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NOKIA MOBILE PHONE MARKETING IN CHINA

**Thesis CENTRAL OSTROBOTHNIA UNIVERSITY OF APPLIED
SCIENCES**

Degree Programme in Industrial Management

May 2012



Abstract

Thesis Abstract Department Technology, Ylivieska	Date May,2012	Author(s) He Yayi
Degree programme Degree Programme for Industry Management		
Name of thesis Nokia mobile phone marketing in China		
Instructor Kari Pieniniemi		Pages 45
Supervisor Kari Pieniniemi		
<p>The goal of my thesis is to analyze the Nokia mobile's sales in the Chinese market, including product type, product competitiveness, market awareness, price difference, market segmentation, market position, and market share. This thesis provides the market research indicating the sales, competitors, Nokia's market strategy, the environment analysis and a SWOT analysis of Chinese market. The final part of my thesis is the description of the current situation of Nokia in addition to suggestions for how to enhance the competition ability.</p>		
Key words mobile phones, brand analysis, mobile phone industry structure		

ACKNOWLEDGEMENTS

I would like to take this opportunity to express my gratitude to all the people who have helped me in this paper.

My sincere and hearty thanks and appreciation goes firstly to my supervisor, Kari Pieniniemi, and tutor teacher Ossi Päiväläinen whose suggestions and encouragement have given me much insight into these studies. It has been a great privilege and joy to study under their guidance and supervision. Furthermore, it is my honor to benefit from his personality and diligence, which i will treasure my whole life. My gratitude to them knows no bounds.

I am also extremely grateful to all my friends and classmates who have kindly provided me assistance and companionship in the course of preparing this paper. In addition, many thanks go to my family for their unfailing love and unwavering support.

Finally, I am really grateful to all those who devote much time to reading this thesis and give me much advice, which will benefit me in my later study.

Sincerely
He Yayi

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1. INTRODUCTION

The Chinese mobile phone market is developing rapidly. Quality and quantity demands are increasing. Initially there were not many mobile brand variations, but now they are diversified. We can see that China mobile phone market has a very long history, and to a certain extent, it has formed a good competition environment. Furthermore, China has a good investment environment and international relationships, which provides for a good opportunity for domestic and foreign companies; many companies want to enter the Chinese mobile phone industry. The Chinese mobile phone market is an international competitive environment.

Since Nokia entered the Chinese mobile phone market, it has maintained a leading position. Its market shares and market penetrations are very large, which affects the development of the whole mobile phone market in China. In 2007, Apple and Android's mobile phone joined the market, and become competitive rivals to Nokia. This paper studies marketing development and changes of Nokia, and provides constructive suggestions for future development trends of Nokia.

The goal of my thesis is to analyze Nokia mobile's sales in China market; including product type, product competitiveness, market awareness, price difference, market segmentation, market position, and market share. This thesis provides a market research indicating the sales, competitors.

Nokia's the market strategy, the environment analysis and a SWOT analysis of China market. The final part of my thesis is the description of the current situation of Nokia in addition to suggestions for how to enhance the competition ability.

The literature and investigation reports in this thesis are collected from

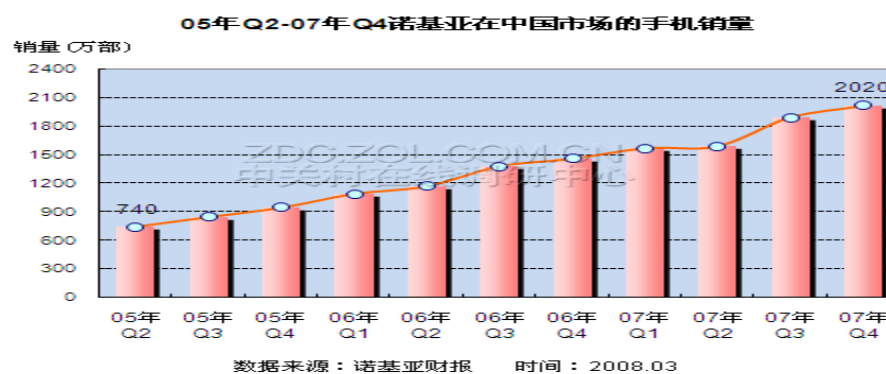
web sites and books, while combined with the help of my tutor teacher and my past learning experiences.

2. NOKIA MOBILE'S SALES IN CHINESE MARKET

Nokia was founded in 1865. It is an international mobile communication company, and it is the third largest mobile phone manufacturer in the world.

2.1. Nokia mobile's sales overview

GRAPH1 shows the Sales number of Nokia mobile phone from the second quarter of 2005 to the fourth quarter of 2007.



GRAPH1. The Sales number of Nokia mobile phone. (Shi Yewen a. 2008)

During this period, the sales volume has been showing a rising trend, in the second quarter of 2005, the sales volume is 7.4 million, and in the fourth quarter of 2007. The sales volume is over 20.2million. The growth rate is 272%, the speed is very fast.

GRAPH2 shows the proportion of Nokia mobile phone sales volume in China market to global market.



GRAPH2. The proportion of Nokia mobile phone sales volume in China market to global market. (Shi Yewen a. 2008)

The overall trend shows growth: almost all the quarter ratios are more than 12% except for fourth quarter of 2005, which is around 11%. The highest proportion appeared in first quarter of 2007 which is about 17%; we can see from the GRAPH2 that the China market is an important part of the global market, and could become one of main Nokia sales markets.

2.2. Nokia mobile's environmental analysis of the Chinese market

The market environment consist of the actors and forces that affect a company's capability to operate effectively in providing products and services to its customers. (David Jobber, 2010)

2.2.1 Social and culture factors

Socio-culture is a specific value for a particular human society, like behavior patterns, customs, ethics and so on. These different types of human society may appear different degree of adaptation and acceptance on the same thing. It can be expressed as time value, material civilization, the attitude of new things, and adventurous attitude. The number of population can be a determining factor which may influence the market

size and potential volume, so it is obvious that China is a good market for Nokia.

According to China-based socio-culture, Nokia has set up for packaging design, mechanical design, and industrial design. Based on the values, this team adjusts the speed the speed of new product updates, positioning the production and marketing. Technology is a core element of the product; it can serve other environmental factors, but in turn, it is also limited by other environmental factors.

3G (the third generation mobile telecommunication) is entering a large-scale development stage. China Telecom, China Mobile and China Unicom are three basic telecommunication companies totaling total 94.1 billion RMB investments in 3G facilities. The scale of 3G base stations has reached 792,000, including 220,000 TD base stations. 3G network has covered all the cities including some township.

At the end of November the subscribers numbers reached 118.73 million. Compared with that at beginning of the year, the number increased by 71.68 million. TD users reach 48.01 million, adding 27.31 million. In net use, the proportion of 3G users rose from 43.7 to 72.5 percentage. (Ministry of industry and information technology of the People's Republic of China. 2012)

It can be seen that the Chinese communication industry has undergone a good development.

2.2.2 Competitive factors

Foreign mobile phone brands accounted for the main part of China's market conducting different sorts of campaigns to attract consumers. By integrating their culture with local culture. Nokia products and services are designed to be consistent with China's market attitude, making it easier for its product to be accepted. (Nokia official website.2012)

2.2.3 Technologic factors

Technology is the basic factor of profitability in competitiveness. Nokia's main competitors are Samsung, Motorola, Sony Ericsson, Blackberry, LG and HTC. Domestic brands accounted for only a relatively small part with less competition. The mode of competition is no longer a single factor. Cost control, technology development, sales channels, brand promotion, scale of production, also affect competitiveness.

