About netbook

1. Introduction

A netbook is a laptop computer which has a screen of approximately 10 inches from corner to corner; it also has a slower processor compared with larger sized laptops. They are mainly designed for basic tasks such as internet browsing and word processing. 1

Between 2007 and 2008, the worldwide sale of netbook computers has jumped from approximately 400, 000 to 11. 4 million units. This market is clearly growing with this figure being forecast to become even larger with a 189% increase to 21. 5 million units in 20092. This growth is mainly due to the shifting buying pattern of the public to netbooks from notebooks and laptops.

Nokia has had huge success with its mobile phone technology and as the market leader it has presence in " every segment" of the mobile phone market3. Nokia's highly innovative research and development efforts have allowed the company to remain ahead of the competition. It now looks to diversify and add to its product line by introducing its new booklet computer, the " Nokia 3G Booklet".

The objective of this report is to analyse the three aspects of the UK marketing environment with regards to the Nokia 3G Booklet following the recent launch of the product. The report will conclude to whether this new class of product is likely be a success for Nokia in the UK.

2. Method

The report will look at the three marketing environments: micro environment, macro environment and internal environment and will then

make a conclusion to whether the Nokia 3G Booklet is likely to be a success in the UK. To carry out this analysis; various background information was gathered about the computer industry. This information was collected from internet resources, textbooks, and lecture notes. The following models were used to elucidate the findings:

- DEEPLIST analysis

- Porter's Five Force Model

- SWOT analysis

3. Analysis

The three aspects of the marketing environment which will be analysed, with regards to Nokia's introduction of the Nokia 3G Booklet, are the micro environment, the macro environment and the internal environment.

4. 1 Macro environment

The macro environment is " The actors and forces outside marketing that affect marketing management's ability to build and maintain successful relationships with customers". (Harker, 2009: p602)

A DEEPLIST analysis has been used to examine the effects of demographics, economic, environmental, political, legal and technological factors upon the product.

Demographics

- With large numbers of students requiring computers which are lighter and more mobile than notebooks to take to lectures, it is clear that the student demographic is likely to buy netbooks.

- The netbooks are also likely to be popular with businessmen who need to be able to take their work wherever they go.

- These products may also become more popular with an aging population since they are much easier to carry about than bigger laptops. In addition, these laptops are only designed for simple tasks and this demographic is unlikely to use these computers for complex tasks.

Economic

- The world has just had an economic meltdown over the past year, however there are clear signs of recovery, with the US, France and Germany now technically out of recession.

- The UK is still in recession with a GDP of -0. 3%.

- The government has issued a Consumer Price Index of a 1. 5%.

Environmental

- The netbooks are much smaller than most laptops and notebooks and thus need fewer materials to manufacture. The light weight also means that there is less of a carbon footprint with regards to shipping.

- Netbooks are also extremely efficient; requiring only 30 watts compared with 65 watts in a notebook meaning that a great deal of power is saved if netbooks are used as opposed to bigger computers.

- Netbooks are now considered to be much more of a disposable technology due to their low price. Thus, whenever the technology may become relatively out-dated, consumers are likely to purchase another, resulting in an increased amount of wastage of obsolete products and therefore an increased amount of environmental damage.

- The netbook computers are also considered as a supplementary computer.

- Although netbooks consume less energy, they are also made with the same toxic materials as other computers and with no push to change this from manufacturers, disposal of the netbooks is likely to remain harmful to the environment. 4

Thus, weighing up the costs and benefits of the netbooks in comparison with other laptops, they are much more environmentally friendly than many of their counterparts such as notebooks and desktop computers. Their lighter design and low power consumption mean they are also cheaper to produce and operate.

Political/Legal

Nokia may find it easier to break into the European market than America. This would be due to the fact that Nokia is a European company with strong market penetration of its mobile telephony products. The EU would likely support the company more than it would for Apple.

Technological

- Nokia has now included a 3G and GPS, allowing customers to connect almost anywhere and view their position on a map.

- The 3G Booklet now also has the ability to send SMS messages.

