

Bloomberg

Nokia Starts Marketing Blitz After Delivering Windows Phone for Holidays

By Amy Thomson, Katie Linsell and Diana ben-Aaron - Oct 27, 2011

[Nokia Oyj \(NOK1V\)](#) Chief Executive Officer Stephen Elop said he beat expectations by getting the company's first [Microsoft Corp. \(MSFT\)](#) smartphone on the shelves in time for Christmas. Winning consumers will require a marketing blitz.

The Lumia 800 phone, unveiled yesterday after more than eight months into its partnership with Microsoft's Windows Phone system, has a higher-resolution camera than Samsung Electronics Co.'s [Galaxy Nexus](#) and a lower price tag than [Apple Inc. \(AAPL\)](#)'s iPhone 4S. The device will start selling in [Europe](#) next month for 420 euros (\$584), excluding taxes and subsidies.

Elop, a former Microsoft executive, said yesterday that marketing spending on the Lumia series, including that by phone companies and retailers, will triple compared with prior product launches. Nokia lined up 31 phone companies including [Vodafone Group Plc \(VOD\)](#) to lure back consumers who have dumped Nokia in favor of the iPhone and devices running Google Inc.'s Android.

"You are not going to be able to turn a corner of a street or look at a TV or go on the Web or anything without seeing the Nokia marketing campaign," said [Ben Wood](#), an analyst at CCS Insight in London. "They've kept themselves in the marketplace but this is the big, big bet. There's a lot of money on the table."

Nokia shares have tumbled 41 percent in Helsinki since Feb. 11, when Elop announced the partnership with his former employer and said he would phase out the Finnish company's 10-year-old Symbian operating system. Investors were skeptical Nokia would be able to deliver a competitive phone in time for the holiday season. Nokia rose 3.4 percent to 4.96 euros at 10:25 a.m. in Helsinki.

Consumer Impressions

The Lumia launch comes less than two weeks after Apple started selling the iPhone 4S. Samsung announced the Galaxy Nexus last week. Windows Phone may be Elop's last chance to claw back share in the fast expanding smartphone market after the company lost more than 60 billion euros in market value since Apple introduced the iPhone in 2007.

"When I think of Windows I think of computers, not phones," said Alice Reidy, a 27-year-old

secondary school teacher from [Ipswich, England](#), who has an iPhone 3GS. “I’ve had old-school Nokias without even a touchscreen and I think the brand is reliable. But I don’t think of it for smartphones.”

Apple and [Google Inc. \(GOOG\)](#)’s Android have helped slash Nokia’s smartphone market share to 20.9 percent in the second quarter from 50.8 percent when the iPhone came out in 2007, according to Gartner Inc. estimates.

First Signs of Speed

“We’re changing the way Nokia operates, what is an acceptable speed, how do we accelerate and you’re seeing the first signs of that,” Elop said yesterday in London.

To appeal to a wider range of consumers, Nokia also introduced the 270-euro Lumia 710, along with the Asha family of low-priced phones targeting consumers in emerging markets.

The Lumia 800 is available in cyan, black and magenta, features an 8 megapixel camera, while Samsung’s Galaxy Nexus, which will begin selling next month and is the first mobile phone running on Google’s latest Android version, has a 5 megapixel camera.

Apple’s latest iPhone 4S, which sold more than 4 million units in the first three days after it was introduced, has an 8 megapixel camera and its cheapest version costs [629 euros](#) in Germany and [France](#), without an operator contract. Samsung hasn’t disclosed a price for the Galaxy Nexus.

While Nokia’s Windows phones are technically “excellent” and have a “best in class camera,” even a marketing push and subsidies by operators probably won’t help the Finnish company to win back clients immediately, said Francisco Jeronimo, an analyst at market researcher IDC.

Brand Loyalty

“It’s an excellent device and it will compete with Apple’s iPhone 4S and Samsung’s Galaxy Nexus but this won’t happen overnight,” Jeronimo said. “Over the next two quarters they won’t drive the same volumes as the iPhone or Android because consumers don’t know the phone.”

Apple had the highest brand loyalty among mobile phone- vendors in the U.S. and Europe, according to a study by [Strategy Analytics](#).

To differentiate the Lumia phones, Nokia’s marketing campaign will use the distinctive Windows Phone interface with its big, colorful tiles that contrast with the smaller icons of the Apple and Android interfaces as a main selling point.

Unlike an Apple or Google device, a Windows phone doesn’t present users with rows of icons representing apps. Instead, the home screen consists of a layout of tiles that represent the phone’s key functions. The latest version, known as Mango, includes automatic photo tagging and voice