2.2.4 Economic factors

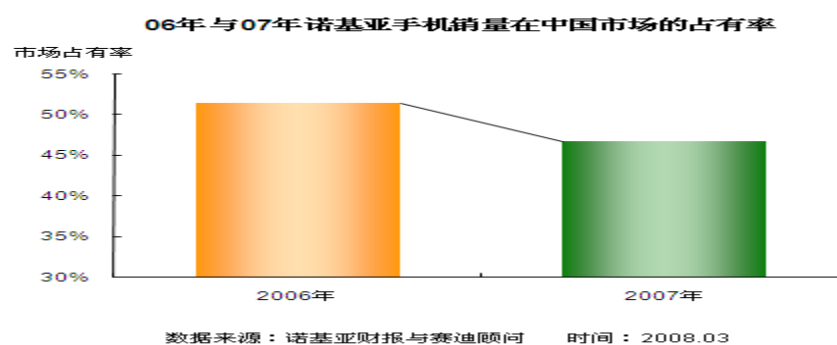
At the end of November 2011, the total number of telephone subscribers has reached 1.262 billion and the the total number of mobile phone users reached 975 million. Compared with the beginning of the year, the number reflects a 11633000 increase. (Ministry of industry and information technology of the People's Republic of China. 2012) In recent years, the national income increased, along with the level of consumption as did mobile phone sales.

2.2.5 Political factors

Relevant laws and regulations are: concerning mobile phone include e.g. Standardization Law of the People's Republic of China; Metrology Law of the People's Republic of China; Law of the People's Republic of China on the Protection of Consumer Rights and Interests.

2.3. Nokia's market share in the Chinese market

GRAPH3 illustrates the Nokia sales market share in the Chinese mobile phone market in 2006 and 2007.



GRAPH 3. Nokia mobile phones' sales market share in Chinese mobile phone market in 2006 and 2007. (Shi Yewen a. 2008)

The percentage of Nokia market share in 2006 is about 50%. The number decreased in 2007 to less than 50%. Although the total market share declined, it still remained above 45%. Nokia, the largest in China, still had the largest influence.

Nokia's quarterly growth rate of sales in the Chinese mobile phone market between the time period of third quarter of 2005 and fourth quarter of 2007 is illustrated in GRAPH 4.

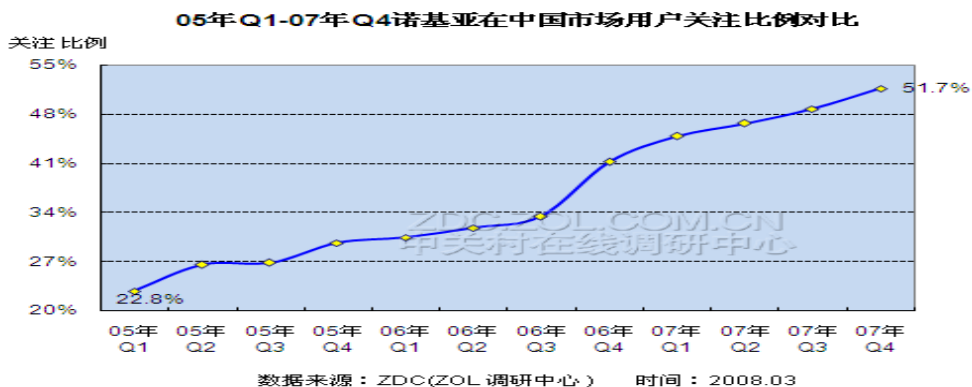


GRAPH 4. The Nokia mobile's season growth rate in Chinese mobile phone market between the time period of third quarter of 2005 and fourth quarter of 2007. (Shi Yewen a. 2008)

Each quarter has a relatively large change, and an obvious rate of rise and fall can be witnessed. The highest sales growth rate appeared in third quarter of 2007; the lowest sales growth rate appeared in the second quarter of 2007. The trend of annual highest growth rate was the third quarter of 2007.

2.4. Nokia mobile phone brand awareness

GRAPH5 shows Nokia users as the proportion of the China's market contrasts between the first quarters of 2005 and fourth quarter of 2007.



GRAPH 5.Nokia product concerned proportion. (Shi Yewen a. 2008)

In all these quarters, the proportion of attention is increase, growing from 22.8% by first quarter in 2005 to 51.7% by fourth quarter of 2007. The attention saw a rising trend and increase of 28.9%.

GRAPH 6 shows the Market concerned rate that Nokia experienced between the second quarters of 2005 and the fourth quarter of 2007.



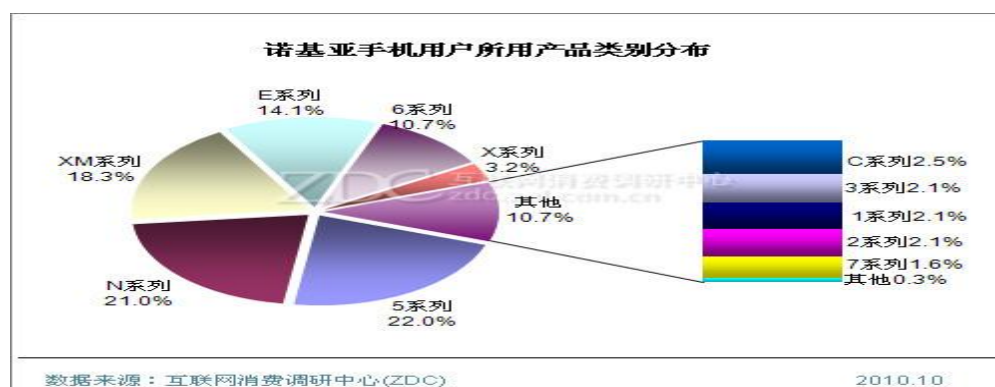
GRAPH 6. The Market concerned rate of Nokia products. (Shi Yewen a. 2008)

GRAPH 6 shows the Market concerned rate that Nokia experienced between the second quarters of 2005 and the fourth quarter of 2007. The lowest growth rate appeared in the third quarter of 2005 and the highest growth rate appeared in the fourth quarter of 2006. GRAPH4 and

GRAPG5 show that Nokia mobile phone gains more and more familiarity with consumers, and in Chinese people's mind the market position is further consolidated.

Brand awareness is a standard that measures consumer awareness and understanding of the brand. It is a core competition asset in the mass consumption market. Increased popularity of the product will attract consumers which to in turn provide an opportunity for consumers to better understand the features. This will then hopefully generate approval and loyalty to product, resulting in a sustainable purchasing pattern. (David Jobber, 2010)

2.5. Analysis of Nokia mobile phone products in Chinese market



GRAPH 7. Nokia mobile phones used category distribution. (Wang Yanen e. 2010.)

Nokia 5-series is a motility series. It is also a series of feature phone and music phone. It enjoys the highest usage rate, reaching 22%. The second highest usage rate is the Nokia Nseries. The positioning of the Nokia N-series is preferred in favor of the entertainment performance-high-end smart machine. It is a Smartphone suited to a fashion young group. The

usage rate is 21%. Nokia 5-series and Nokia N-series are main production lines of Nokia mobile.

According to current survey, the number of customers using Nokia 5230, N95, N97, and N97mini are a relatively high proportion of sales of Nokia mobile phones. Nokia XM-series is a line of Nokia phones which are specially designed for music playback; it is a line of Nokia mobile phones which is specially design for music playback. It is a main product line with a usage rate is 18.3%.

Nokia E-series is Smartphone suited to the businessman, mainly competing with the Blackberry. The Masterpiece is E71. The usage rate is 14.1%. Nokia 6-series is business series, and is at 10.7%. Nokia X-series is an upgraded version of XM-series, and is more comprehensive. The Nokia C-series and Nokia 7series constitute 2.5% and 1.6 % respectively. Nokia 1-series, Nokia 2-series and Nokia 3-series constitute 2.1% respectively. Other series account for only 0.3% collectively.

