 19, 2008. Dan Butcher, "Nokia Life Tools Targets Emerging Markets such as India," [www.mobilemarketer.com](http://www.mobilemarketer.com), June 17, 2009. Bill Ray, "Nokia Life Tools Help Indian Farmers Get One," <http://theregister.co.uk>, April 8, 2009. The Register is a British technology news and opinion website that provides independent news, views, opinions, and reviews on the latest in the IT

industry. 1 Emerging Markets Strategy: Nokia Life Tools for Rural Markets

November 2008, the company launched a pilot program for testing its NLT service in Maharashtra. The test phase was carried out for a period of four months and the results, revealed in April 2009, showed that farmers and students, in particular, had benefited through this service. The farmers could access the latest information on crops, weather, market prices of seeds, fertilizers, and pesticides, etc. through this service. The students benefited by learning the English language and gaining local, national, and international general knowledge. Having received the feedback, Nokia commercially rolled out the NLT service in 10 districts in Maharashtra, in June 2009. Commenting on the commercial launch of the service, D Shivakumar (Shivakumar), MD, Nokia India, said, “We believe this is the beginning of a historical journey that will take mobility to grassroots and make a positive difference to the lives of people in the areas that are crucial to them.”

5 Nokia collaborated with several private ecosystem partners to offer the NLT service. According to Dinesh Subramaniam (Subramaniam), senior manager of communications for Nokia, Finland, “Together with ecosystem partners, Nokia will get the word out about Life Tools.”

6 The NLT service was to be extended initially to the Southern states of India such as Andhra Pradesh and Tamil Nadu in the first week of July 2009, and then to other states in India. The service was also expected to be launched in other parts of Asia and Africa by the end of 2009 and beyond. Experts commended Nokia for its NLT service since it catered to the needs of the rural consumers. They said that in addition to giving information related to agriculture, it also helped farmers to save on time and money, be better informed, and take

correct decisions. Some experts also appreciated the education services since it enabled students who aspired to learn English to learn the language. Moreover, they felt that the education service would help students build their confidence and have a better social standing in the community. Some experts said that the NLT services were just another aspect of Nokia's emerging market strategy to increase its penetration in rural markets since the urban markets were approaching saturation. Moreover, there was a slump in handset sales due to the global economic slowdown. Some industry analysts said that it was logical for Nokia to tap the rural market since it had tremendous market potential. The rural subscriber base was expected to reach 320 million by 2010, according to a research report from RNCOS.<sup>8</sup> The increase in subscriber base was attributed mainly to low-cost handsets and affordable services, according to the report. Some analysts opined that by launching NLT service, Nokia aimed to improve the existing Value Added Services (VAS) it offered to the rural consumers.

**BACKGROUND NOTE ABOUT NOKIA CORPORATION** The history of Nokia dates back to 1865 when Fredrik Idestam, a mining engineer, set up Nokia Ab, a paper manufacturing company, in Finland. <sup>9</sup> In 1920, Finnish Rubber Works<sup>10</sup> (FRW) became a part of the company, and later on in 1922, Finnish Cable Works<sup>11</sup> (FCW) joined them. In 1967, Nokia Ab, FRW, and FCW were merged to form the Nokia Corporation.

• Nokia Launches 'Historical' Life Tools in India, Providing Agriculture-related News, – www. ibtimes. com, June 17, 2009. <sup>6</sup>

• Nokia Life Tools Rolls out across India, – www. mobilemarketer. com By Dan Butcher June 17, 2009. <sup>7</sup> RNCOS is a market research consulting firm. <sup>8</sup>

• Mobile Market Riding High on Untapped Indian Rural Market, – www.

cellular-news. com, June 12, 2009. 9 •Story of Nokia, – www. nokia. com. 10 Finnish Rubber Works was founded by Arvid Wickstorm and manufactured tires, footwear, and rubber bands under the brand name – Nokia’. 11 Finnish Cable Works was founded by Eduard Polon. 5 2 Emerging Markets Strategy: Nokia Life Tools for Rural Markets The mobile phone businesses had its roots in the electronics section founded in the FCW by the then president, Bjorn Westerlund. In 1963, the electronics section manufactured radio telephones for emergency services and the armed forces. After the merger of three companies in 1967, the electronics section was spun off as a separate division responsible for manufacturing telecommunications equipment on a full scale. In the late 1970s, Nokia started taking an active interest in the power and electronics businesses. In 1981, it created the Nordic Mobile Telephone<sup>12</sup> (NMT) standard and launched the first NMT phone, the Mobira Cityman, in 1987. By 1987, consumer electronics had become Nokia’s major business. In the same year, it adopted the Global System for Mobile Communication<sup>13</sup> (GSM) as the standard for digital mobile technology in Europe. In 1989, the company delivered the first GSM network to Radiolinja<sup>14</sup>, a Finnish company. 15 On July 1, 1991, the first GSM call in the world was made using Nokia equipment. In 1992, it launched the Nokia 1011 — a precursor for all Nokia’s current GSM phones. In 1992, Jorma Ollila (Ollila) became the President and CEO of the company. He took the strategic decision of focusing on the telecommunications business and of divesting the company of all its non telecommunications businesses. Between 1992 and 1996, Nokia exited from businesses like rubber, cable, and consumer electronics after which its prime

businesses were mobile phones and telecommunications equipment. In 1998, Nokia established a subsidiary company to manufacture luxury mobile phones under the brand name ‘Vertu’<sup>16</sup>. By the late 1990s, Nokia’s GSM equipment was being used by more than 90 operators across the world.<sup>17</sup> Nokia at that time had a presence in more than 130 countries across the world.<sup>18</sup> In 2001, Nokia’s revenue reached € 31 billion.<sup>19</sup> In 2002, the company launched its first 3G20 phone — the Nokia 6650. In the same year, the Nokia 7650, a phone with a built-in camera and the Nokia 3650, a video capture phone, were also introduced.<sup>21</sup> In 2002, Nokia’s revenue fell by 4 percent to € 30 billion due to weaker sales in the Americas<sup>22</sup>.<sup>23</sup> The year 2004 was characterized by lackluster performance by the company with its market share decreasing to 29 percent during the first quarter of 2004 from 35 percent in the first quarter of 12 13 14 15 16 17 18 19 20 21 22 23 Nordic Mobile Telephony is the first fully automatic cellular phone system and is based on the analog technology. The network opened in Sweden and Norway in 1981 and in Denmark and Finland in 1982. GSM is a leading mobile telecommunications standard. It is a variant technology of TDMA. Radiolinja was a Finland-based GSM operator. The company was founded in 1988. In the mid-1990s it was acquired by Helsinki Telephone Company. •Story of Nokia, – www. nokia. com. Vertu, headquartered in London, UK, is a wholly-owned subsidiary of Nokia. It is a consumer electronics company which manufactures luxury phones. •Nokia and the Rise of Mobile Telecommunications, – www. nokiasiemensnetworks. com. •Nokia Installs 2000 Base Stations in 10 Months for E2 Network in Germany, – www. press. nokia. com, October 5, 1998. •Quarterly and Annual

