

# Nokia unveils cheaper Windows smartphone

Tarmo Virki, Reuters

Finnish mobile phone maker Nokia unveiled a cheaper smartphone using Microsoft's Windows Phone software on Monday, aiming to win back market share by targeting a wider audience.

Nokia last year dumped its own smartphone software in favor of Windows Phone to step up its fight against rivals such as Apple's iPhone, but the high prices of its phones have been a major weak point.

Nokia said its new Lumia 610 model would carry a price tag of 189 euros (\$250), excluding subsidies and taxes, when it goes on sale next quarter. That compares with around \$600 for the iPhone and other high-end smartphones.

"The 610 takes Nokia's Lumia portfolio to an encouraging new price point in its pursuit of cheaper Android rivals," said Ben Wood, head of research at CCS Insight.

Investors, however, were unconvinced the new model and pricing would do the trick, and Nokia shares were down 7.0 percent to 4.02 euros by 1237 GMT.

Analysts noted that Asian handset makers such as Huawei and ZTE were coming out with even cheaper smartphones for closer to \$100.

"I had hoped for a slightly lower price range. Maybe the markets were a bit disappointed with the price, which was quite high," Inderes analyst Mikael Rautanen said, adding the shares had spiked on Friday in anticipation of the event.

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Nokia also announced a global version of its high-end Lumia 900 phone and unveiled a new top-of-the-range cameraphone 808, which comes with a 41 megapixel camera sensor, as well as three more basic models.

The move comes over a year after Chief Executive Stephen Elop compared Nokia to a "man standing on a burning oil platform" and teamed up with Microsoft to take on Apple and Google's Android phones.

Wall Street and industry analysts say that although the latest Windows phones could be worthy competitors to Apple's iPhone and top-of-the-range Android handsets, the devices lack unique qualities to make their sales take off.

Microsoft's share of the smartphone market fell to just 2 percent last quarter, from 3 percent a year ago and 13 percent four years earlier, according to Strategy Analytics.

In addition to its struggle in high-end smartphones, Nokia also faces an increasing

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threat from Asian manufacturers.

Analysts say both Huawei and ZTE are set to grab more market share globally in 2012, as they shift their focus from basic phones to smartphones.

Huawei and ZTE are now selling smartphones running on Google's Android operating system, attracted to the higher margins the market provides.

Both companies made new handset announcements at the same trade show, the Mobile World Congress in Barcelona.

(\$1=0.7428 euros)

(Additional reporting by Terhi Kinnunen in Helsinki and Bill Rigby in Seattle; Editing by Will Waterman and Mike Nesbit)

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