From this survey, we can see that high-end position of Nokia 8-series and 9-series have a minimal proportion of users. According to the GRAPH7, Nokia mobile phones cover a wide coverage, and provide a variety of options, such as high-end phone, business phone, music phone, price less than 500RMB(about 45EUR)of 1-series and 2-series.

2.6. Nokia consumer usage



GRAPH 8. The distribution of Nokia mobile phone used number by each user. (Wang Yanen e. 2010.)

Customers that have bought one Nokia phone account for 22.2%.

Customers that have bought two Nokia phones account for 30.3% of Nokia mobile phone users, which is the most. Customers that have bought three Nokia phones account for 21.6%. Customers that have bought four Nokia phones account for 7.9%. Customers that have bought more than four Nokia phones account for 18.1%. There are 77.8 percentage of users choosing the Nokia again. This indicates that Nokia customers in China are loyal to the Nokia brand. China's market accepts and recognizes this, as indicated by high consumer loyalty.

GRAPH9 shows the ranking for reasons users choose Nokia mobile.

Ranked first is good quality, solidify and durability. Ranked second is strong system function. Ranked third is good brand reputation. Ranked fourth is high cost-effectiveness. Ranked fifth is attractive design. Ranked sixth is other causes.



GRAPH 9. Reasons that user choose Nokia. (Wang Yanen e. 2010.)

Product quality is the most important characteristic at the product.

Product quality must meet the requirements of consumers. Consumer in turn will be satisfied with this product and choose it. When a customer decides to purchase a product, he will be considered with better use, length of usage time to meet his needs. Particularly mobile phones products, it is relatively easily breakable, so customer will choose a durable one. That is the top reason why customers choose Nokia.

Product features are one of the product quality indicators, including design, product material structure and so on. Improved overall product quality is an important factor for improving the competitiveness of products. Highly competitive products have a stronger ability to provide customer satisfaction. Faster service time also provides a greater advantage in marker competition, and bigger market share. Regulation the relationship between the cost and product's price means that different quality levels and price levels can meet the different customer groups, so that it can be improve customers' satisfaction and loyalty. When the market shares increase, the profit will increase. Sustained high market share allows the customer to think that compared to other competitors, Nokia will be the best choice.

2.7. Nokia's marketing strategy

Nokia occupies a dominant position in Chinese mobile market. Nokia has a large group of consumers, so when Nokia phone cuts expenses, always leads to a purchase of large quantities of units.

2.7.1 Brand building

Nokia's mission is simple: Connecting People. The idea that Nokia is people-oriented shows that core value of Nokia's culture. According to the needs of consumers, Nokia designed its product to meet consumers' demand, to set the product positioning from the perspective of the local culture. Nokia considered the consumers characteristics, such as age, educational background, concept of value and other information, based on the results of market research. By understanding the difference of the different customer groups, different phone models can be introduced to meet consumer demand. By establishing contact with target consumers, Nokia can increase the brand recognition, thereby increasing market share.

Brand awareness, brand satisfaction and brand loyalty constitute brand value. Brand value influences sales volume, increase brand value can increase perceived value by the consumer, to get the consumers' trust, increasing buying behavior, and enhance market competitiveness.

2.7.2 Quality management

Quality management refers to managing the product raw materials. Nokia supports environment protection and adheres to using eco and recycling

materials, energy, and packaging. Research the sustainable use of raw materials, maximize to develop the value of energy, streamline the package. (Nokia official website. 2012)

Green Box program works in China. This is a recycling activity of old mobiles or accessories by consumer participation. (Nokia official website. 2012)

In June 2003, Nokia and WWF International signed a three-year agreement on global cooperation aimed at increasing environmental awareness among Nokia employees and promoting sustainable business practices in Nokia. (Nokia official website.2012)

2.7.3 Service strategy

OVI is Nokia's internet services brand. It provides users a mobile platform to connect the management and share all kinds of information. OVI application store allows for the downloading of games, themes, wallpaper, ringtones, and mobile program. (OVI official website. 2012.)

After-sales policy includes suppliers' limited warranty. Nokia has implemented and extended its warranty service, Nokia set Hong Kong and Macau mobile phone warranty policy in the mainland, and Taiwan mobile phone warranty policy in the mainland. (Nokia official website. 2012)

Nokia also set up many Customer Service Experience Centers that provide face-to-face services for customers. Customer can go to a center any time for mobile phone repairs, upgrading the phone, or asking a

question about the mobile phone. It also provides an opportunity for potential consumers to consult with trial products, to increase contact with potential consumers, to add new consumers or increase repeat purchase of old consumers, thereby increasing sales. (Nokia official website. 2012)

2.7.4 Promotion strategy

Through TV advertisement, newspaper advertisement, magazine advertisement and leaflets, the classic ad “science and technology, people-oriented” is almost known to all in China. Simple contents of ad combine with Chinese cultural background, has been deeply rooted in Consumers’ mind. Different series of mobile phone do different publicity. Each series focus on the individuality and differences, link the product features and target consumers closely, increase the emotional connection between product and consumer. In addition, Nokia does not blindly develop a new series, but makes additions of new features in the original series, promoting the product updates, and continues to maintain the clarity of brand positioning.

Nokia, in cooperation with film industry, frequently appears in movies or TV drama programs, it uses the star effect, adds to the added value of the brand, also increasing the people-orientation of the product. Nokia's global mobile music leadership underlined with launch of DRM (Digital Right Management)-free Comes with Music -service for millions of consumers in China. (Nokia official website.2012)

2.8. Nokia SWOT analysis.

Nokia analysis is a structured approach to evaluating the strategic position

of Nokia by identifying its strengths, weaknesses, opportunities and threats. The SWOT analysis is given in Chapter 4 and Chapter 5.

2.8.1 Strengths

Since Nokia entered into the Chinese market, it can be seen as an obvious brand effect, including science and technology, the people-oriented customer's service. The slogan of Nokia is deeply rooted among Chinese people. Nokia's Brand culture is recognized by the Chinese market, it has many loyal consumers, and the "price ratio" and ruggedness are the first impression to customers. (Nokia official website.2012)

An accurate market positioning is Nokia's other strength. The amount of Nokia mobile phone holds much more market awareness than other brands. Nokia launched the corresponding mobile phone series according to consumer groups. Rapid market feedback helped to determine the design of updated best-selling mobile phone models. Nokia covers different levels market by use of its large range of phone price. (Nokia official website.2012)

Nokia has a thoughtful service. Nokia's official website fully meets the requirements of Nokia users. The information coverage they provide is very extensive. Nokia sets up many Nokia customer service experience centers, to facilitate introducing a new phone to consumers, and resolving questions. (Nokia official website.2012)

Nokia has efficient supplier management. All Nokia mobile phone production must use the Nokia global procurement system, the standardized management of suppliers and raw materials to ensure

product quality. Evaluation of the supplier standard regularly, and monitoring compliance with the Nokia Supplier Requirements (NSR). Nokia's innovation and R & D (Research and Development) is not limited to the mobile space, mobile network equipment shows Nokia's high-end. Nokia cooperates with many suppliers, in terms at supply of raw materials and logistics service. (Nokia official website.2012)

2.8.2 Weaknesses

Technically, since IPHONE entry to Chinese market, its large-screen, high-resolution, touch screen, the IOS operating system impacts Nokia's market share. From the product structure, the market of Nokia's high-end products is poor; the high-priced mobile phone market is suffering. The rise trend of Android phone, HTC, Samsung, Motorola, and some domestic brands' sales, filling the mid-range mobile phone market. Nokia's current situation is very tense.

