

2013

The Nokia Lumia Microsoft Windows Phone: Targeting Rapid Growth in the United Kingdom



Kevin Torres

Marketing Principles (MBA-508)

12/6/2013

Windows Phone 8- Target Market Description

Windows Phone is a series of proprietary smartphone operating systems developed by Microsoft. The current iteration is the Windows Phone 8 (WP8). Microsoft has purchased the Nokia Company's devices and services unit¹, potentially positioning the Windows Phone 8 to become a global heavyweight in the smartphone arena. These phones are selling particularly well in Europe, specifically the United Kingdom and France.

Segmentation Variables

- **United Kingdom Resident**
 - According to Nielsen, 97% of United Kingdom residents use mobile phones, and 61% of these are smartphones².
- **Current Smartphone or Feature phone Owner**
- **Males**
 - 67% of mobile phone users that have a smartphone in the U.K. are male, while 54% are female³.
- **35-49 Years of Age**
 - Kantar Worldpanel ComTech sales data shows European markets are experiencing a wave of WP8 sales growth with 35-49 year olds⁴ due to the balanced pricing and functionality.
 - The majority of smartphone users in the U.K. are males between 16 and 45⁵. As the younger members of this segment age, there will be an increased percentage.

Target Market Product Relevant Needs

The mobile phone industry is highly competitive, and as such, the seemingly infinite features packed into each operating system can make the benefits of these features lost to some end users. It is important for consumers to easily understand the phone's value for the price, the quality and ease of use of the camera system, and the complete package of mobile entertainment applications available in order to ensure their needs will be met. Here we will lay out exactly how the Nokia Lumia Windows Phone meets these needs.

Why consumers buy a particular phone system⁶

- Good value for the money (28%)
- Easy to use (19%)
- Stylish Design (16%), Good Operating System (15%), Wide Choice of Applications (16%)

¹ The Verge. "Microsoft Buys Nokia's Devices and Services Unit-Unites Windows Phone" <http://www.theverge.com/2013/9/2/4688530/microsoft-buys-nokias-devices-and-services-unit-unites-windows-phone>

² Nielsen. "The Mobile Consumer - A Global Snapshot" <http://www.slideshare.net/wiseknow/mobile-consumer-report2013#>: 4, 5

³ Nielsen. "The Mobile Consumer - A Global Snapshot" <http://www.slideshare.net/wiseknow/mobile-consumer-report2013#>: 6.

⁴ Kantar World Panel ComTech. "Windows Phone Nears Double Digit Share across Europe" <http://www.kantarworldpanel.com/global/News/news-articles/Windows-Phone-nears-double-digit-share-across-Europe>

⁵ Nielsen. "The Mobile Consumer- A Global Snapshot" <http://www.slideshare.net/wiseknow/mobile-consumer-report2013#>: 6.

⁶ Nielsen. "The Mobile Consumer- A Global Snapshot" <http://www.slideshare.net/wiseknow/mobile-consumer-report2013#>: 9

Table 1
Key Target-Market
Needs (Product-Relevant) ⁷

Target-Market Need	Corresponding Feature(s) and Benefit
<i>Product-Related Needs:</i>	
1- Quality Phone Hardware	The Nokia Lumia 900 has a 1400MHz CPU, 512MB SDRAM, and 16GB of memory. These specifications provide adequate phone operations for all levels of multitasking with no losses in playback quality.
2- Quality Camera	The Lumia 900 camera comes with touch focus, exposure compensation, auto and manual white balance, dual LED flash, Carl Zeiss optics, geotagging, and fast one-click photo sharing. These industry leading specifications allow anyone to take excellent photos and video, from amateur to professional.
3- Excellent Mobile Software Applications	The Windows Phone 8 software includes the Microsoft Office Suite, as well as Nokia's own proprietary blend of applications. Navigation is offered through industry leaders Bing Maps and Nokia Maps. The ability to use all of these applications seamlessly between your home PC and your Windows Phone is a major efficiency benefit that cannot be overlooked.
<i>Place-Related Needs:</i>	
1- U.K. data service	Data available in varying levels of capacity at the user's convenience, allowing the data plan best fit to their lifestyle.
2- Known and Trusted Brand in U.K.	Nokia is Finland's largest company. The company has been operating in Europe since 1865. This lengthy history, paired with the more recent history of being the world's number one mobile phone vendor from 1998 to 2012, lends an air of establishment and trust to their products.
<i>Price-Related Needs:</i>	
1- Good Value for the Money	UK mobile device users desire the kind of quality device that rivals the Samsung or iPhone, while maintaining simple affordability. The Nokia Lumia brings top quality hardware and an elegant software suite at a reasonably low price.
2- Low Cost Service Plans Available	Nokia allows their customers to shop for service right on their website, with seven service providers, choices ranging from 12 to 24 months, or pay as you go plans. Having the choice in your hands is a powerful weapon, and Nokia has made finding the right low cost service plan a snap.