Information, – www. nokia. com. 3G is an advanced mobile standard which uses technologies such as WCDMA and CDMA-EVDO to facilitate faster data access on the mobile phones. •Story of Nokia, – www. nokia. com. Americas comprises North America and South America with their associated regions and islands. •Nokia Reports Good Results, Gives Guarded Forecast, – www. mobilemonday. net, January 23, 2003. 3 Emerging Markets Strategy: Nokia Life Tools for Rural Markets 2003. 24 Experts attributed the decline in market share to the company offering outdated products while its competitors were coming out with clamshell and camera phones. They felt that innovation had taken a beating at the company since Nokia was late in reading the market signals and the latest trends wherein consumers were focusing on design and style, in addition to the features. The company continued to produce phones in the candybar model. Nokia also did not customize its phones for operators across the world. In 2004, Nokia increased its focus on emerging markets like China and India. It launched several low cost handsets to cater to consumers in these markets. This had a counter-effect on its global sales since consumers in the US and Europe wanted phones that would enable them to surf the web and played videos. Some analysts felt that Nokia's increasing focus on emerging markets like China and India coupled with the launch of several low cost handsets had led to the brand losing its sheen. They said that the brand suffered declining sales in developed markets since innovation had taken a back seat at the company. In 2005, Nokia found that it was continuing to lose market share and it decided that it would have to change its models by revamping the designs. Subsequently, the company came up with phones in



slider and clamshell designs. In April 2005, the Nokia Nseries – high-end multimedia devices with stylish designs – were launched. 25 The features that the Nseries offered included a camera, video capture, high-resolution display, and a hard drive. Industry watchers opined that these hybrid multimedia devices were an instant hit with the target audience – people who liked to carry latest modern multimedia services in a single device. In 2005, the total mobile phone subscriptions across the world surpassed the 2 billion mark and Nokia sold its 1 billionth phone. 26 In 2006, Olli-Pekka Kallasvuo (Kallasvuo), CFO, Nokia was appointed President and CEO of Nokia, with Ollila assuming the responsibilities as Chairman of the Board of Directors at Nokia. By the end of 2007, Nokia was the leading manufacturer of mobile phones in the world, with a global market share of 40 percent. 27 In 2008, Nokia ranked 5th in BusinessWeek/Interbrand Corporation's 29 (Interbrand) list of 100 Best Global Brands. Its brand value increased by 7 percent to US\$ 35, 942 million in 2008 from US\$ 33, 696 million in 2007. 30 (Refer to Exhibit I for Nokia's ranking in Business Week/Interbrand's list of 100 best global brands). For the first quarter of 2008, Nokia's market share stood at 39. 1 percent, keeping it ahead of its competitors. However, it dropped to 36. 2 percent in the first quarter of 2009, according to estimates by Gartner Inc. 31, in May 2009. 32 (Refer to Table I for first quarter market shares of leading mobile phone companies). • Nokia Loses its Grip on the Handset Market Share, – <http://news.cnet.com>, April 29, 2004. Rich Brome, • Nokia Nseries Launch, – [www.phonescoop.com](http://www.phonescoop.com), April 27, 2005. 26 • Story of Nokia, – [www.nokia.com](http://www.nokia.com). 27 • Nokia Officially Hits 40% Global Market Share, – [www.mobilecomment.com](http://www.mobilecomment.com), January 24, 2008.

28 BusinessWeek is one of the world's leading financial magazines. 29 Interbrand Corporation is a leading brand consultancy, serving clients worldwide. Founded in London, Interbrand is headquartered in New York. 30

• Best Global Brands, – <http://bwnt.businessweek.com>, 2009. 31

Gartner Inc., based in Connecticut, USA, is an information technology and advisory firm. 32 • Gartner Says Worldwide Mobile Phone Sales Declined 8.6 Per Cent and Smartphones Grew 12.7 Per Cent in First Quarter of 2009, – [www.gartner.com](http://www.gartner.com), May 20, 2009. 24 25 4 Emerging Markets Strategy: Nokia Life Tools for Rural Markets Table I Market Share of Leading Mobile Phone Companies Q1 09 Q1 09 Q1 08 Sales (in Thousands of Units) Market Share (in%) Sales (in Thousands of Units) Q1 08 Market Share (in%) Nokia 97, 398. 2 36. 2 115, 191. 8 39. 1 Samsung 51, 385. 4 19. 1 42, 396. 5 14. 4 LG 26, 546. 9 9. 9% 23, 645. 8 8 Motorola 16, 587. 3 6. 2% 29, 884. 7 10. 2 Sony Ericsson 14, 470. 3 5. 4% 22, 061. 0 7. 5 Others 62, 732. 0 23. 4% 61, 103. 20 20. 8 Total 269, 120. 1 100 294, 283. 0 100 Company Note: Totals may not add to 100. 0 percent due to rounding. Source: " Gartner Says Worldwide Mobile Phone Sales Declined 8.6 Per Cent and Smartphones Grew 12.7 Per Cent in First Quarter of 2009, " [www.gartner.com](http://www.gartner.com), May 20, 2009.

Some analysts opined that, despite the decline in growth in the global market, Nokia continued to be the market leader due to its focus on emerging markets like India and China. Analysts felt that in addition to launching low cost handsets and other products catered to those markets, Nokia's business strategy in the emerging markets helped it retain its market leadership position (Refer to Box I for Nokia's business strategy in emerging markets). Box I Nokia's Business Strategy in Emerging Markets

Nokia's business strategy in emerging markets was to: Increase the usage of mobile phones in rural areas Decrease the initial costs associated with owning a mobile phone, in addition to reducing the operating costs Convey to people in emerging markets, the benefits associated with mobile telephony Bring the Internet power to the emerging markets Adapted from " Nokia's Strategy in Emerging Markets, " [www.casestudyinc.com](http://www.casestudyinc.com), June 9, 2009. As of 2008, the company reported net sales of € 50, 710 million with an operating profit of € 4, 966 million (Refer to Exhibit II for Nokia's financials).

### 33 NOKIA IN INDIA

Nokia entered the Indian mobile phone market through its subsidiary Nokia India, in 1994. The company aimed to leverage the opportunities offered by this emerging market in India. Initially it planned to set up a manufacturing unit in India. Later, however, it decided against it since the volume of sales was too low then. Moreover, the telecom policies were characterized by high 33 • Nokia in 2008, • Annual Report, [www.nokia.com](http://www.nokia.com), 2008.