Nokia mobile phone appearance design is relative inflexible, mostly it is a tablet phone. Mobile phone product quality is vital, but the consumers' mentality of chasing fashion cannot be ignored. Nokia announced its withdrawal from the market in Japan, because the Japan market preferred clamshell phone, and the Nokia clamshell phone style is not well-developed, which precisely illustrates this point. (Nokia official website.2012)

2.8.3 Opportunity

Nokia in the Chinese market still occupies the largest market share in the Chinese market. Nokia cooperation with China Mobile Company, there

are six Nokia mobile phones in Top Ten mobile phones sales list. As for the huge consumer groups, Nokia is still dominating the China mobile market. Most of the Nokia consumer groups are the medium-end and low-end mobile phone users. Even though the high-end smart phones hit the mobile phone market currently, Nokia's latest launched mobile phones, such as C7 and C6, which were oriented for medium-end and low-end mobile phone subscribers, with prices are 3000RMB. Nokia continues to play to their advantage in an advantageous position, in line with the economic situation of China market, while maintaining market share. (China Mobile Limited. 2012.)

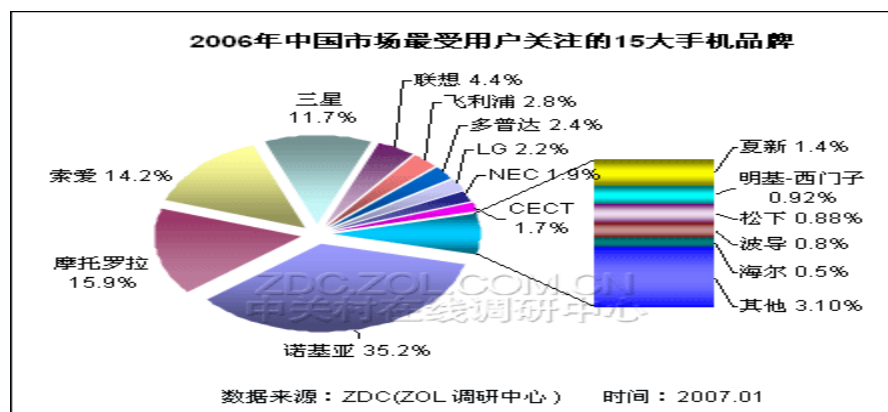
2.8.4 Threats

The mobile phone market is very competitive. Since Apple entered the Chinese market, the competition has not been just a brand competition; it has brought about a technological revolution. Big screen, touch screen, high resolution and Intelligent Systems are the trend of the main mobile phone market development. Nokia's consistent rigid design has become an established impression, which cannot meet the needs of consumers. The growing trend of Android system concentration began to carve up the market share of Nokia Symbian Low-end mobile phone products in China.

3. NOKIA MOBILE PHONE PRODUCT ANALYSIS IN CHINA MARKET

The portfolio models emphasize the important strategic point that different products should have different roles in a product portfolio, and different reward system and managements. Product strategies for growth include market penetration, market expansion, product development and market development. Analyzing the mobile phones portfolio is to understand the advantages and disadvantages of Nokia's product. (David Jobber, 2010).

3.1. Distribute proportion of mobile phone's brand concerned in china market.



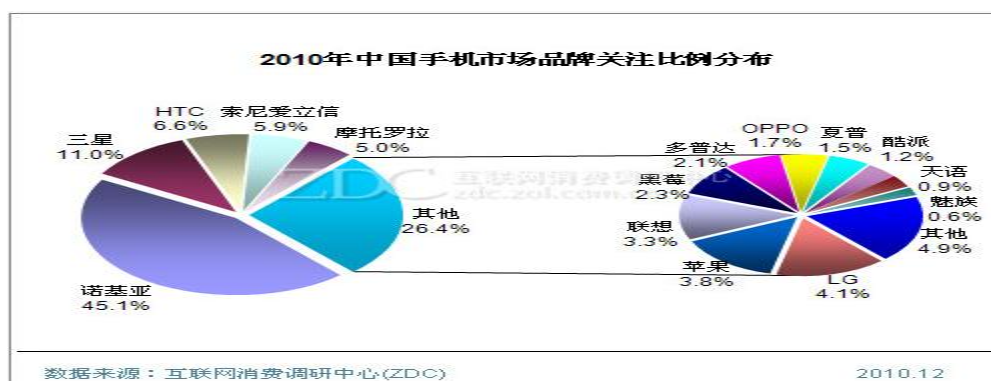
GRAPH 10.The popular mobile phone brands in 2006. (Shi Yewen b. 2007.)

GRAPH 10 shows the different mobile phone's brand market share in China in 2006. Nokia accounts for 35.2%, which is the biggest part. Motorola accounts for 15.9%. Sony Ericsson accounts for 14.2%. Samsung accounts for 11.7%. Lenovo is accounts for 4.4%. Philips 2.8%,

Dopod 2.4%, LG 2.2%, NEC 1.9%, CECT 1.7%, Amoi 1.4%.

BenQ, Panasonic, Bird, Haier constitute less than 1% respectively. Others account for only 3.1% collectively.

Overall, it is clear that Nokia is the most popular brand. Sony Ericsson is placed in the third place which is close to the second place held by Motorola. Samsung is the fourth. There is a strong competition between those four. Top four brands share the 77.3% of the china market, as can be seen from the picture, the total domestic mobile phone account sales for 8.8% market share, which is pretty low, and the overall competitiveness for local brand is weak. Foreign mobile phone brands hold a very big market share, so it is difficult to shake the dominance position of Nokia in Chinese mobile market within a short period of time.



GRAPH 11. The popular mobile phone brands in 2010. (Wang Yanen c. 2010.)

In the GRAPH 11 shown, Nokia maintained the most attractive mobile phone brand and increased to 45.1%. Motorola fell fifth; the proportion is 5%. Sony Ericsson fell to 5.9%. Samsung moved up to second place, but the proportion fell to 11%. HTC ratio increased from 2.4% to 6.6%, ranking third. The TOP five brand share the 73.6%, a decrease of 3.7 from

2006 to 2010. The total domestic mobile phone percentage is 9.8. An increased by 1% from 2006 to 2010. The growth is not fast. In addition to the upgrading of the domestic brands, iPhone mobile phone from America showed up, and shares 3.8% of China mobile market. Blackberry from Canada also appeared and has a share of 2.3%.

Overall, the Nokia's competitors' market share is on increase. The main market is still located in the Top five brands. As for the rest of brands in the new-come brands and local brands, they have a certain share and also have a certain degree of competitiveness. In particular, the competitiveness of iPhone cannot be ignored. iPhone differs from other competitors, by having launched a new phone every year or once in a year and a half, and still account for 3.8%, in the high-end market. Here, Nokia received a shock.

3.2. Proportion of product concerned in Chinese mobile market



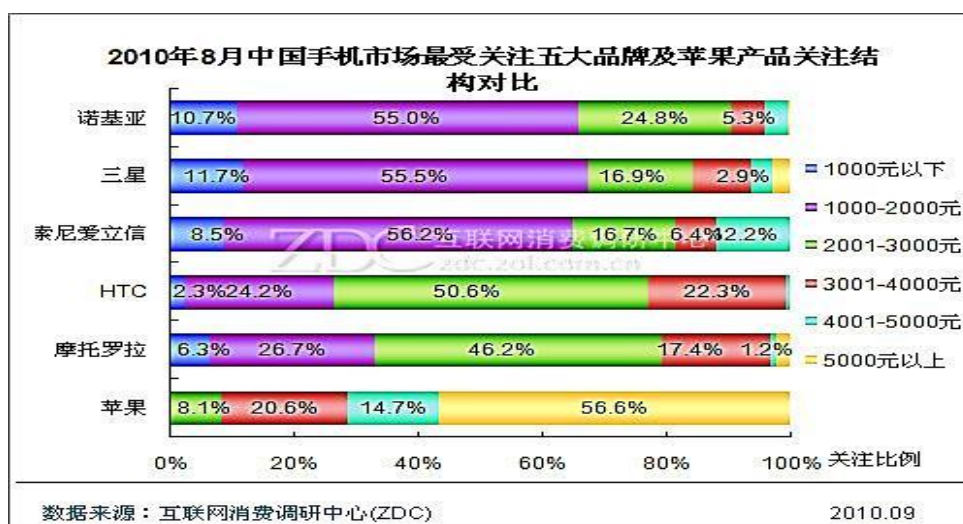
GRAPH 12. The product volume of Top ten mobile phone brands comparison. (Wang Yanen f. 2010.)