- The Booklet is also one of the first computers to include windows 7.

- These new features are likely to enhance the attraction of the products for potential customers.

4. 2 Micro environment

" The actors close to the company that affect its ability to serve its customers – the company, the suppliers, marketing intermediaries, customer markets, competitors and publics", (Harker, 2009: p602)

Porter's Five Force Model (shown in appendix 2) will be used to analyse the micro environment for the Nokia 3G Booklet.

Existing Competitors

- The netbook market is extremely competitive, with the main competition shown in appendix 1. However, the market is expected to grow by 189% in 2009 so there should be room for additional products.
- The main competition in the market is from Asus whose closest product by comparison is the Asus EEE PC 1005HA Seashell Netbook. This product is just over half the expected price of the Nokia 3G Booklet and has almost the exact same specifications. For instance, both netbooks have a 1GB of RAM memory.
- The high price tag on the Nokia 3G Booklet also brings the computer into competition with notebook computers which have much higher specifications and even still is a high price by comparison.
- Nokia have also re-named their product as a " Booklet" to distinguish itself from the competition.
- Nokia looks to emulate the success of Apple by breaking into the market as a premium quality product.
- It appears that Nokia have deliberately designed the product to mimic the features of the Macbook and thus presenting a better quality due to the already perceived quality of Apple.

The main problem for Nokia is they have targeted a premium market for computers. This suggests that if the customer was going to buy a high end product then they will be willing to spend an extra £200 to purchase an Apple Macbook, which already has a huge name for itself in terms of quality.

Threat of new Entrants
The Nokia 3G Booklet is a new entrant into the notebook market.

Threat of new Substitutes
- There have been rumours recently of an Apple Macbook Touch which is in the same price region as the Nokia 3G Booklet.
- This product is essentially a touch screen Apple Macbook. This technology has already been implemented into Apple's iphone; which was a huge seller.
- For customers looking for a computer, they may be willing to experiment and purchase this new product from Apple because of the strength of the brand. This would reduce the number of customers of Nokia substantially if the product were to catch on.

Bargaining power of suppliers
Key components which are used to produce the Nokia 3G Booklets may be fairly limited, especially since the competitors are also looking to buy the same materials.

Bargaining power of customers
In the event that the Booklets would not be as popular as previously assumed, it is highly likely that Nokia would reduce the price of the product.

4. 3 The Internal Environment

Employees

- Nokia may struggle in the near future as recent news has emerged that the company plans to lay off 550 employees working in the research and development department of the company.
- This could result in the company being much less innovative in producing new products.

5. Conclusions

The SWOT analysis (see appendix 3) for the Nokia 3G Booklet Booklet illustrates that the product's main strength is its brand name and loyalty gained from its large presence in the mobile phone market. The company can also be seen as being innovative with its new GPS, 3G and SMS functions being integrated into the machines. The numbers of netbooks' being sold are predicted to grow in the next few years, giving Nokia the opportunity to establish itself in the computer market.

Apple, Acer and Asus are the main current competitors to Nokia's new product. Acer and Asus appear to be targeting the low end of the computer market and Apple the high end of the spectrum. This leaves a gap in the market for Nokia to target consumers who wish a better quality product with a better brand name than Acer and Asus, but who do not want to pay the higher price of a Macbook.

Thus, from the arguments drawn up from this report for and against the likely hood of success for the Nokia 3G Booklet; the product is likely to be a success in the UK market, with the next section giving recommendations as to how Nokia could increase its chances of success.

6. Recommendations

The Nokia 3G Booklet is a newcomer to the computer market and therefore cannot rely solely upon its strong brand image to succeed. This report recommends the following actions in order for the product to be more successful in the UK market:

- Nokia should lower the price of the product due to the availability of competitors' products with similar technological specifications, yet a much lower price. The price should be reduced, however should still be higher than the majority of the competition to maintain the high perceived value of the product.
- Increase CPU performance to speed up computer. This will attract more customers who wish to run applications much quicker.

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