Nokia maps fightback against cheap Android phones

Finnish group Nokia aims to revamp its feature phone offering this year and add more and cheaper Windows smartphones to fight back against the fast-rising popularity of Google's massmarket Android phones.

"We are addressing this with our planned introductions in 2012 of smarter, competitively priced feature phones with more modern user experiences," the company said on Thursday in its annual report.

Though smartphones - such as Apple's (AAPL.O) iPhone, which provides a platform for third-party application developers - are where the industry's growth is concentrated, feature phones - which have only limited support for third-party software - still account for most units sold.

Smartphones make up less than a third of industry volume.

Nokia has also been working on a new Linux-based software platform, code-named Meltemi, to replace its Series 40 software in more advanced feature phones, industry sources told Reuters.

The Series 40 platform has been used in more cellphones than any other software, reaching a cumulative total of 1.5 billion units a few months ago. Meltemi would enable a more smartphone-like experience on those simpler models.

Google's free Android platform has stormed the smartphone market in a few years, and last quarter more than 50 percent of all smartphones sold used the software.

Nokia last year dumped its own smartphone software platforms in favor of Microsoft's (MSFT.O) Windows Phone, which has so far had a limited impact, in part due to the high prices of phones using it.

Last month at the Mobile World Congress trade show Nokia unveiled the Lumia 610 model, its cheapest Windows Phone so far, priced at 189 euros ($250), excluding taxes and operator subsidies.

"We plan to introduce and bring to markets new and more affordable Nokia products with Windows Phone in 2012, such as the Nokia Lumia 610," Nokia said in the report.

Separately, Nokia forecast 2012 capital spending would rise to around 650 million euros from 597 million in 2011.

It also said it saw rising price pressure for navigable map data in its navigation

business - the former Navteq - which competes against TomTom (TOM2.AS), due to Google's free turn-by-turn navigation offering.

(Editing by Will Waterman)

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