GRAPH 12 shows the comparison of each brand's product volume and the proportion of products concerned among the top ten mobile phone brands in China market in August 2010. The histogram represents the number of

products, the green lines represent the proportion of the concerns. Nokia own 210 mobile phones, and the proportion of concern is around 48%. Samsung own the largest amount, which is 260, but the proportion is far lower than Nokia and less than 12%. HTC, Sony Ericsson and Motorola are 57, 70 and 84 respectively. The proportion is less than 10%. LG and Lenovo product volumes are greater than 100, but the proportion is less than 5%. iPhone, Blackberry, Dopod product volume are less than 50.

The top-ten mobile market is very competitive. The overall mobile phone number is large and has a wide range of selection. The number of Samsung mobiles is more than Nokia, but the concerned proportion is very low. Nokia has a high yield and wide range of selection. It has the highest attention second to Samsung mobile phone.

3.3. Brands' product prices concerned structure



GRAPH 13. The Top five mobile phone brands' attended proportion of different price for in 2010. (Wang Yanen b. 2010.)

In GRAPH 13 shown, the ratio of Nokia products concerned with price below 1000RMB is 10.7%., the ratio of price at 1000RMB (100 euro) to 2000RMB is 55%, the ratio of price at 2001RMB to 3000RMB is 24.8%, and the ratio at 3001RMB-4000RMB is 5.3%.

The ratio of SAMSUNG products concerned priced below 1000RMB is 11.7%, the ratio of phones priced at 1000RMB to 2000RMB is 55.5%., the ratio of phones priced at 2001RMB to 3000RMB is 16.9%, the ratio of phones priced at 3001RMB to 4000RMB is 2.9%. The ratio of Sony Ericsson products concerned priced below 1000RMB is 8.2%, the ratio of phones priced at 2001RMB to 3000RMB is 56.2%, the ratio of phones priced at 2001RMB to 3000RMB is 1.7%, the ratio of phones priced at 3001RMB-4000RMB is 6.4%, the ratio of phones priced at 4001RMB to 5000RMB is 2.2%.The ratio of HTC products concerned about priced below 1000RMB is 2.3%, the ratio of phones priced at 2001RMB to 3000RMB is 24.2%, the ratio of phones priced at 2001RMB to 3000RMB is 50.6%, and the ratio of phones at 3001RMB-4000RMB is 22.3%.

The ratio of Motorola products concerned about priced below 1000RMB is 6.3%, the ratio of phones priced at 2001RMB to 3000RMB is 26.7%, the ratio of phone priced at 2001RMB to 3000RMB is 46.2%, and the ratio of phones priced at 3001RMB-4000RMB is17.4%, the ratio of phone priced at 4001RMB to 5000RMB is 1.2%. The ratio of iPhone products concerned priced at 2001RMB to 3000RMB is 8.1%, the ratio of phones priced at 3001RMB-4000RMB is 20.6%, the ratio of phones priced at 4001RMB to 5000RMB is 14.7%, and the ratio of phones priced above 5000RMB is 56.6%.

When the product price is less than 1000RMB, the degree of concern is

not highest the highest brand is Samsung, which is at 11.7 percent, followed by the Nokia, which is 10.7 percent. As for products priced between 1000-2000RMB, the top three concerned brands are Nokia, Samsung and Sony Ericsson. All of these brands share more than 50% of their product volume. Followed by are HTC and Motorola, they are relatively close, about 25 percent. iPhone has no appropriate product in these two prices, so iPhone is not competitive in low-end mobile phone market.

With product price between 2001RMB to 3000RMB, the main attention brands are HTC and Motorola, constituting 50.6 percent and 60.2 percent respectively. For product price between 3001RMB to 4000RMB, the most concerned brands are HTC, which is 22.3 percent. Second is iPhone, third is Motorola. Overall, Nokia is significantly reducing importance at prices between 2000RMB to 3000RMB; the higher price, the lower importance, especially when price above 5000RMB. Compared with the iPhone products in high-end mobile phones, the obvious gap in brand concerned degree can be seen that the competitiveness is extremely inadequate.

4. PRODUCT STRUCTURE ANALYSIS IN CHINA MARKET

According to the characteristics and performance of mobile phone products, Nokia should focus on why this product is put into market. And this is the determinant factor of whether this brand will be one of the hottest selling products. Based on customer needs, the mobile phone products can be divided to follow the market demand, such as a female mobile phone, sweet and cute appearance, designed specifically for women. The four majors type of mobile phone products are music phone, GPS (Global positioning System) phone, Smartphone, 3G (3rd generation mobile telecommunications) phone.

4.1. GPS mobile phone market

GPS mobile phone is special feature of mobile phone to know the phone's location through the GPS positioning system, or according to geographic information management system in the phone, to achieve the purpose of positioning and navigation. GPS phones are widely used in daily life, such as guardianship and mobilization of outdoor staff, the guardianship of minors, emergency, and so on.



GRAPH 14. The brand concerned about the proportional distribution of

China GPS mobile phone market in 2010. (Wang Yanen d. 2010.)

The largest share is Nokia, accounting for 48.7%. It is followed by Samsung and HTC, accounting for 11.2% and 10.6% respectively. Motorola and Sony Ericsson are very close, only by a difference of 0.1%. iPhone accounted for 5.5%, followed by BlackBerry (2.8%), LG (2.0%), Dopod (1.7%) and Sharp (1.6%). The others accounted for 3.8%.

Nokia ranked first and has obvious difference with other brands. GPS navigation software relies on a GPS phone and that is an important competitive factor. The OVI Maps Nokia owned and GOOGLE Maps are formed the two main lines of free navigation softwares. Samsung and HTC are cooperating with GOOGLE Maps. The competition is inevitably transferred to the navigation software.

GOOGLE is to limit its business dealings on Chinese Mainland, thus affecting its competitiveness though it will continue to update its GOOGLE Maps. OVI's limited map service will continue to operate at a limited range of Nokia Phones. This way, in the future, become a determining factor in its ability to be competitive.



GRAPH 15.The product concerned ranking of August 2010 China GPS

phone market. (Wang Yanen d. 2010.)

The top 15 products of brands are Nokia, iPhone, Samsung, HTC, Sony Ericsson and Motorola, Nokia has nine mobile phones in the ranking, which is an obvious advantage. HTC has two products in the ranking. The first is the Nokia 5230 with a phone which was released in 2009, the operating system is Symbian 9.4 S60 5.0, 2million camera pixels, touch screen, the offer is 1400RMB. The concerned proportion is more than 6%, far ahead of others. The second is the NokiaC6, released in 2010, the operating system is the same with the first 5 million pixel camera, touch screen, and the offer is 2620RMB. The third is the iPhone 4 (16GB), released in 2010, the operating system iOS4, 5million camera pixels, touch screen, the offer is 6000RMB.

