

## Nokia's Growth from Lumia Windows 8 Phone Will Be Slow, Threatened

Companies: AAPL, GOOG, KS:005930, MMI, MSFT, NOK, RSH, S, T, TPE:2498, TSE:RIM/RIMM, VMED, VZ

August 31, 2012

### Research Question:

### Will the Lumia Windows Phone 8 spark sales growth for Nokia?

### Summary of Findings

- The newest Lumia smartphone will create slow growth rather than a real sales spark for [Nokia Corp.](#) (NOK).
- Our six app developer sources welcome Windows 8's ability to work in tablets, PCs and phones. However, they are reluctant to create apps for the OS until they can gauge consumer adoption.
- Electronics store sources reported a lack of consumer buzz surrounding Nokia's upcoming Lumia release.
- Four of six repeat sources were more confident in Nokia's ability to gain popularity, but remained cautious regarding the potential for Microsoft Corp.'s (MSFT) [Windows 8](#) OS.
- Sources in all silos said Nokia is currently the leading Windows Phone manufacturer and offers quality devices in general. But, [Samsung Electronics Co. Ltd's.](#) (KS:005930) August 30 [Windows 8 announcement](#) threatens Nokia's position.

### Silo Summaries

#### 1) APP DEVELOPERS

Six of seven sources expect Nokia to experience slow, rather than aggressive, growth from its release of the Lumia Windows Phone 8. Our two Europe-based sources were the most positive on Nokia's growth opportunities. **Windows 8 will benefit from working throughout tablets, PCs and phones, and may take share from Android and Apple's iOS. Sources are holding off on creating apps for the Lumia Windows Phone 8 until they can gauge consumer adoption of the device. Nokia is the leading manufacturing of phones supporting Windows,** according to five of seven sources. Two had no comment.

#### 2) INDUSTRY SPECIALISTS

Of these five sources, two expect the Lumia Windows Phone 8 to provide slow growth for Nokia, two expect a boost in Nokia's share, and the remaining source expects little effect on the overall smartphone market. **Three sources expect Nokia to take share from RIM. Nokia is the dominant and best Windows Phone manufacturer, according to all five sources.**

#### 3) STORE VISITS

None of our eight sources (four for AT&T, three for Verizon and one for RadioShack) reported any consumer buzz about Nokia's Lumia Windows Phone 8. One AT&T source said his store's personnel received the new Lumia for free but all have since returned to using their original phones; he said Nokia had a 45% chance of gaining share from the new Lumia phone. The remaining three AT&T sources offered mixed opinions on the Nokia/Microsoft partnership. Our three Verizon sources were negative on Windows 8 and reported having no Windows Phones on their floors. The RadioShack source also was negative on Windows 8 but was positive on Nokia's Lumia line.

#### 4) DISTRIBUTORS/RESELLERS

Our two sources were split on the potential for the Lumia Windows Phone 8 to create sales growth for Nokia. **Our first source, a distributor to retail stores, reported low sales of Nokia phones in general and Lumia 900 specifically.** Our second source, a Nokia specialist for an online reseller, said **Windows 8 has performed well in tests and could grab share if rumors of inclusion in the Xbox are true.** Still, the OS lags behind Android and iOS in app offerings.

#### 5) CUSTOMERS

Five of seven sources were neutral to positive on Nokia's upcoming Lumia Windows Phone 8, but another source does not think the launch will be successful because of Windows' past failures. The remaining source said the store's sales associate never mentioned Windows Phones as an option. Two sources reported positive experiences with Samsung devices. Another touts PureView as a competitive advantage for Nokia's phones.