⁷ Unless otherwise stated, all specifications in this table come from: Nokia. "Nokia Lumia 900 Specifications" <http://www.nokia.com/us-en/phones/phone/lumia900/specifications/>

Competitor Market Offer Features

This section provides a look at the features of the Samsung Galaxy S4, the nearest competitor to the Nokia Lumia series. The Galaxy S4 has very comparable hardware features to Nokia, but utilizes an Android style operating system and the applications and software suite designed by Google.

Table 2
Reasonably Complete Listing of Samsung Galaxy S4
Market-Offer Features⁸

Product Features: <ul style="list-style-type: none">▪ 13 MP camera▪ 5 inch HD resolution screen▪ 2 GB RAM, 16GB ROM▪ Sleek, modern designs and elegant color scheme▪ Android 4.2.2 Jelly Bean operating system▪ Vast market of available applications
Place Features: <ul style="list-style-type: none">▪ Widely available▪ Service available from many providers
Price Features: <ul style="list-style-type: none">▪ Inexpensive service available from some providers▪ Data plans available at low cost from some providers▪ Cost of mobile device comparable to other high end mobile phones such as the iPhone and Nokia Lumia 1020

⁸ Unless otherwise noted, every feature list in this Table comes from here: <http://reviews.cnet.co.uk/mobile-phones/samsung-galaxy-s4-review-50010650/>

Competitive Review

In this section we will review the Target Market Needs and assess whether the main competitor (Samsung) has addressed these needs well, or if an opportunity may exist for Nokia to capitalize upon. The table below will restate the Product Relevant Needs and summarize how well they are currently being met.

Table 3
Competitive Review
Samsung Galaxy S4

Target-Market Need	Well-Addressed / Under-Addressed and Features Addressing Need	Rationale Summary
1. Quality Phone Hardware	<p style="text-align: center;">Well-Addressed</p> <p>Features</p> <ol style="list-style-type: none"> 1. Samsung has top quality in industry. 2. The specifications are quite high. 	The PRN is well addressed. Samsung has pushed the limits of current hardware technology vs. price point. The phone's hardware is very high end and few companies will be able to match the performance of the Galaxy S4.
2. Quality Camera	<p style="text-align: center;">Well-Addressed</p> <p>Features</p> <ol style="list-style-type: none"> 1. The Galaxy S4 has a 13 MP camera. 2. The camera performs well in side by side tests with other industry leading smartphones. 	The PRN is well addressed. The pixel count is not the highest available, but the camera performs as well or better than many others.
3. Excellent Mobile Software Applications	<p style="text-align: center;">Well-Addressed</p> <p>Features</p> <ol style="list-style-type: none"> 1. Galaxy uses Android Jelly Bean 4.2.2, an operating system with thousands of application developers. 2. The Galaxy S4 comes packaged with a variety of useful proprietary software features. 	The PRN is well addressed. Android is the most used phone software in the world. It has a commanding lead on all other types of software.
4. U.K. Data Service	<p style="text-align: center;">Well-Addressed</p> <p>Features</p> <ol style="list-style-type: none"> 1. The cost of data and the amount available at this price 	The PRN is well addressed. A data plan with 5GB of usage per month at a price point of £42 is very hard to beat.
5. Known and Trusted Brand	<p style="text-align: center;">Well-Addressed</p> <p>Features</p> <ol style="list-style-type: none"> 1. Samsung is known worldwide as a top producer of mobile devices. 	The PRN is well addressed. Samsung has skyrocketed in notoriety and brand equity since entering the mobile phone market. Considered a top 3 choice, the Galaxy S4 is well positioned.
6. Many Features for Low Price	<p style="text-align: center;">Under-Addressed</p> <p>Features</p> <ol style="list-style-type: none"> 1. The Galaxy S4 is one of the most expensive smartphones money can buy. 	The PRN is under addressed. Samsung is not attempting to offer the Galaxy S4 at a low price; their tack is to court the consumer looking for a flashy thoroughbred, not a workhorse.
7. Low Cost Service Plans Available	<p style="text-align: center;">Well-Addressed</p> <p>Features</p> <ol style="list-style-type: none"> 1. The available plans for android phones in the UK provide many choices within a low price range. 	The PRN is well addressed. The U.K. has a good breadth of choices for service; makers of Android phones are well positioned to with service providers who offer low priced service.

