

An Empirical brand positioning study on Nokia mobile phones with special emphasis on India market

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ABSTRACT: The purpose of this paper is to analyze about the brand positioning of Nokia mobile phones. Brand positioning defines how the company's target image is shaped in the minds of consumers. In a competitive environment, ensuring the differentiation of a brand is possible through an effective brand positioning that includes a consistent consumer-brand relationship. Mobile segment is one of the most trending and increasing business in today's competitive world. With all these instances, here we are concerned with the brand value of Nokia and its position in comparison to other competitors like Samsung, Sony, HTC etc. There is no doubt in this that Nokia is one of the oldest & once very popular product available in the market. Nokia's strategy is to build trusted consumer relationships by offering valued consumer solutions. Nokia was named the 5th best global brand in 2007 and has been one of the 10 best global brands for almost a decade. As a result, people having age group of 40+ use the Nokia mobile because of its simple functions. Nokia has been successful in differentiating itself in the crowded and highly competitive mobile market in India.

Due to business challenges, Nokia too faced multiple problems in surviving in the market but eventually strategically tied up with Microsoft to regain the lost market share.

I. INTRODUCTION

Over the past 150 years, Nokia has evolved from a riverside paper mill in south-western Finland to a global telecommunications leader connecting over 1.3 billion people. In 1963, it starts developing radio telephones for the army and emergency services – Nokia's first foray into telecommunications. In time, the company's Mikro Mikko becomes the best known computer brand in Finland. And by 1987, Nokia is the third largest TV manufacturer in Europe. Nokia sets the ball rolling in 1979, creating radio telephone company MobiraOy as a joint venture with leading Finnish

TV maker Salora. 1981 then sees the launch of the Nordic Mobile Telephone (NMT) service, the world's first international cellular network and the first to allow international roaming.

Positioning refers to the place where brand occupies in the minds of the consumers and how it is distinguished from the products of the competitors and different from the concept of brand awareness. In order to position products or brands, companies may emphasize the distinguishing features of their brand (what it is, what it does and how, etc.) or they may try to create a suitable image (utilitarian or luxurious, entry-level or high-end, etc.) through the marketing mix. Once a brand has achieved a strong position, it can become difficult to reposition it. Positioning is one of the most powerful marketing techniques. Originally, positioning focused on the product and grew to include, building a product's reputation and ranking among competitor's products. Some of the professionals extended the concept beyond material and rational aspects to include 'meaning' carried by a brand's mission or myth. Primarily, positioning is about "the place a brand occupies in the mind of its target audience". Positioning is now a regular marketing activity or strategy. A national positioning strategy can often be used, or modified slightly, as a tool to accommodate entering into foreign markets.

The origins of the positioning concept are unclear. Professionals suggest that it may have emerged from the growing advertising industry in the period following WORLD WAR I, only to be codified and popularised in the 1950s and 60s. The positioning concept became very influential and continues to evolve in ways that ensure it remains current and relevant to practising marketers.

Brand positioning has been defined by Kotler as "the act of designing the company's offering and image to occupy a distinctive place in the mind of the target market". In other words, brand positioning describes how a brand is different from its competitors and where, or how, it sits in customers' minds. The precise origins of the

positioning concept are unclear. Cano (2003), Schwartzkopf (2008) and others have argued that the concepts of market segmentation and positioning were central to the tacit knowledge that informed brand advertising from the 1920s, but did not become codified in marketing textbooks and journal articles until the 1950s and 60s.

NOKIA in India

Nokia entered the Indian market in 1994. The first ever GSM call in India was made on a Nokia 2110 mobile phone on its own network in 1995. The tariffs levied on importing mobile phones were as high as 27%, usage charges were at Rs.16 per minute and, at these high rates, consumers did not take to mobile phones. Nokia also had to face tough competition from other powerful global players like Motorola, Sony, Siemens and Ericsson. Initially tariff rates were extremely high in India. Later on, even though the rates were slashed considerably, mobiles were still considered to be a luxury. The biggest breakthrough for mobile phones in India was when incoming calls became free after the launch of Airtel (GSM segment) and the CDMA segment (RIM).