	New Lumia Will Spark Growth	NOK Current Leading Windows Phone Manufacturer
App Developers	➔	⬆
Industry Specialists	➔	⬆
T, VZ and RSH Stores	➔	N/A
Distributors/Resellers	➔	⬆
Consumers	➔	N/A

# Nokia Corp.'s Lumia Windows Phone 8

## Background

Sources for Blueshift's [May 3 report](#) on Nokia's [Lumia 900](#) praised the smartphone's hardware and feature choices and said it was Nokia's best entry yet in the high-end U.S. smartphone market. Six of nine app developers interviewed for our [Jan. 12 report](#) were optimistic about Windows 8, an improvement over our Sept., 2011 report. They expected to produce apps for the upcoming OS based on the rate of consumer adoption. However, they also mentioned the lack of high-profile apps compared with iPhone and Android. Eleven of 14 app developers interviewed for our [Sept. 22, 2011 report](#) were not interested in developing apps for Windows 7. Industry specialists said adoption of the OS would be an uphill battle.

Nokia will [unveil](#) its new Windows Phone 8-powered Lumia device sometime during the first week of September, ahead of [Apple Inc.'s](#) (AAPL) iPhone 5 announcement on Sept. 12. The next generation of Windows phones will include a brand-new and more customizable start screen and improved resolution, among other features. Additionally, Windows has been [aggressively recruiting](#) app developers in hopes of better competing with Apple's iPad. Nokia, which Nielsen reported as possessing [1.3%](#) of the smartphone users, shipped four million Lumia phones worldwide between April and the end of June, but only 600,000 were shipped to North American customers. By comparison, Apple sold 26 million iPhones worldwide during that same period. Nokia [is expecting](#) Microsoft to launch a bold and aggressive marketing campaign for Windows 8, and believes Lumia will benefit from a "halo effect."

## CURRENT RESEARCH

In this next study, Blueshift assessed whether the release of a Lumia Windows Phone 8 would spark growth for Nokia. We employed our pattern mining approach to establish and interview sources in six independent silos:

- 1) App developers (7)
- 2) Industry specialists (5)
- 3) AT&T, Verizon and RadioShack stores (8)
- 4) Distributors/resellers (2)
- 5) Consumers (7)
- 6) Secondary sources (4)

We interviewed 29 primary sources, including six repeat sources, and identified four of the most relevant secondary sources focused on Samsung's announcement of their own Windows 8 phone, the possibility of [Verizon Communications Inc.](#) (VZ) carrying a Windows Phone 8, the press' mixed reviews on the Windows 8 OS, and an August patent filing by Nokia that appears to be a Lumia Windows Phone 8.

## Next Steps

Blueshift will follow up with consumer electronics stores to determine the supply/demand balance for Nokia's Lumia after it is released, as well as the affect of Samsung's Windows 8 competitor. We will contact Verizon store personnel to determine if they will or do carry Windows Phone 8 devices. We also will assess enterprise clients' support of Windows 8 and monitor Microsoft's marketing campaign for the upcoming OS. Finally, we will follow the fallout from the recent Apple-Samsung verdict to determine if Windows 8 is able to capture any of Android's share.

## Silos

### 1) APP DEVELOPERS

Six of seven sources expect Nokia to experience slow, rather than aggressive, growth from its release of the Lumia Windows Phone 8. Our two Europe-based sources were the most positive on Nokia's growth opportunities. Windows 8 will benefit from working throughout tablets, PCs and phones, and may take share from Android and Apple's [iOS](#). Sources are holding off on

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creating apps for the Lumia Windows Phone 8 until they can gauge consumer adoption of the device. Nokia is the leading manufacturing of phones supporting Windows, according to five of seven sources. Two had no comment.

## ► Independent developer of a top-rated Windows Phone game

Microsoft has done all it can to entice developers to build apps for Windows Phones, and the platform is slowly building interest among developers and consumers. The upcoming Lumia phone will help Nokia lead the pack of Windows 8 devices, but the company faces a long, slow climb in its attempts to take share from Android and iOS devices. Windows 8 tablets in general likely will be more expensive than the latest batch of Android tablets, such as Google's \$199 [Nexus 7](#).