### 5 Emerging Markets Strategy: Nokia Life Tools for Rural Markets

tariffs and usage charges were not conducive to the growth of the mobile phone industry. Hence , Nokia imported all the handsets from its international manufacturing units. In the 1990s, Nokia started supplying GSM equipment and handsets to SkyCell Communications<sup>34</sup> and Usher Martin Telecom<sup>35</sup>. By 2000, it had entered into joint ventures with several cellular service providers across India for the supply of mobile communications infrastructure and handsets. Within five years of its setting up its operations in India, it was earning revenues of US\$ 100 million. <sup>36</sup> To fortify its position in the Indian market, Nokia followed its global strategy of customizing its products at the local level while maintaining its international standards of

quality. It also set up software development facilities in Bangalore and Hyderabad. The research centers and R&D hubs played a crucial role in the development of software platforms, new applications, and hardware for high-end handsets. The centers also localized their innovations to cater to the Indian consumers such as having text display in local languages and torches in mobile phones. These innovations appealed more to the rural consumers and were an instant hit with that segment. In 2003, Nokia launched two models designed specifically for the Indian market. They were the 1100 and the 1108 and had features like an anti-slip grip and a built-in torchlight. Later, the torchlight was also incorporated in the 3112 CDMA model. In 2004, Nokia came up with Saral Mobile Sandesh (SMS37 in Hindi) to enable consumers to communicate in Hindi. By 2005, 24 of Nokia's models supported the Hindi user interface and 21 models supported Hindi text. The strategy paid off and Nokia's market share increased from 58.2 percent in July 2003 to 59.6 percent in July 2004. 38 Nokia also had to face tough competition from other powerful global handset players like Motorola Inc. 39 (Motorola), Sony Ericsson Mobile Communications AB40 (Sony Ericsson), LG Electronics41 (LG), and Samsung Electronics Co. Ltd. 42 (Samsung). These companies were well aware of conditions in the Indian market due to their presence in the consumer durables, electronics, and engineering sectors. However, Nokia's aggressive marketing strategy coupled with its powerful design and features helped it withstand all odds and emerge as the leader in the Indian mobile phones industry with a 56 percent market share in the fiscal 2003 -04. 43 The market share increased further in the subsequent years. 34 SkyCell Communications is one of the leading cellular service

operators in the southern state of Tamil Nadu in India. 35 Usher Martin Telecom is a telecom operator in the state of West Bengal, India. 36

• Escalating Growth Curve of Nokia India, – <http://indiquet.wordpress.com>, May 13, 2009. 37 Short Messaging Service or SMS pertains to the service meant for sending short text messages to mobile phones. 38 Nikunj Daga, • Nokia's Marketing Strategies in India, – <http://edissertations.nottingham.ac.uk>, 2006-2007. 39 Motorola Inc., headquartered in Schaumburg, Illinois, USA, was the world's second-largest mobile phone company as of July 2007. 40 Sony Ericsson Mobile Communications AB, headquartered in Acton, London, UK, is a mobile phone company formed in 2001 as a joint venture between one of the leading consumer electronics companies Sony Corporation (Sony) of Japan and Swedish mobile phone company Ericsson. 41 LG was established in 1958 as Goldstar in Korea. In 1995, it changed its name to LG Electronics. It manufactures televisions, telecommunication devices, and home appliances. 42 Founded in 1969, Samsung Electronics Co. Ltd. is a South Korea-based electronics company with interests in consumer electronics, telecommunication, and semiconductors. 43 Vipul Chauhan, • India Study Tekes Nets and Fenix Programs, – <http://akseli.tekes.fi>, July 10, 2004. 6 Emerging Markets Strategy: Nokia Life Tools for Rural Markets Nokia had a dominant position in the Indian market, but experts felt that competition in the mobile phone market had intensified post-2005 with its rivals, particularly Samsung, Motorola, Sony Ericsson, and LG, adopting aggressive strategies to improve their market position in India. 44 Experts felt that Nokia's stranglehold on the Indian market had loosened since its market share that had stood at 78

percent in 2005 dropped to 48 percent in 2007, according to The Economic Times<sup>45</sup>.<sup>46</sup> Despite the fall in Nokia's market share, experts felt that the company was way ahead of its competitors because of its strategy of making early investments in brand building and manufacturing, establishing crucial distribution partnerships, and developing innovative product features.

According to Ravi Bapna, professor of information systems at the Indian School of Business, a leading business school, in Hyderabad, "As far as Nokia's India strategy is concerned, the numbers speak for themselves. The company is a key cog in India's wireless value chain, and it has used India as its emerging market lab."<sup>47</sup> According to analysts, in addition to Nokia's India specific strategy, pricing was of prime importance for the success of the company in India. Research showed that the phones in the lower price range (below Rs. 48 8000) accounted for 65 percent of the total sales in India. Since Nokia placed a major thrust on the rural markets for its growth in future, pricing was an important success factor for the company. Nokia focused on reducing the initial costs of owning a mobile phone by launching low cost handsets coupled with low operating costs. According to Nokia, it priced its mobile phones lower in India than the prices at which the same models were being sold in most other countries. In a bid to revive its market share, Nokia continued to make investments in R&D to launch products catering to the needs of customers in India. This strategy paid off and India became a major revenue earning country for Nokia after China. According to its 2008 annual report, Nokia generated net sales of € 3, 719 million from India (Refer to Table II for Nokia's 10 major markets in terms of net sales).<sup>49</sup> Table II Nokia's 10 Major Markets in Terms of Net Sales (in €

million) Country China India UK Germany Russia Indonesia USA Brazil Italy Spain 2008 5, 916 3, 719 2, 382 2, 294 2, 083 2, 046 1, 907 1, 902 1, 774 1, 497 2007 5, 898 3, 684 2, 574 2, 641 2, 012 1, 754 2, 124 1, 257 1, 792 1, 830 Source: " Nokia in 2008, " Annual Report, www. nokia. com, 2008.