When Nokia entered India, it concentrated on the high end segment because of the tariff constraints in India. Only the affluent could afford mobile phones. Increase in purchasing power due to increase in income and standard of living thanks to outsourcing, globalization and the number of educated and skilled people in India presented a good opportunity for Nokia and others to expand. Gradually, mobile phones started becoming necessities. The mid and low income segments also became targets for mobile phone companies.

In fact, many in India have made a direct transition that is people who never owned a landline, went straight to mobile phones. Therefore, we saw slow growth in the initial few years and a phenomenal growth in the past few years. Nokia chose to aim the youth market focusing on students in the range 13-21 as their market research showed that youths were receiving large amounts of pocket money and most have no real commitments to spend it on. A good portion of the youth segment also started earning well thanks to the BPO and call centre explosion in India resulting in disposable income and need for a higher standard of living. Now, Nokia is trying to tap the potential of the lower end and rural markets as well.

Nokia's Positioning Map

In planning their differentiation and positioning strategies, marketers often prepare perceptual positioning maps, which show consumer perceptions of their brands versus competing products on important buying dimensions.

- Value for Price Business
- Performance Family Reliable
- Positioning statement

A statement that summarizes company or brand positioning – it takes this form:

To (target segment and need) our (brand) is (concept) that (point-of-difference).

Nokia's Positioning statement is "CONNECTING PEOPLE". Beyond deciding which segments of the market it will target, the company must decide on a value proposition- on how it will create differentiated value for targeted segments and what positions it wants to occupy in those segments. A product's position is the way the product is defined by consumers on important attributes – the place the product occupies in consumers' minds relative to competing products. "Products are created in the factory, brands are created in the mind," says a positioning expert. Nokia is clearly using Differentiation strategy, which is a combination of differentiation competitive advantage and broad target scope. Differentiation in the marketing mix for the Lumia 920 occurs in the Product and Price components of the marketing mix. Lumia 820 is also differentiated, but only in the product component of the marketing mix. However the price of the 820 is lower and mid-ranged for the market, it is not differentiated. The smart phones are differentiated from its rivals in the Product component of the marketing mix with their physical and non-physical characteristics. The physical characteristics of the 920 and 820 are the design of the product as well as the multiple colors that are available to the customers. The colors offer customization for the devices and differentiate the products from rivals such as Samsung and Apple. The two companies often offer their smart phones in only The devices are differentiated in a non-physical way through the company's partnership with Microsoft. Nokia is first to manufacture a smart phone running Windows software, and at present it is offering more Windows phones than any of its rivals. The Lumia1020 is also differentiated by its innovative technologies such as its revolutionary camera. Nokia 820 and 920 both offer wireless charging, which is a new and innovative offering for the Indian market.

Nokia Microsoft Partnership

The Nokia-Microsoft partnership brings together two global businesses with highly complementary sets of assets and competencies. First and foremost, Nokia is adopting Windows Phone as its primary smart phone platform. Working with Microsoft, we'll help to drive and define the future of the platform by leveraging our expertise in hardware optimization, software customization, and language support. Nokia and Microsoft are also combining services assets to drive innovation. Nokia Maps, for example, will soon be at the heart of key Microsoft assets such as Bing and AdCenter, and Nokia's application and content store will be integrated into Microsoft Marketplace. Similarly, Microsoft will provide developer tools, making it easier for application developers to leverage Nokia's global scale.

Strategies of Nokia

Marketing Strategy: In order to achieve its organizational objectives, the marketing wing of the Nokia is doing remarkable job. In the following we explored different aspects of the marketing strategy used by Nokia.

Market Segmentation:

Geographic: Both Rural and Urban areas

Demographic: Male and Female

Age: 22-50 (almost 80% of the sales comes from this segment)

Consumer Segments: All the three types of users including high-users, medium users and light-users.

Product Strategy: The focus of the marketing efforts of Nokia is mostly on handset manufacturing only. The company is constantly enhancing its product portfolio by inventing constantly new models. The mobile phones that are manufactured by Nokia have two diverse focuses: either low costs or cutting-edge technology. The products of the company are adopted as per the specific markets situation. For example handsets distributed in Middle East have an Arabic language function, while in France the language is tailored as French.

Branding Strategy: Nokia use two types of branding strategies. It is due to the fact that its target market consumer consists of two types of customers: Upscale buyers and Economy seeker. For upscale buyer the company built its brand with high-end multimedia handsets, while for economy seeker in emerging markets its branding strategy focuses on providing economical handsets (123helpme, 2010).

