

## Nokia

The once-ubiquitous handset brand is losing its core audience to rivals, writes *Alison Donnelly*

Not so long ago, ownership of a Nokia mobile phone was the only guarantee that, should your battery run flat, you could easily find someone in the office with a compatible charger. A different situation now prevails, however, as shown by the Finnish manufacturer's announcement that it expects its share of the handset market to nosedive below 40% by the end of the year.

Nokia cites lower consumer spending power and stiff competition in developing markets as having hit its sales. It has also admitted to being under pressure at the lower end of the market, where it has traditionally dominated.

In the past year Nokia has turned to a broader range of services to ramp up its revenue and branched out into music deals and social networking to target a

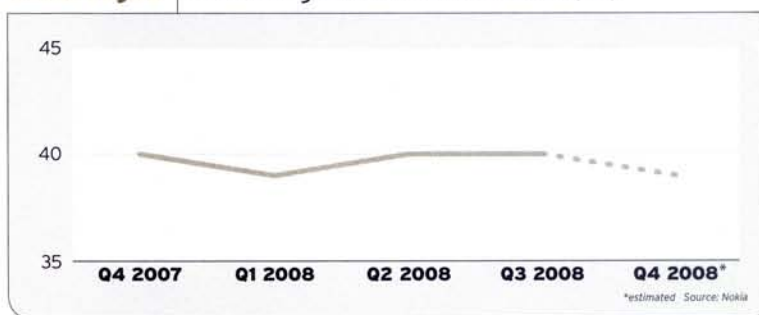


Nokia expecting share of less than 40%

younger audience, an area into which rival Samsung has also pushed heavily.

The imminent launch of Nokia Comes With Music, a programme that will give users access to millions of tracks, is a clear effort to resonate with a youth audience, as is its entertainment

### Vital signs | Nokia's global market share (%)



and lifestyle mobile TV channel, Capsule N96. However, it remains to be seen whether young people will be willing to pay the charges involved.

So are Nokia's attempts to re-engage enough to help it turn the corner, or has it been left behind by rivals that

have positioned themselves as sexier and less utilitarian? We asked Marie Oldham, head of strategy at MPG, who has worked on the Orange account, and John Hall, director of communications agency Curious, which has worked with BT and 3, for their views.

## Diagnosis | Two industry experts on how Nokia can upgrade its performance



**'Nokia is led by innovation but has failed to bring its brand to life in the mind of the consumer'**

Marie Oldham head of strategy, MPG

For me, Nokia's issue is that in a very cluttered and competitive market, it has failed to find its voice. It is a company very obviously led by technology and innovation in product. However, it has failed to bring its brand to life in the mind of the consumer and give them motivating and sustainable reasons to choose Nokia above the competition.

In its marketing communications, Nokia is hindered by the need to use fairly average global creative work in the UK. It also uses several agencies for different projects and this shows in the disjointed nature of the work. There is also no clear operator strategy, and any joint advertising tends to look like low-grade cut-and-paste work.

Taken together, this is a brand that has succeeded to date by delivering great products but does not seem to have a clear strategy for a world in which products have become a more level

playing field and brand attributes and behaviours are the measures by which consumers pick and value their phones.

### Remedy

- Nokia has quite a powerful strapline in 'Connecting people'. Brought to life through interactive communications, consumer understanding, brand activation and promotions, this could provide a point of differentiation.
- Partnerships that tap into the same need-state of social connectivity could help build presence and impact in a market where heavyweight advertising is not enough to cut through.
- Take a leaf from Apple's book and launch genuinely innovative products that are sold to consumers as a product they would actively desire and pay good money for, rather than give high-value products away in bundles with 1000 free texts a month.



**'Nokia is stuck in no-man's land between iPhone and BlackBerry, but has only itself to blame'**

John Hall director, Curious

Nokia was once the handset of desire, back when an iPhone was unheard of. However, things change, and Nokia's draw has been overtaken by the innovations at Apple as well as Sony Ericsson's appeal to the youth market.

Nokia simply isn't cool any more, particularly with the pivotal under-24 market - and, worryingly, even among business users, where it struggles to compete with the ubiquitous BlackBerry. Nokia is stuck in no-man's land between these totem brands, but, frankly, has only itself to blame. It hasn't done enough to be sexy; people see their mobile as an expression of themselves and their street cred, so desirability is paramount.

Now it's playing catch-up - the cutting-edge reputation established by its tie-in with Orange has been lost. Sony Ericsson and LG have redefined what a mobile phone is, and adapted their offerings, focusing on MP3 players, cameras and

internet browsing. Nokia must address this, immediately. It has been too purist in a fiercely competitive market, avoiding aggressive, offer-based marketing. In doing so, it has lost market share.

### Remedy

- Comes With Music is a good start, but competitors are either doing this already, or are planning to. Nokia needs more innovative offerings, but engineering is only half the battle.
- People have a strong emotional connection with their phone. Nokia must redefine its brand and draw out its cachet, targeting the youth market - or rather, those highly attractive segments whose adoption of phones exert a disproportionate influence.
- That means being authentic, understated, tuned-in and 'right'. It must offer what others don't, and communicate why it's better.