• Nokia All Set to Increase its Market Share, – www. hinduonnet. com, June 28, 2009. The Economic Times is one of the leading business newspapers in India. 46 • Nokia Losing Market Share in India. SE and MOTO on a High, –www. esato. com. 47 • How Did Nokia Succeed in the Indian Mobile Market, While Its Rivals Got Hung up? – http://knowledge. what ton. upenn. edu, August 23, 2007. 48 As of July 2009, 1 US\$ = Rs. 40. 75 and 1 € = Rs. 68. 6. 49 • Nokia in 2008, – Annual Report, www. nokia. com, 2008. 44 45 7 Emerging Markets Strategy: Nokia Life Tools for Rural Markets Nokia' s success story in India continued in 2008 after it reported a market share of 59. 5 percent. It was way ahead of its competitors in terms of market share (Refer to Table III for market shares of leading mobile phone companies in India). Experts attributed Nokia' s success mainly to the distribution deals it had with the mobile retail outlets in India. Nokia had deals with 72, 000 of the 79, 000 retail outlets in the country. 50 Some experts pointed out that though there was a significant increase in market share from 48 percent in 2007 to 59. 5 percent in 2008, Nokia' s market share had actually gone down compared to the previous months of 2008. Analysts pointed that the competitors' increasing retail presence in the country had led to the decline in Nokia' s market share. Table III Market Shares of Leading Mobile Phone Companies in India (2008) Company Market Share (in%) Nokia 59. 5 Sony Ericsson 8. 1 Samsung 7 Motorola 5. 9 Data

Courtesy: ORG. Source: " Mobile Handset Market Share — Nokia Leads, Samsung overtakes Motorola, " www. pluggd. in, June 10, 2008. While Nokia was making efforts to increase its market share in India by increasing its presence in the rural markets, its competitors were also making aggressive efforts to capture a larger portion of the pie in the Indian handset market. Samsung, which claimed to have a market share of between 10 and 15 percent, had plans to increase its market share to 20 percent by the end of 2009, by launching several new handsets. 51 LG also was planning to double its market share to 15 percent from 5. 25 percent in the lucrative GSM segment. The company, which had a 50 percent market share in the Indian CDMA segment, announced plans to launch 50 new handsets for the Indian market by the end of 2009. 52 According to BoH Choi (Choi), Head (Asia Pacific Region), Mobile Communication Company of LG, the company was increasing its presence in India since the developed markets were approaching saturation. Moreover, the demand for mobile phones was increasing in India. Choi added, "We would be doing India-specific product planning and the design, color, and finishing would also depend on the choice of Indian customers. " 53 Sony Ericsson was also making efforts to fortify its position in the Indian handset market. In June 2009, the company started offering its "one-click content service" called PlayNow in India. PlayNow, mainly targeted at the Indian youth, offered users unlimited access to wallpapers, music tracks, themes, games, and animation. On launching the service, Sudhin Mathur, General Manager, Sony Ericsson Mobile Communications India, said, "At Sony Ericsson, we have always tried to keep ourselves abreast with evolving consumer needs. The youth in India are



constantly on the move today. In fact, they comprise the new download generation. Mobile downloading is fast gaining momentum as the youth want their mobile phones to cater to a range of needs in tune with their dynamic lifestyle. PlayNow is the apt answer to this emerging need. 54 • Mobile Handset Market Share — Nokia Leads, Samsung overtakes Motorola, 51 www. pluggd. in, June 10, 2008. 51 Stuti Roy, 52 • Samsung Mobile Eyes 20% Market Share in India, 53 www. livemint. com, June 16, 2009. 52 • LG to Launch 50 Phones in India, 54 http://infotech. indiatimes. com, June 17, 2009. 53 • LG to Launch 50 Phones in India, 55 http://infotech. indiatimes. com, June 17, 2009. 54 • Sony PlayNow Service Available in India, 55 http://tech2. in. com, June 5, 2009. 50 8 Emerging Markets Strategy: Nokia Life Tools for Rural Markets While Samsung, LG, and Sony Ericsson were increasing their presence in the Indian handset market, Motorola was struggling to keep up its position in the country. The company witnessed a drop in market share to 5.9 percent in 2008 and Samsung overtook its third position in the Indian handset market. Experts attributed the company's beleaguered position to its weak sales due to the global economic slowdown and its uninspiring products. The company had laid off nearly 3,000 employees worldwide in October 2008 and was reported to have laid off more 400 employees in India, in January 2009. The new job cuts were part of Motorola's strategy to cut nearly 4,000 jobs worldwide in order to cope with the weak global economy. With its various innovative handsets for the urban consumers and handsets with special features for the rural consumers, Nokia had established itself as the brand and market leader in the Indian mobile handset market. The company offered a diverse product portfolio to cater to

the needs of different segments of consumers. The various segments included Entry, Live, Connect, Explore, and Achieve. These comprised devices ranging from entry level mobile phones for first time subscribers to advanced devices for business purposes with multimedia devices for music, gaming, and imaging. In addition to specific products for various segments, Nokia also focused on its services business by launching Ovi55. According to Nokia, with the launch of Ovi, the company renewed its image of being at the forefront of mobile and Internet convergence.

#### TARGETING THE INDIAN RURAL MARKET

Nokia had always been at the forefront in coming out with products that would cater to the needs of the Indian consumers. While it focused on launching products for the urban market, it also focused on serving the rural population. In 2002, Nokia announced its emerging market strategy under which it planned to lower the initial costs of owning a mobile phone in addition to lowering the operating costs. This was a bid to enable the rural customers to reap the benefits of mobile telephony. In 2003, Nokia launched The Nokia 1100 mobile phone targeting mainly the rural consumers. The phone had features such as longer battery life, torch, a radio, and an alarm clock. The torch feature was included keeping in mind the fact that a large number of villages in India do not have electricity. This model was also targeted at urban consumers since power cuts were common in the cities. The company also launched an advertising campaign highlighting the features of this product such as its anti-slip grip, dust resistance, and torchlight. This model proved to be popular with the consumers. Commenting on its success in the Indian mobile phone market, Shivakumar said, “Innovation is something which consumers reward in

this market. 56 Since Nokia placed a major thrust on the rural markets for its growth in future, pricing was an important success factor for the company. Over the years, the company launched several low-end phones that were affordable for the rural consumers. In 2005, Nokia collaborated with Bharti Airtel Ltd. 57 (Airtel) to reach rural consumers. Under the agreement, Nokia had to provide the equipment and manage services for Airtel. Commenting on the deal, Manoj Kohli, president of mobility at Airtel, said, 58 •To sustain India's economic growth, it is imperative to take the benefits of mobile communications to the rural consumers. Nokia will help us deliver economically viable services to the low revenue consumers. 58

55 56 57 58 On August 29, 2007, Nokia entered the Internet services space with the 59—Ovi' brand. 59—Ovi' is an umbrella brand for a range of Internet services offered by Nokia – such as an online music store, an online navigation service, and an online games store. 60•How Did Nokia Succeed in the Indian Mobile Market, While Its Rivals Got Hung up? 60—