Fourth is NokiaN8, released in 2010. The operating system is Symbian[^] 3, 12million camera pixels, touch screen, the offer is 4200RMB. Fifth is NokiaC5, listed in 2010, the operating system is Symbian9.3 S60 3.2, 3.2million camera pixels, does not support touch screen. The offer is 1338RMB. Sixth is Nokia5800XM, listed in 2009, the operating system is Symbian9.4 S60 5.0, 3.2million camera pixels, touch screen, the offer is 2000RMB. Seventh is NokiaX6 (32GB), listed in 2009, the operating system is Symbian9.4 S60 5.0, 5million camera pixels, touch screen, the offer is 2850RMB. Eighth is NokiaN97, listed in 2009, the operating system is Symbian9.4 S60 5.0, 5million camera pixels, touch screen, the offer is 2800RMB.

Ninth is SamsungI8320, listed in 2010, the operating system is Mobilinux, 5million camera pixels, touch screen, the offer is 1650RMB. Tenth NokiaN86, listed in 2009, the operating system is Symbian9.3 S60 3.2,

8million camera pixels, does not support touch screen, and the offer is 3100RMB. Eleventh is HTC Wildfire (G8), listed in 2010, the operating system is Android OS v2.1, 5million camera pixels, touch screen, the offer is 2350RMB. Twelfth is Sony Ericsson U100i (Yari), listed in 2009, non-smart, 5million camera pixels, does not support touch screen, the offer is 1500RMB. Thirteenth is HTC Hero(G3), listed in 2009, the operating system is Android OS v1.5, 5million camera pixels, touch screen, the offer is 2880RMB.

Fourteenth is Motorola Milestone, listed in 2009, the operating system is Android OS v2.0, 5million camera pixels, touch screen, the offer is 2650RMB. Fifteenth is NokiaE7, listed in 2008, the operating system is Android OS v1.5, 3.2million camera pixels, does not support touch screen, the offer is 1950RMB.

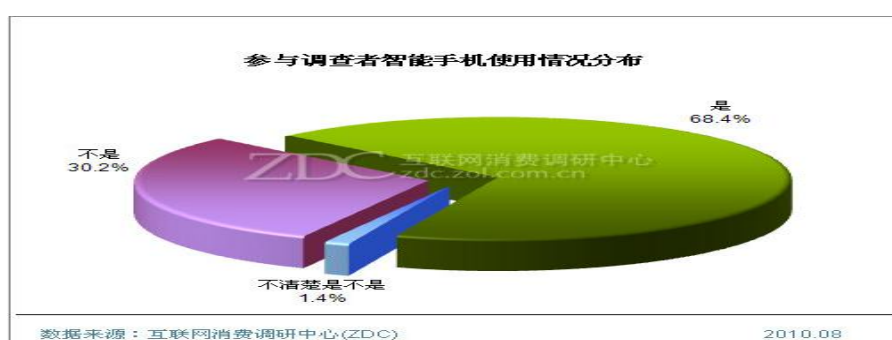
Overall, there are 14 Smartphones. Most of these Smartphones are touching screen mobile phone. Camera pixels are mostly 5million, even as high as 12million. The minimum is 2million pixels. The price range is wide. In conclusion, consumers buy the GPS-enabled mobile phone and at the same time tend to choose an intelligent mobile phone. Touch screen mobile phones are in hot pursuit by consumer, high pixel function is also a factor that most consumers will take into consideration, the price range is widely, indicating that the price factor does not restrict the sales of GPS mobile phones.

4.2. Smartphone market

The Smartphone has an increasing trend of popularity among the mobile phone market. Since iPhone's entry into the Chinese mobile phone market,

it brought a new feeling of customer experience. Consumers realize that the idea of a mobile phone is not just make phone calls or text messages, The mobile phone can have the function of Connecting to Internet, just like a personal digital assistant. The open operating systems which can support more third-party software applications are replacing the old idea.

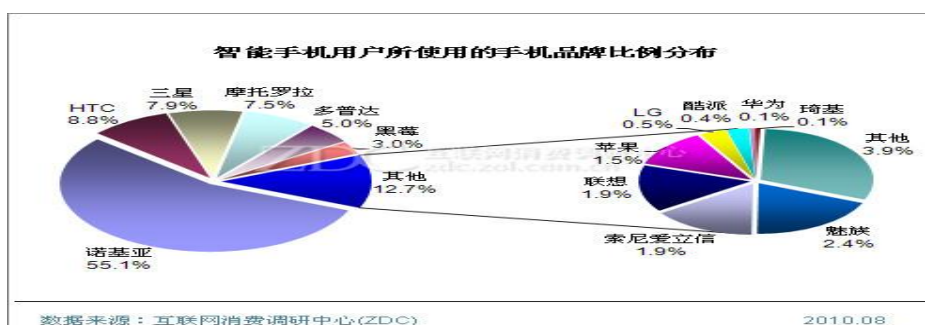
4.2.1 Smartphone user situation



GRAPH 15. The distribution of smartphone users. (Wang Yanen a.2010.)

GRAPH 15 shows that 68.4% of mobile phone users used Smartphone, 30.2% did not. And 1.4% do not know whether the phone they used is Smartphone or not. It is obvious that Smartphone has become a mobile phone dominant.

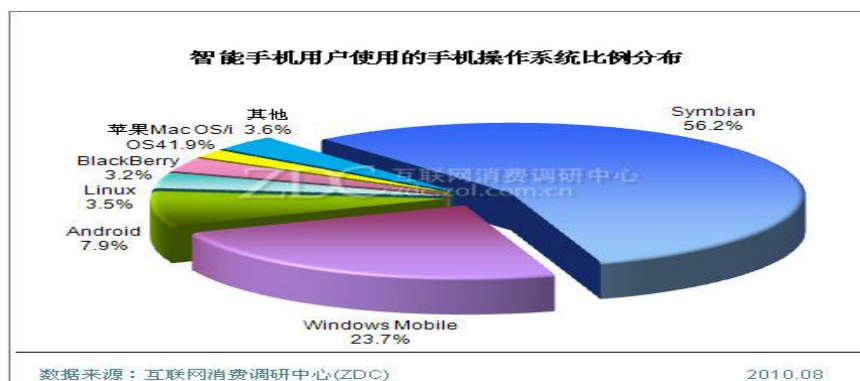
4.2.2 Smartphone users' analysis



GRAPH 16. The distribute proportion of Smartphone brands used in 2010.

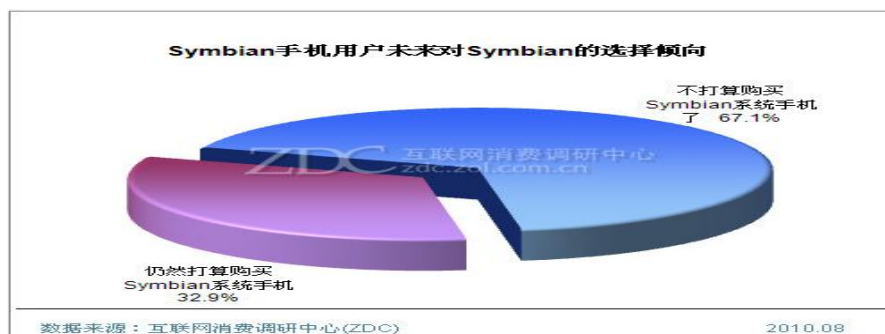
(Wang Yanen a.2010.)

In China market, Nokia shares 55.1%, which is the biggest share. Second, the HTC, accounts for 8.8%. Samsung and Motorola account for 7.9% and 7.5% respectively. Dopod shares 5.0% and BlackBerry shares 3.0%. The share of Apple and SonyEricsson was minimal, with only 1.5% and 1.9%. Lenovo is a Chinese domestic brands, and accounts for 1.9%. Nokia still has a leading the edge in market share.



GRAPH 17. The distribute proportion of operation system used in 2010
(Wang Yanen a.2010.)