Table 4

Value Proposition for Nokia Lumia Windows Phone 8

Positioning Statement	The Nokia Lumia is one of the most technologically advanced smartphones available for the most reasonable price. Lumia delivers smooth performance, an amazing high definition camera, and the stunning Windows Phone operating system that everyone is talking about.		
Key Messages (With Competitive Differentiation)	Nokia Lumia phones are technologically superior yet retain affordability	Nokia Windows Phones have the simplest user interface with the least amount of bloatware of any smartphone made.	Nokia Lumia phones are both a phone and a high quality camera system for the best in class photos available.
Value Proposition (VP Pillars)	Pillar 1	Pillar 2	Pillar 3
	Hardware specifications comparable to Samsung Galaxy S4 at less than half the price.	Windows 8 application interface is simplified for all demographics to understand.	Lumia Windows Phone eliminates the myth that owning a separate camera is a necessity.
Differentiated Benefit	The Lumia Windows Phone provides the U.K.'s best performance to cost ratio for consumers of smartphones.	Microsoft Windows 8 PC operating systems dominate current U.K. sales for computers, and WP8 is a simple to use interface that these PC users can easily understand.	Cameras included with the WP8 are as good as buying a separate camera, with the added benefit of having Nokia's best in class photography software / app suite.
Support	While many phone manufacturers are targeting the top price range products, WP8 is targeting a lower price range where there is more share of market to be gained.	Consumers find the ability to use one operating system across multiple devices to be advantageous, one reason behind the success of Apple and the iPhone/iOS.	Nokia Lumia is the only phone with Nokia Smartcam, allowing multiple exposures, digital editing, and white balance adjustments, and has the highest standard ISO of any smartphone camera for incredible flashless night shots.
Customer Evidence	With specifications that rival top phones in the smartphone market at reduced cost while maintaining product quality, Lumia phones will continue to gain market share from Android and iOS.	Current market share in the E.U. has risen to nearly 10% for the first time ever, and WP8 is within 1 percentage point of iOS in Germany ⁹	Nokia Lumia smartphones with quality cameras are preferred over similar inexpensive smartphones with poor camera performance and software.
Target-Market Customer Needs	Low cost alternatives that provide top quality performance.	Simplified interfaces are desired by users who don't always require sophisticated options.	Active mobile device users do not want to carry multiple devices and demand a camera capable of substituting for their stand-alone pocket camera.
Target Market	U. K. Residents 35-49 years old who own a smartphone or feature phone		

⁹ Kantar World Panel ComTech. "Windows Phone Nears Double Digit Share across Europe" <http://www.kantarworldpanel.com/global/News/news-articles/Windows-Phone-nears-double-digit-share-across-Europe>

Market-Offer Recommendations

Here we will exhibit specific features that address the full-set of target-market product relevant needs. The Summary Table below presents each recommendation, its specific feature-set; and, degree to which it addresses a target-market product-relevant need, differentiates, and fits the recommended Value Proposition.

Table 5

Market-Offer Recommendations – Nokia Lumia Windows Phone 8

Market-Offer Recommendation	Feature-Set	Rationale/Support
1-Increase hardware specifications at unchanged price point.	1-Good value for the money 2-	<ul style="list-style-type: none"> • Addresses Key TM Need. Yes. (see Prod-Rel Need) • Differentiates. Yes. (see Comp Rev Table 3) • Val Prop & Brand Pos Fit. Yes. (per Val Prop Table 4)
2-Advertise ability to supplant current camera with the supplied smartphone camera.		<ul style="list-style-type: none"> • Addresses Key TM Need. Yes. (see Prod-Rel Need) • Differentiates. Yes. (see Comp Rev Table 3) • Val Prop & Brand Pos Fit. Yes. (per Val Prop Table 4)
3-		<ul style="list-style-type: none"> • Addresses Key TM Need. Yes. (see Prod-Rel Need) • Differentiates. Yes. (see Comp Rev Table 3) • Val Prop & Brand Pos Fit. Yes. (per Val Prop Table 4)

References

The Verge. "Microsoft Buys Nokia's Devices and Services Unit-Unites Windows Phone"
<http://www.theverge.com/2013/9/2/4688530/microsoft-buys-nokias-devices-and-services-unit-unites-windows-phone>

Nielsen. "The Mobile Consumer - A Global Snapshot" <http://www.slideshare.net/wiseknow/mobile-consumer-report2013#>: 4, 5, 6, 9

Kantar World Panel ComTech. "Windows Phone Nears Double Digit Share across Europe"
<http://www.kantarworldpanel.com/global/News/news-articles/Windows-Phone-nears-double-digit-share-across-Europe>

CNET UK. "Samsung Galaxy S4 Review" Last updated May 9, 2013: <http://reviews.cnet.co.uk/mobile-phones/samsung-galaxy-s4-review-50010650/>

Gigaom. "Windows Phone is Doing Way Better in Europe Than in the U.S."
<http://gigaom.com/2013/10/01/windows-phone-is-doing-way-better-in-europe-than-in-the-u-s/>

Gigaom. "Why Microsoft Probably Won't go Through With Nokia's Android Plans"
<http://gigaom.com/2013/12/11/why-microsoft-probably-wont-go-through-with-nokias-android-plans/>

Nokia. "Nokia Lumia 900 Specifications" <http://www.nokia.com/us-en/phones/phone/lumia900/specifications/>

Nokia. "Offers for the Lumia 925" <http://www.nokia.com/gb-en/phones/phone/lumia925/offers/?ct=Post&opp=10>