<http://knowledge.wharton.upenn.edu>, August 23, 2007. Bharti Airtel Ltd. is the leading integrated telecom service provider in Asia. It has operations in India and Sri Lanka. It offers services in the telecom, manufacturing, retail, financial, and agri-business services. It holds a dominant position in the Indian telecom sector. 61•Nokia Collaborating with Bharti Airtel in India, 61—

<http://sifybroadband.techwhack.com>, August 24, 2005. 9 Emerging Markets Strategy: Nokia Life Tools for Rural Markets The company tasted success in the rural markets once it started catering to the needs of the rural consumers. The company decided to increase its penetration into the rural market since it was expected to provide a huge market potential. According

to a survey by McKinsey & Company<sup>59</sup>, in 2006, the rural market was expected to be worth US\$ 500-600 billion by 2020<sup>60</sup> (Refer to Exhibit III for a note on the Indian rural mobile phone market). In 2006, Nokia's rural market penetration reached 3 percent and in 2007, it more than doubled to 7 percent.<sup>61</sup> Despite strong growth and results, the company felt that a larger portion of the rural market still remained untapped. Subsequently, Nokia launched seven low-end phones, including two shared phones, in 2007. The shared phones were intended to be used by families of consumers in the rural areas or even entire villages. The shared phones were launched in the wake of attempts by the mobile service operators and the Indian government to launch low-cost mobile telephony for the rural consumers. The two models catering to this service were the Nokia 1200 and the Nokia 1208. These phones offered features like call-time tracking and multiple phonebooks. The call-time tracking feature allowed users to preset a cost limit or time limit on individual calls. The company said that this feature automatically ended the call after the limit was reached. Moreover, it made talking on a mobile phone affordable for rural consumers. In 2007, Nokia again tied up with Airtel to offer entry-level handsets to its customers. Airtel was to offer Nokia handsets bundled with its connections at subsidized prices. This tie-up was aimed at countering the self-branded handsets offered by operators such as Vodafone Essar Ltd.<sup>62</sup> and Tata Teleservices Ltd.<sup>63</sup> and also to facilitate Nokia's expansion into the rural areas. As part of the tie-up, the two companies also combined their advertising and marketing initiatives to tap the lower segments of the market. According to Jagdish Rebello, director and principal analyst at iSuppli Corporation<sup>64</sup>,

The cities are becoming saturated with mobile subscribers, and it is natural for handset makers to penetrate the rural markets. According to estimates by Gartner in 2007, the revenues from cellular services would grow at a compound annual growth rate of 18.4 percent to US\$ 25.6 billion by 2011. It also estimated that the major chunk of this growth would come from the rural markets which were still underserved. In view of these estimates, Nokia announced its plans to increase its focus on the rural markets, in June 2008. Kallasvuo said that the company would launch several initiatives in the areas of distribution, microfinance, agricultural services, and after sales and support services for the rural

McKinsey & Company is a management consulting firm that offers advisory services to leading businesses, institutions, and governments globally (Source: [www.mckinsey.com](http://www.mckinsey.com)). Rural India a Potential \$500-bn Market: Survey, <http://ia.rediff.com>, April 20, 2006. Nokia Plans Internet Services for 'emerged' India's Rural Market, [www.financialexpress.com](http://www.financialexpress.com), June 27, 2008. Vodafone Essar Ltd. (Vodafone Essar) is a subsidiary of the UK-based Vodafone Group Plc, (Vodafone) in India. It was formed in May 2007, after Vodafone Plc. entered into a joint venture with the then fourth largest communication service provider in India, Hutchison Essar Ltd. In September 2007, the 'Hutch' brand was rebranded as 'Vodafone', in India. Tata Teleservices Ltd is CDMA-based mobile service provider and is headquartered in Mumbai, Maharashtra, India. iSuppli Corporation offers services that helps clients to improve their performance in the electronics value chain. The services include electronic component research, teardown analysis, consumer electronics, forecasts on device-specific application

market, and display device and systems research (Source: [www. isuppli. com](http://www.isuppli.com)). •Cellphones Push Mobile Growth in Rural India, – [www. eetasia. com](http://www.eetasia.com), October 1, 2008. John Ribeiro, •Nokia to Target India’ s Rural Markets, – [http://abcnews. go. com](http://abcnews.go.com), June 27, 2008. 10 Emerging Markets Strategy: Nokia Life Tools for Rural Markets markets. According to Kallasvuori, •India’ s consumption of mobility is growing at a phenomenal pace and it has the potential to make a major contribution to the country’ s socio - economic development. Nokia recognizes its responsibility and our aim will be to try and bring more consumers into the folds of mobility by maximizing value creation. –67 Nokia primarily aimed to focus on microfinance in order to increase its penetration into rural markets, which was at 26 percent as of June 30, 2008. 68 Analysts felt that the Indian market including the rural segment had immense untapped potential that was constrained due to the high initial costs associated with owning a mobile phone. The company planned to conduct several pilot programs in select markets to gauge consumers’ response. After gauging the response to these programs, the company aimed to come out with specific product offerings that offered content to users while overcoming language barriers, with special emphasis on making the mobile phone affordable to consumers. Shivakumar added, •Language, content, and affordability will play a critical role in connecting the next billion consumers. At Nokia, our endeavor is to drive down the accessibility barriers and make universal access a reality. –69 In 2008, Gartner forecast that the growth of the global handset market would drop to 10 percent for the year 2008 from 16 percent in 2007 due to the global economic slowdown. However, some experts said that the Indian market

would not be affected by the global economic slowdown since the mobile subscribers had reached 260 million by October 2008. 70 Moreover, they said that the rural market penetration was a major contributor to the increase in the mobile phone s ubscribers (Refer to Table IV for urban-rural teledensity in India from 2001 to 2007). Table IV Urban-Rural Teledensity: 2001-2007 (Mobile subscribers as % of population\*)

	March 2001	March 2002	March 2003	March 2004	March 2005	March 2006	March 2007
Urban	10.4	12.2	14.3	21.3	26.3	38.5	48.5
Rural	0.9	1.2	1.5	1.7	1.8	2.4	3.6
Overall	3.6	4.3	5.1	7.9	12.9	18.3	18.3

\* Population taken as 1.088 billion Source: " Cellphones Push Mobile Growth in Rural India, " www. eetasia. com, October 1, 2008. In November 2008, Nokia took its emerging markets strategy forward by launching low cost handsets in India. According to the company, the new handset, priced at € 25, was the lowest cost handset it had launched till date. The company also announced its plans to launch the NLT service that would offer a range of agricultural and educational information to the rural community, through these handsets. The prices of the handsets ranged from € 25 to € 90 and the phones were expected to be shipped by the end of 2008. The company' s suite of Internet services was to be made available from 2009. Commenting on the launch of low cost handsets and its NLT service, Robert Andersson, Executive Vice-President, Devices, Nokia, said, "In 2002, Nokia unveiled a 67 68 69 70 "News Wire: India: Mobile Provider Nokia Targets Rural Markets for Growth, " www. microcapital. org, June 30, 2008. "Nokia to Focus on Microfinance to Grow Indian Market Share, " www. microfinanceinsights. com, August 20, 2008. "News Wire: India: Mobile Provider Nokia Targets Rural Markets for Growth, " www.