Pricing Strategy: The pricing strategies used by Nokia vary from situation to situation and from product to product. For cutting-edge technological products that are newly designed by the company R&D, the company use first the skimming marketing strategy, and then decrease the price. While for cost-effective products that focus on economy, the company use penetrating pricing strategy.

Promotion Strategy: The company success can be traced to the excellent promotion activities carried out by the organization. The company use integrated marketing communication to promote its various products in different region of the world. The promotion activities are directed toward replacement.

Place Strategy: The company distribution network is situated in 150 countries, and the company is still using its aggressive marketing strategy to boost its network, and market development strategy to target new markets from around the world. Nokia has come up with new place strategy by opening of the retail outlets known as "Nokia Priority"

Failure of Nokia

The resistance to smartphone evolution: Nokia failed to take advantage of the Android Bandwagon. When the other competitors were busy improving and working on their smartphone segment, Nokia remain unchanged and the competitor Samsung launched its first Android phone and that was cost effective and user friendly. The Nokia management miscalculated that public will not prefer the touch screen mobiles and would continue with the QWERTY keypad layout.

Poor marketing strategies: Generally, a Start-up company will fail in market strategies. But being a multinational company its hard to fail. Where, the competitors like apple and Samsung were continuously growing their market and occupying the market with their new innovations and market strategies. The user trust Nokia built over the years was gradually waning. The company was inefficient in its selling and distribution. Seeing the mess, Nokia decided to come up with some fascinating hardware and software innovations. However, these were already released by rivals and had no uniqueness to them. Failure in Nokia's marketing and distribution strategies led to its elimination of the company from the mobile industry.

Moving Too Slow With The Industry: Nokia never kept pace with changing technology and trends. Nokia was always famous for its hardware

and didn't pay much heed to its software line up. Initially, the company overlooked technical innovation at the cost of avoiding risks associated with bringing innovations in phones. The business needed diversion but it was too late by the time Nokia realized this. Instead of being amongst the early initiators, Nokia transitioned when almost every major brand had already started producing awesome phones.

Lack Of Innovation In Products: The lack of innovation in their products only added to Nokia's woes. While brands like Samsung and Apple came up with advanced phones every year, Nokia simply launched the Windows phone with basic features. The Nokia Lumia series was a jump-start measure, but even that collapsed due to lack of innovation. The unattractive and dull features didn't help. In the era of 4G, Nokia didn't even have 3G enabled phones. Nokia also came up with the Asha series but by then, everything was over.

Overestimation Of Strength: Nokia overestimated its brand value. The company believed that even after the late launch of its smartphones, people would still flock to stores and purchase Nokia phones. A misconception! People still make predictions of Nokia retaining market leadership if it adapts and accepts android or uses better software at its core. However, this is far from the truth as seen today. The company got stuck with its software system which is known to have several bugs and clunks. Nokia felt its previous glory would help alleviate any sort of trouble. Unfortunately, things didn't play out that way.

II. SUGGESTIONS

- The company should stay updated regarding their Android applications and operating systems.
- Innovation of new products and changes in designs of the mobile.
- Knowing your customer needs is most important for any brand.
- Do not get too obsessed with what your competitor is doing.

III. CONCLUSION

As we are globalised, civilized, modernised. Each and every sector is taking a place in innovating new ideas and spending huge money in research and development activities. Nokia's mission is to regain its leadership position in the smart phone market. The company sees greatest potential for achieving its objective in the partnership with Microsoft. According to the environment analysis the most serious problem for the company is the threat from existing rivals.

Nokia has built some interesting products in the Lumia series, with very Impressive technologies and beautiful designs. However the market success of these products has not been so great and Nokia did not achieve its goal of becoming a market leader in India. Nokia has introduced its flagship device at a high price with very innovative technology and has position it in the high-end costly Smartphone market. The product is introduced by implementing differentiation strategy. According to the analysis the reason for this is wrong implementation of marketing strategy and specifically problems with the positioning of the products. This strategy implementation is correct according to the analysis, as the product is introduced with aggressive marketing mix, targeting the mass market. Lumia 925 has seen great interest in the Smartphone market in India.



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