Symbian accounts for 56.2%, Windows Mobile accounts for 23.7%, Android accounts for 7.9%, Linux accounts for 3.5%, BlackBerry accounts for 3.2%, Mac OS accounts for 1.9, and rest accounts for 3.6%.



GRAPH 18. The Sybian mobile phone users on the choice tendencies of

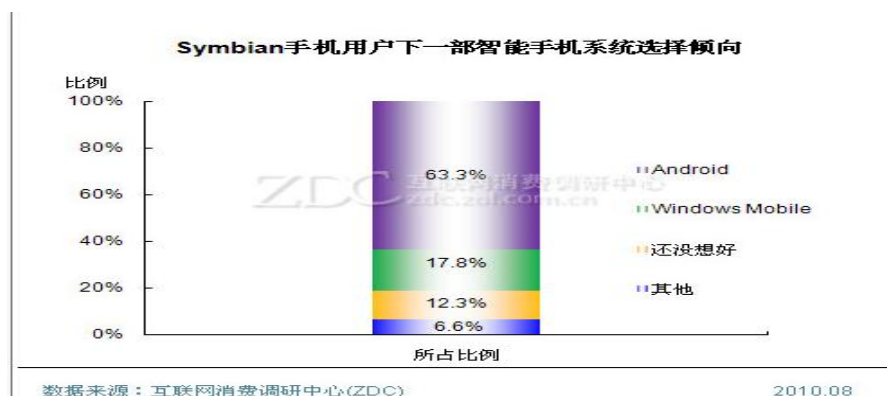
Sybian system. (Wang Yanen a.2010.)

GRAPH 18 shows that there are 67.1 percent of Sybian mobile phone users who will not buy it again, and only 32.9% will still choose it. It indicates that Sybian mobile phone sales seems to take a plunge, if nothing can be done to improved.



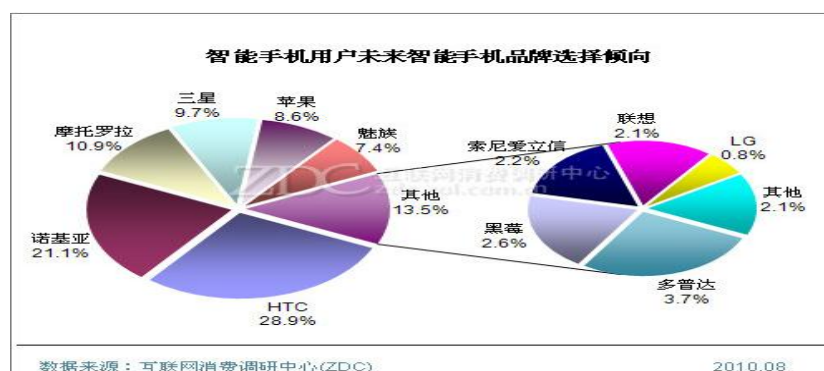
GRAPH 19. The reason about the Symbian mobile user no longer select again. (Wang Yanen a.2010.)

The reason for this is that, first, hardware accessories is not good enough, the operation speed is low. Second, the operating interface is complex, not user-friendly. Third, platform for third-party is not compatible. Fourth, support of the mainstream media format is poor. Fifth, ignore the mobile phone detail and basic functions of mobile phone.



GRAPH 20. The preference of the Chinese Symbian users to buy a Smartphone. (Wang Yanen a.2010.)

63.3% of users will choose Android mobile phones, 17.8% of users will choose Windows mobile. 12.3% of users have no clear idea, and 6.6% of users have other choices.



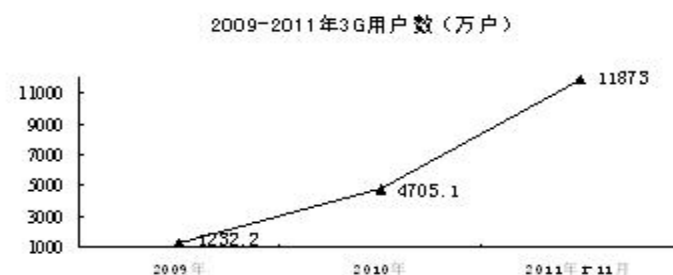
GRAPH 21. Select tendency of users to purchase next Smartphone brands in China market. (Wang Yanen a.2010.)

21.1% of users will choose Nokia. 28.9% of users will choose HTC. 10.9% of users will choose Motorola. 9.7% of users will choose Samsung. 8.6% of users will choose iPhone. 7.4% of users will choose Meizu, which is a local brand. Dopod share 3.7%. BlackBerry and Sony Ericsson shares are minimal, with only 2.6% and 2.2% respectively. Lenovo and LG share 2.1% and 0.8 respectively. The total of rest share 2.1%. As seen, in the future, the situation of brand choice, Nokia's advantage does not exist, but it is ranked behind HTC. There still exists a gap between other brands, but the gap is not big.

Domestic brands are no longer negligible, Meizu and Lenovo, in the consumers' mind, can already start to compete with several major old mobile phone brands. For Nokia, internal and external troubles have been

completely shaking the dominant position in the China market. If Nokia does not improve, the development trends of the Smartphone will cause difficulties for Nokia to gain the market share in China market.

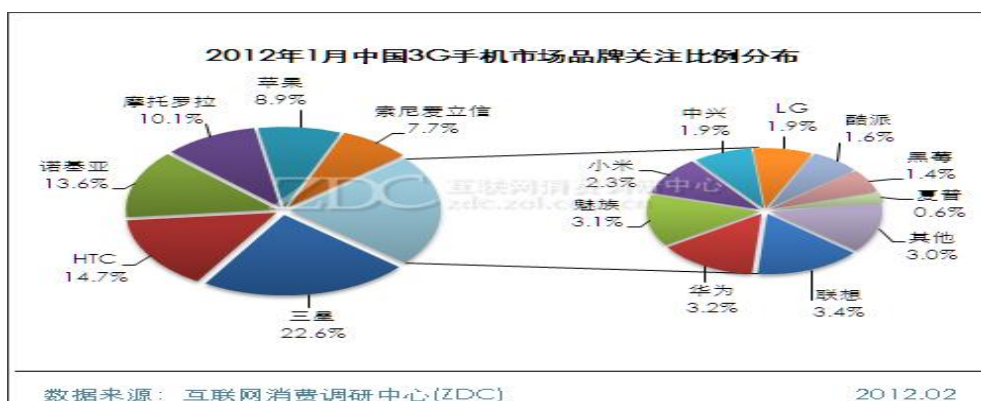
4.3. 3G mobile phone market



GRAPH 22. The number of 3G users' situation from 2009 to 2011. (Ministry of industry and information technology of the People's Republic of China. 2012.)

At end of May 2011, the total number of 3G base stations are 714 000, the number of the China Mobile, the China Telecom and the China Unicom's 3G base stations are 214 000, 226 000 and 274 000 respectively. China Mobile's TD network has covered four municipalities, 283 prefecture-level cities, 370 county-level cities and 1607 counties in the hot zone, as well as some developed townships; China Telecom' 3G network has covered the whole country, all the cities and counties, and 29 000 villages and towns; China Unicom'3G network covered 341 cities and 1917 the county. At end of May 2011, the total number of 3G subscribers reached 73.76 million, TD users reached 32 million , 3G users accounted for 43%, China Telecom and China Unicom 3G users reached 19.67 million and 22.09 million respectively, accounted for 27% and 30% of 3G users.

4.3.1 The brand concerned about the proportion of pattern analysis



GRAPH 22. The brand concerned of 3G mobile distribution in february 2012. (Zhu Xuehong. 2012.)