microcapital. org, June 30, 2008. •Cellphones Push Mobile Growth in Rural India, – www. eetasia. com, October 1, 2008. 11 Emerging Markets Strategy: Nokia Life Tools for Rural Markets strategy to lower the cost of owning and operating a mobile phone and to bring the benefits of mobile telephony to people in emerging markets. Today, we are expanding that vision by introducing a number of devices and services that aim to bring the power of the Internet to these markets as well. –71 NOKIA LIFE TOOLS THE PILOT PROGRAM Taking its rural thrust forward, Nokia planned to offer VAS through its mobile handsets to the rural consumers. The company felt that adding content that would benefit the rural consumers while offering the mobile handset at an affordable price would help it further tap the rural market. In 2008, the company adopted a ground-up approach and the Emerging Markets Services research team at Nokia did extensive research on the lives of rural consumers, the services accessed by them, and the areas that needed improvement. The research team found that the rural markets faced several constraints related to infrastructure, distances, cost, and the vast number of local languages. The team then concluded that the rural consumers had little or no access to information on agriculture and education. The farmers had to go to the markets several times to get to know about the crops and the market prices of seeds, fertilizers, pesticides, etc. Moreover, they had to deal with unscrupulous agents who often cheated them due to their lack of knowledge and education. Students also suffered since they could not gain the required educational material for their exams due to lack of resources and the erratic Internet connections in villages. The company felt access to the Internet would improve the lives of people living



in such areas since they could get the information they needed. However, the cost associated with buying a PC posed a big challenge. The team said that most of the rural consumers they interviewed expressed their desire to get such information on their mobile phones. Subsequently, in November 2008, Nokia launched the pilot program of the NLT service in ten districts of Maharashtra in a bid to bridge the information gap for rural consumers. With the increasing mobile coverage in the country, there was renewed hope for rural consumers to gain access to the needed information. The research conducted by Nokia revealed that information services in areas where access to the Internet was constrained due to infrastructure could help improve the learning, earning potential, and quality of life in the rural community. The NLT service offered rural consumers access to a range of information in the areas of agriculture, education, and entertainment. Commenting on why the company chose these areas, Shivakumar said, “Agriculture employs more than 60 percent of all workforce in India. This sector of the economy needs fresh inputs via technology.... Education and English language, on the other hand, are springboards for a number of small town and rural youth to move into the employment market. Nokia, through services in Agriculture and Education, will fulfill these opportunities for the Indian population.”<sup>72</sup> The pilot program was enabled on the Nokia 2600 and the Nokia 1680 models priced at Rs. 3000 and Rs. 2560 respectively and was offered in three languages — Hindi, Marathi, and English. The program ran for four months and the results were revealed in April 2009. The users using the “agriculture” module said that they could get to know about the market rates that were being offered for their produce. In addition to market prices,

people also benefited from information on the weather, crop advisory services like tips on successful harvests, probable diseases affecting yields, and disruptions due to weather. With NLT, farmers could plan labor, sow, harvest, and sell their produce more effectively. They could also save on time and money as they did not have to visit the marketplace multiple times to get information about the latest rates. Moreover, it reduced 71 72

• Nokia Launches Low-cost handsets, Targets Rural Users, – www. thehindubusinessline. com, November 5, 2008. • Nokia Life Tools Opens Side Door to the Internet in Rural INDIA and beyond... via SMS! – http://conversations. nokia. com, November 5, 2008. 12 Emerging Markets Strategy: Nokia Life Tools for Rural Markets their dependence on agents for fundamental information. The users of the ‘education’ module were mainly students. They said they were immensely satisfied with the service. The students said that the module made learning English easy for people who aspired to learn the language. Some students revealed that this module helped them better their performance in job interviews and career prospects. Moreover, they expected to enhance their image and social standing by using the NLT service. According to Nokia, • For many, learning English was an aspiration which was finally achievable. Better performance in job interviews and career prospects, enhanced image and social standing also featured highly and frequently in the feedback. –73 The farmers and the students were happy to use the NLT service. Appreciating the service, a farmer from Tuljapur village in Amravati said, • I believe in working rigorously to enhance my livelihood and lifestyle and I expect that Nokia Life Tools services will help me in validating the desired information. –74

Voicing a similar opinion, a second-year, Master of Arts student in Hindi said, "Nokia Life Tools has given me many directions that I can take related to my education, agriculture business, and my overall individual status. It has the potential to change my future." 75 The company was also satisfied with the results of the pilot program. According to Shivakumar, "The results from the pilot in Maharashtra are testimony that Nokia still plays a very relevant role in people's lives – connecting them in new and better ways through devices that they continue to love, and services that help them improve their lives." 76 Industry insiders felt that the pilot program was a success since it catered to the needs of the rural customers. According to Jawahar Kanjilal (Kanjilal), global head, emerging market services, Nokia, "The sole reason for [the] brilliant success of the pilot program of the Nokia Life Tools is that the services address the specific needs of the poor and farming community and rural people of India." 77 In addition to gaining the feedback and results of the pilot program, Nokia also received some information on enhancing the service. According to B V Natesh, head-emerging market services, Nokia India, "The pilot phase not only provided us with feedback, but also information about how people were using the service as well as what they wanted to see in terms of improvements." 78

LAUNCHING NOKIA LIFE TOOLS Buoyed by the success of the NLT pilot program, Nokia launched the service commercially in Maharashtra, on June 12, 2009. The company signed a Memorandum of Understanding (MOU) with the Maharashtra State Agriculture Marketing Board<sup>79</sup> (MSAMB). Under this agreement, the MSAMB sought to offer knowledge on commodity prices from their 291 local mandis (market yards). According to a Nokia press statement,

