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# Nokia Unveils Low-Priced Phones Amid Intensifying Global Competition

By **KEVIN J. O'BRIEN**

BARCELONA, Spain — **Nokia**, the former cellphone leader, on Monday introduced two new low-priced basic cellphones and two lower-priced versions of its flagship Lumia Windows smartphone in an effort to once again regain sales in the low end of the fast-growing market.

Nokia hopes the four new phones — the Lumia 720, Lumia 520, Nokia 301 and Nokia 105 — will help it maintain and perhaps build on its position as the No. 2 maker of cellphones worldwide behind Samsung and fend off challenges by two Chinese manufacturers, Huawei and ZTE, analysts said.

Stephen Elop, the Nokia chief executive, said the new, lower-priced Lumia handsets would give the company a full array of smartphones it had been lacking.

“These are less expensive devices, but they will move in much larger volumes,” Mr. Elop, a former Microsoft executive, said in an interview.

The Lumia 520, selling in Europe for 139 euros, or about \$183, and \$179 in the United States, is priced 25 percent lower than Nokia’s least expensive smartphone, the Lumia 620.

“I think that with the Lumia 520, Nokia is really going to take the Windows 8 operating system to a much bigger, mass market,” said Pete Cunningham, an analyst at Canalis, a research firm in Reading, England. “I would expect their volumes of Lumia shipments to now start increasing slowly, but they still have a way to go.”

Nokia lost its position as the top seller of cellphones to Samsung Electronics last year. Nokia’s market share slipped to 17.9 percent from 24 percent during 2012, according to the market research firm IDC. Samsung’s share grew to 23 percent and Apple ended the year in third place at 9.9 percent, followed by ZTE, with 3.6 percent, and Huawei, with 3.3 percent.

The new handsets, which the company introduced at the Mobile World Congress industry trade show in Barcelona, reinforced Nokia’s strategy of aiming at the lowest-priced but fastest-growing segment of the market. The Nokia 105, the company’s new basic, entry-level phone, will sell for 15 euros, about \$20. “Nokia is targeting the right end with new, inexpensive phones,” said Francisco Jeronimo, an analyst with IDC. “This is where the growth is.”



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In 2012, the global market for cellphones that cost \$250 or less grew by 99 percent from 2011, and accounted for more than half of all cellphones sold worldwide, according to IDC.

The upper-end segment of smartphones costing more than \$250 grew by only 23 percent during the same period. Nokia, the global market leader in smartphones as late as 2007 before Apple produced its first iPhone, has done poorly in the upper segment of smartphones. It trailed the likes of BlackBerry, LG and Motorola with a roughly 4 percent market share in the fourth quarter, according to IDC. Huawei, No. 3, and ZTE, No. 5, each sold more than twice as many smartphones as Nokia.

This year, for the first time, more consumers around the world will buy a smartphone than a simple, basic cellphone, according to IDC.

Mr. Elop said Nokia was committed to making some of Lumia's unique features, like digital lenses that allow users to enhance their own photos, available throughout the entire Lumia lineup, instead of reserving the most advanced features for the most expensive handsets.

The Nokia-Microsoft alliance that was announced two years ago, Mr. Elop said, is gaining momentum. He dismissed the possibility that the company would eventually abandon its software partnership with Microsoft and adopt another operating system, like the Android system made by Google.

"There's no doubt in my mind that that was the right decision," Mr. Elop said about choosing Microsoft. The alliance with Microsoft, the world's largest software maker, has set Nokia apart from handset makers relying on Android, Mr. Elop said, preserving an identity and edge for Nokia and its products.

With the Lumia line of smartphones expanding, Nokia can increasingly sell Microsoft phones to businesses, which may already be reliant on Microsoft Windows and e-mail services in their operations, Mr. Elop said.

"Being able to bring those all together, I think, is a very powerful force," he said. "And it's something that's just beginning."

Nokia sold 4.4 million Lumia smartphones in the fourth quarter, up from 2.9 million in the third quarter. Mr. Elop declined to say how Lumia sales had developed in the first two months of the year. But he suggested that the three new handsets introduced over the last three months would help sustain sales momentum.