GRAPH 22 shown, Samsung accounted for 22.6%, which is the biggest share. Second is HTC, accounting for 14.7%. Nokia ranked third, only accounting for 13.6%. Motorola accounted for 10.1%. Apple and Sony Ericsson accounted for 8.9% and 7.7% respectively. The domestic brands including Meizu, Huawei, ZTE, Lenovo, Cool pad and MI, accounted for 15.5% in total. BlackBerry and Sharp only accounted for 1.4% and 0.6% respectively. The mobile phone market structure is not only distributed in several major old mobile phone brands. In 3G mobile market, Nokia is no longer occupying a large market share, the domestic brands have begun to emerge, and the overall share was more than Nokia's.

4.3.2 3G mobile phone product concerned ratio analysis.



GRAPH 23. Product concerned ranking in 3G mobile market in January 2012. (Zhu Xuehong. 2012.)

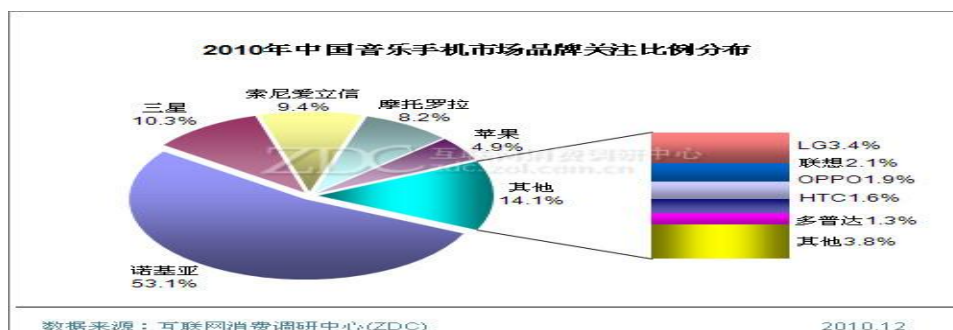
First, SamsungI9100GALAXYSII; the operating system is AndroidOS2.3. Second, iPhones4S, the operating system is iOS5.0. Third, SamsungS5830, the operating system is AndroidOS2.2. Fourth, MotorolaME525Defy, the operating system is AndroidOS2.2. Fifth, Sony EricssonLT18i, the operating system is AndroidOS2.3. Sixth, MotorolaME525+, the operating system is AndroidOS2.3. Seventh, iPhone4, the operating system is iOS4.0.Eighth, MeizuM9, the operating system is AndroidOS2.3, ranked ninth is NokiaN9, and the operating system is MeeGo. Tenth, HTCG11, the operating system is AndroidOS2.2.

Eleventh, MIUI, the operating system is AndroidOS2.3. Twelfth, SamsungGALAXYNotei9220, the operating system is AndroidOS2.3. Thirteenth, NokiaC5-03, the operating system is Symbian^1. Fourteenth, HTCG14, the operating system is AndroidOS2.3. Fifteenth, HTCG18the operating system is AndroidOS2.3. Nokia only has two mobile phones entered on the list, and only ranked ninth and thirteenth. The top part of the competition belonged to the Samsung and iPhone. Between Nokia

ranked ninth and Samsung ranked first, a difference is almost two percentage points. There 11 brands use Android system in Top fifteen mobile phones, except Apple and Nokia. These mobile phones price are from 1000-6000RMB, so the price is not the main factor affecting the ranking. Mobile pixel distribute at 5million pixels and 8 million pixels.

4.4. Music mobile phone market

The music phone is a popular mobile phone series. Since the first SamsungSGH-M188 entered the market, the cell phone concept has been developed until now, and develops to a multi-function mobile with powerful force. The major mobile phone brands have launched their own music series, such as Sony Ericsson Walkman series, Nokia Xpress Music series.



GRAPH 24. Proportion of brands concerned in music mobile market 2010.
(Wang Yanen c. 2010.)

Nokia accounted for 53.1%. Samsung accounted for 10.3%, Sony Ericsson accounted for 9.4%, Motorola accounted for 8.2% and Apple accounted for 4.9%. the music mobile market in 2010, the Nokia still share the half market, samsung, Sony Ericsson and Motorola have a small gap. Domestic brands, lenovo and OPPO are also in the rank, accounted fr

2.1% and 1.9% respectively.

5. CURRENT SITUATION OF THE NOKIA MOBILE PHONE IN CHINA MARKET

Nokia's current situation is not good, the phenomenon of declining sales in China market has begun to appear, the prospect of development is not optimistic.

5.1 Competition with Apple's mobile phone.

No matter how wide the product mix, both product lines and individual brands need be management over time. The classic product life cycle has four stages: introduction, growth, maturity and decline. Technological innovations at maturity stage of the product cycle can inject growth. (Source: David Jobber, 2010, principles and Practice of Marketing).

In my opinion, use of ordinary phones shows a declining trend, and Smartphones are gradually entering a maturity stage. The GRAPG 15 shows that Smartphone users have a large quantity; which means that the demand of Smartphone is large. iPhone is an innovation high-end mobile phone with high configuration, emphasis on overall design and visual effects, but also focus on operating experience. The high-resolution and multi-touch is its features, and APPLE is the first company to put this technology into the mobile phone. The speed is also a selling point. App Store (Application Store) is better than OVI; App Store accepts the application software of various channel, and screening, so App Store has developed into an economic hot spot. Apple has brought a new mobile phone concept.

Mostly Nokia mobile phones are flat panel mobile phone, its design is conservative. Single color is not attractive enough to consumers. When Apple's first generation listed in China, Nokia had only launch one touch screen mobile phone, which attracted little attention. Until now, in product innovation competition, Nokia is far behind Apple. Nokia products are mainly distributed in the low-end and medium- end, while the high-end mobile lacks of innovation, the product itself has no special point to attract customers, so the competitiveness is very inadequate.

5.2 Nokia's operating system and Android operating system.



GRAPH 25. Product concerned trend of Symbian and Android from January 2010 to August 2010. (Wang Yanen f. 2010.)

GRAPH25 shows the sales trend of Symbian is falling, and the trend of Android is rising. Even if Symbian's attraction is still higher than Android, but in accordance with this trend, Android will seriously affect the market share of Symbian, which is Nokia's market share. Although the Symbian system has great stability and good quality, Android's scalability is strong, and there are more application softwares than with Symbian. In addition, Android is a multi-touch system, which is easy to operate, and meets the trend at present. Many brands which cooperated with Android system, such as Samsung, Motorola, especially the HTC, are developing rapidly,

which accounted for 10.8% in Smartphone market 2010.

6. CONCLUSION

Although Apple's competitiveness is very strong in the high-end mobile phone market, the Apple's retail shop are much fewer than Nokia's, and there are fewer contracts with consumers, so that as long as Nokia can launch new products immediately, and improve the market sale amount, and attract consumers' attention, Nokia still has a chance to win. But Apple's culture influence cannot be ignored. If Nokia wants to regain the original position, then it must spend more time and money to regaining consumers' recognition.

In Mid-end and low-end mobile market, Samsung, HTC, Motorola, Sony Ericsson and some domestic brands are using Android system commonly, which is a major threat to Nokia. But the effects of the brand over the years cannot be overlooked. China remains a developing country, the demand for mobile phones is still mainly located in mid-end and low-end of the mobile market, where Nokia's premium after-sales service is more dominant than other brands.

The Smartphone market is not saturated. Nokia still has a chance to complete, and Nokia must replace the old operating system with a new one. If Nokia still chooses to cooperate with Android, it cannot bring significant changes. The Android system has been adopted by a lot of brands, so Nokia has already lost the best opportunity for competition. So choosing to cooperate with Microsoft is a better choice. So in order to regain is glory, Nokia should abandon the Symbian system, cooperate with Win7, gain the Microsoft's financial and technical support and develop new products.

The challenges for Nokia are very severe, its competitors are not just one or two brands, but the entire product structure. Only creativity can save the decline.

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