MSAMB will also have the opportunity to deliver relevant news, alerts on schemes, and other information directly to grassroots consumers. 80 73 74 75 76 77 78 79 80 Mike, Nokia Life Tools Pilot Scheme Ends in Preparation for Launch, <http://conversations.nokia.com>, April 8, 2009. Bill Ray, Nokia Life Tools Help Indian Farmers Get One, <http://theregister.co.uk>, April 8, 2009. Mike, Nokia Life Tools Pilot Scheme Ends in Preparation for Launch, <http://conversations.nokia.com>, April 8, 2009. Nokia Life Tools Pilot Shows High Appeal for Livelihood and Life Improvement Services in India, [www.alphatrade.com](http://www.alphatrade.com), April 8, 2009. Nokia Sounds Positive about the Success of Nokia Life Tools, <http://silverscorpio.com>, April 18, 2009. Nanda Kasabe, Nokia to Woo Rural Customers through New Offerings, June 25, 2009. Established on March 23, 1984, MSAMB is entrusted with the responsibility of developing and collaborating with the agricultural marketing system in Maharashtra (Source: [www.msamb.com](http://www.msamb.com)). Nokia Launches 'Historical' Life Tools in India, Providing Agriculture-related News, [www.ibtimes.com](http://www.ibtimes.com), June 17, 2009. 13 Emerging Markets Strategy: Nokia Life Tools for Rural Markets Nokia also collaborated with the Indian Government in conjunction with multiple partners and Non-Governmental Organizations (NGOs) to deliver information through its NLT service. According to Kanjilal, As mobile coverage increases to cover the millions of unconnected, Nokia – in India and in other emerging markets around the world – will work together with mobile operators, multiple government and private enterprises, and non-government organizations to empower millions by connecting them to better opportunities that have a positive impact on their daily lives. 81 The

private collaborators extending their support to Nokia comprised Idea Cellular Ltd. 82 (Idea Cellular), Reuters Market Light<sup>83</sup> (RML), Syngenta India Limited<sup>84</sup> (Syngenta), Pearson Education India<sup>85</sup> (Pearson), and OnMobile Global Ltd. 86 (OnMobile). Idea Cellular was the first GSM operator in India to collaborate with Nokia for the NLT service. Pradeep Shrivastava, Chief Marketing Officer, Idea Cellular added, “We at Idea, Aditya Birla Group, have made significant strides in rural markets and have taken initiatives around rural telephony. We are delighted to collaborate with Nokia in this new service and enrich the life of the Indian rural consumer through these service-enabled handsets.”<sup>87</sup> The NLT services utilized an icon-based, graphically rich user interface that consisted of tables and displayed information concurrently in two languages. SMSs were used to deliver the information easily. According to Kanjilal, “SMS is used to deliver the critical information to ensure that this service works wherever a mobile phone does, without the hassles of additional settings or the need for GPRS coverage.”<sup>88</sup>, <sup>89</sup> The NLT service was offered through two Nokia models — the Nokia 2323 classic and the Nokia 2330 classic priced at Rs. 2, 500 and Rs. 3, 076 respectively<sup>90</sup>, in three areas such as agriculture, education, and entertainment. The user had to subscribe to each of the services in order to access the information. After subscribing to the service, the user could use it seamlessly. The NLT supported only three languages — Hindi, English, and Marathi during the pilot program, but after its commercial roll-out, the handsets supported other languages such as Punjabi, Gujarati, Bengali, Kannada, Malayalam, Tamil, and Telugu as well. In addition to services in the areas of agriculture, education, and entertainment, the NLT also displayed

promotional information from its business partners. Ticker and Splash were two kinds of promotional messages that appeared as scrolling texts on the display. When a ticker started playing, the user could access the information by clicking on ‘—show’. In case the user clicked on ‘•Nokia Life Tools Launched across India, – http://moneywatch. bnet. com, June 12, 2009. Incorporated in 1995, Idea Cellular is one of the foremost GSM mobile service operators in India. 83 Reuters Market Light is an SMS service offered by information and news company, Reuters Group Plc. The RML service offers data related to crop prices and weather information to farmers through the mobile phone (Source: www. reuters. com). 84 Syngenta India Limited is an agri-business company that offers products and solutions contributing to the Indian agriculture. Its products include crop protection, crop nutrients, seeds, seed care, and yield protection (Source: www. syngenta. co. in). 85 Pearson Education India is a leading integrated education publisher in India. It offers assessment tools, quality content, and educational services (Source: www. pearsoned. co. in). 86 Headquartered in Bangalore, India, OnMobile Global Ltd. is one of the largest value-added services and white labeled data companies in India (Source: www. onmobile. com). 87 ‘•Inform, Involve, Empower — Nokia’ s Service Mantra for Emerging Markets with Nokia Mumbai-based Life Tools, – www. earthtimes. org, November 4, 2008. 88 GPRS refers to General Packet Radio Service which allows mobile phones to send and receive data over the Internet. 89 ‘•Nokia Launches Low-cost Handsets, Targets Rural Users, – www. thehindubusinessline. com, November 5, 2008. 90 www. fonearena. com 81 82 14 Emerging Markets Strategy: Nokia Life Tools for Rural Markets show, the ticker asks for

confirmation that he/she was requesting for additional details. The advertiser would send a message in response to the request to the user's Alerts mailbox. On the other hand, the Splash messages came occasionally on the display during menu navigation. These messages disappeared after a few seconds and the user could continue with the navigation. Agriculture Users could subscribe to the '—agriculture' module through their Nokia handsets. The service offered two plans. The first plan was a basic one that was available at a rate of Rs. 30 per month. Under this plan, subscribers could get daily updates on the weather, market prices, information related to seeds, fertilizers, pesticides, etc. In addition to the basic plan, a premium plan was provided at a subscription rate of Rs. 60 per month. In this plan, the subscriber could choose to get the closest market prices of three crops selected by the subscriber, in addition to news, updates, and tips on agriculture. 91 The basic plan was to be made available throughout the country while the premium plan was to be made available only in 10 states including Maharashtra. R ML was the exclusive provider for the content in the pilot program and also continued to provide the content in the '—agriculture' module. Amit Mehra, MD, RML, added, '•Reuters Market Light (RML) has already proven the value of personalized information services by selling RML to over 100, 000 farmers across 10, 000 villages. Most farmers have made thousands of rupees in additional profit and reduced losses using the most accurate, comprehensive, timely, and personalized information service. We were the exclusive provider of agriculture services to Nokia in the successful NTL pilot in Maharashtra. It gives us great pleasure to continue our collaboration by scaling up our association with Nokia Life Tools

to cover many more states in India. 92 Nokia also collaborated with Syngenta for its expertise in crop protection and seeds. According to Kuldeep Kaul, Vice-President Marketing, Syngenta, "Agriculture is a local business where timely and relevant information dissemination to farmers can help them make better decisions, helping to boost their productivity and raise farm incomes. Nokia Life Tools is designed to offer location specific personalized information to individual farmers. 93 Education The "education" module comprised three service components — learning English with basic, intermediary, and advanced levels; tips on exam preparation for state-boards, ICSE, and CBSE boards<sup>94</sup>; and general knowledge, through which the subscribers could get to know about the world around them. The education services were offered at a subscription of Rs. 30 per month. In addition to the language learning lessons and general knowledge, the students also received career guidance, tips on exam preparation, and exam results. The content was offered through Pearson. On its collaboration with Nokia, Vivek Govil, CEO of Pearson, said, "Pearson is delighted to collaborate with Nokia in exploring how to deliver its wide range of educational content through mobile phones, which are the most popular information devices in emerging markets. 95 In addition to Pearson, the content was gathered from local and international companies and delivered through EnableM<sup>96</sup>. "Nokia Life Tools Launched across India, " www.gadgets-network.com, 2009. "Nokia Life Tools Launched across India, " www.portfolio.com, June 12, 2009. 93 "Nokia Life Tools Launched across India, " www.nokia.com, June 12, 2009. 94 State-boards, ICSE, and CBSE boards are the education boards that prepare the syllabus for schools



affiliated to them. 95 • Nokia Life Tools Launched across India, •  
<http://moneywatch.bnet.com>, June 12, 2009. 96 Founded in June 2006,  
EnableM is a company that offers wireless solutions in the field of multi-user  
mobile interactions and mobile learning. 91 92 15 Emerging Markets  
Strategy: Nokia Life Tools for Rural Markets Entertainment Through its •—  
entertainment' module, Nokia enabled its subscribers to personalize their  
phones by tuning in to the latest ring back and ring tones. People could also  
enjoy jokes, news, and cricket scores, in addition to availing of the astrology  
service. The entertainment services were offered at existing prices charged  
by Nokia throughout the country that ranged from Rs. 6 per minute for  
every download to Rs. 30 for every download of a ring tone. The content was  
aggregated and brought on the mobile through OnMobile. On its  
collaboration with Nokia, Pratapa Bernard, Head of Marketing & Products,  
OnMobile said, •We are happy to collaborate with Nokia and share our  
experience in Value Added Services (VAS) in India to deliver regional and  
local content to the consumer. Our expertise in Managed Services for mobile  
data services enables us to meet the stringent operational requirements for  
Nokia Life Tools. •97 THE BENEFITS Experts lauded Nokia for launching  
VAS (which, till then, had been mostly offered to the young urban customers)  
through its mobile phone for the rural people. According to Naresh  
Priyadarshi (Priyadarshi), head of Synovate Business Consulting India98,  
•VAS will definitely be the driving factor, but what is important is the end-  
offering customized to appeal to the target segment. It is very important to  
understand the needs of the rural population to ensure that the services are  
aligned on those lines. Vernacular content is already a differentiating factor,

considering the wide language diversity in the rural population which a lot of handset manufacturers are already exploiting. 99 Analysts appreciated Nokia for its efforts to serve the rural consumers. They said that the NLT service gave farmers an opportunity to gather information relevant to the cropping cycles. They could access information related to the weather that helped them to plan work that depended on the weather conditions. They also said that the farmers could spend their money wisely by getting to know information related to fertilizers, pesticides, and seed, and that this would help them to improve their productivity and increase their earnings. Some industry experts pointed that with the information on hand, the farmers could deal more effectively with the agents besides saving on time and money as they did not have to go to the market to get access to the latest rates. Subramaniam added, 100 Many of these folks were involved in agriculture, but depended heavily on middlemen for information, and also spent a lot of time and money seeking out information that would enable them to grow better crops or sell their produce at better prices.

Unfortunately, the kind of information that they were used to getting were not completely in their favor, or was obtained with some difficulty. 100 Some experts also commended Nokia for its ‘education’ module that sought to help students who aspired to learn English and gain general knowledge. According to Subramaniam, 101 In the area of Education and learning, many sought to improve themselves by knowing more about the world around them, or having a better command of English. Again, these resources were not readily available to people in emerging markets. 101 97 98 99 100 101 Nokia Life Tools Launched across India, www.

prsnnewsire. com, June 12, 2009. Synovate Business Consulting India, is the Indian arm of the Singapore-based management consulting firm, Synovate Business Consulting. It offers services related business intelligence, management consulting, and market analysis. Gagandeep Kaur, "Handset Strategy : Ride to Rural India," [http://voicendata. ciol. com](http://voicendata.ciol.com), November 7, 2008. Dan Butcher, "Nokia Life Tools Targets Emerging Markets such as India," [www. mobilemarketer. com](http://www.mobilemarketer.com), June 17, 2009. Dan Butcher, "Nokia Life Tools Targets Emerging Markets such as India," [www. mobilemarketer. com](http://www.mobilemarketer.com), June 17, 2009. 16 Emerging Markets Strategy: Nokia Life Tools for Rural Markets Some critics said that the actual benefits of NLT were still largely unknown to the farmers but Nokia's attempts to sell its phones through NLT were justified. They said that Nokia was using NLT as a strategy to sell its phones since the mobile market had reached a dwindling phase in the urban markets where brand differentiation had lost its significance and the market was flooded with several players who launched devices like commodities. Moreover, the company's sales had fallen by 27 percent YoY at 9.3 billion euros for the first quarter of 2009. In April 2009, the company said that its 93.2 million unit volume of mobile devices had also decreased by 19 percent YoY. 102 According to Rakesh Raman, managing editor of My Techbox Online, 103 "With this worrisome record, obviously, the company will run from pillar to post to sell its phones. Now, it's focusing on India with the belief that highly populated countries like India hold good potential for its phones. And it's trying to sell them under the garb of gimmicks like Life Tools, etc." 104 Nokia, however, maintained that by launching NLT, it aimed to overcome constraints related to

information and to contribute toward employee empowerment by enabling them to make informed decisions. It also said that it planned to bridge the digital divide prevalent in emerging markets through this service. Experts felt that Nokia's strategy of using VAS to sell its handset sales would succeed in emerging markets, as these handsets could serve as the main way to access the Internet in countries where most people did not have access to PCs. However, they also felt that this strategy was bound to fail in more developed countries where Internet usage was well defined.

105 THE CHALLENGES One of the biggest challenges that Nokia faced with its NLT service was in offering timely and accurate information to the subscribers, according to experts. Some experts also felt that the growth of this service would be limited since it was offered only in some areas such as agriculture, education, and entertainment. Some industry experts opined that though the NLT services sought to offer an array of benefits to the rural consumers, the affordability of the handset still posed a significant challenge. Nokia, however, maintained that it had launched low-cost handsets targeted at the rural consumers. It added that it was considering entering into deals with microfinance institutions to offer easy financing options to make the mobile handsets affordable to the rural consumers. Some critics opined that the