- "Nokia will own the largest share of [the Windows Phone 8 market]. The Windows Phone 7 market is now dominated by Nokia, with Samsung holding onto a reasonably close second place only because they had such a large head start on Nokia. With Windows 8, they will no longer have that advantage. [HTC \[Corp./TPE:2498\]](#) has gone downhill and is now at a distant third place, and that's mostly thanks to the fairly successful [HTC Radar](#). I think Nokia ousted Samsung and HTC through their superior phone design and brand name, which is associated with high quality."
- "I am skeptical [of Windows 8 taking share from iOS and Android]. I don't see a massive difference between the Windows Phone 7 launch and the Windows Phone 8 launch. The phones will undoubtedly be very good and praised in the press. The OS will be polished and nice. But it was the same with Windows Phone 7, and it wasn't enough. We will see average sales [of Windows Phone 8] that will lead to rather gradual and slow growth of market share."
- "Windows 8 is definitely better than Windows Phone 7 from the developer's point of view. The biggest win in my opinion is opening it up to development in [C++](#)."
- "Most of the mobile developers are interested in Windows Phone 8, especially that it brings C++ to the table, which gives them an easy port option for their existing Android and iOS products. Microsoft has done everything they possibly can and pulled out all the stops on this. I don't think there is anything more they could do to lure developers to the platform."
- "From the casual user perspective, it may largely look the same as Windows Phone 7, which means exotic, untried and different from what all of her or his friends have. The biggest minus from a developer's point of view is its low market penetration because it's just launching."
- "[The new Lumia device] will be the most profitable Windows Phone so far for Nokia, better yet than Lumia 900 [running Windows 7.5], but it will be a long-term thing. They will not make a massive killing with it upfront."
- "The majority of people are buying what their friends have and have recommended to them, so naturally Windows Phone is an underdog here. I don't think it will be different with Windows Phone 8. But the platform is slowly coming around, and this trend will definitely continue with Windows Phone 8. There is a lot more recognition in the market now although nowhere as much as for iPhone or Android. In my opinion, no big revolution will happen overnight for Microsoft. People will remain skeptical of it for a long time yet."
- "Microsoft may have a hard time competing because their tablets will likely be more expensive. ... They have a big competitor in the latest batch of Android tablets, including [Google's] Nexus 7, which are remarkably cheap for what they offer. Sales of other expensive tablets, apart from iPad of course, have been dismal."

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*Independent Developer  
Windows Phone game*

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*Independent Developer  
Windows Phone game*

## ► European software developer with three apps in the [Windows Phone Marketplace](#); repeat source

Windows Phone 8 will get a boost from running an OS that also works in tablets and PCs, helping it to take share from Android and iOS devices. Nokia is likely to make the best Windows 8 devices now that it is starting with an even playing

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field against Samsung and HTC. Consumers will need to adjust to Windows 8, but developers welcome the OS' crossover with PCs, tablets and phones.

- "Nokia came very late with their first Windows Phone Lumia models. Others, like HTC and Samsung, already had Windows Phones, and many people had bought those devices. Nokia has a chance to jump on the bandwagon from the beginning now. I think many will pick the Lumia from the start now."
- "I think [the somewhat disappointing Lumia sales] is because they weren't there from the beginning. Many had Windows Phone devices before Nokia launched their Lumia and most of them didn't want to change phones yet. This will be different with Windows 8."
- "Nokia [will make the best Windows 8 phones]."
- "New, popular applications that are available for the iPhone and Android phones are popping up more and more [in the Windows Phone Marketplace]. So, yes, the app developers are getting more and more interested in the Windows market."
- "It will be easier for app developers to push their apps from the phone to the PC or the other way around [with Windows 8]. If they make an app for the PC, they can easily make a phone version as well. It offers more market for the application."
- "Windows 8 will be introduced on tablets and PCs [as well as phones]. People will get a unique ecosystem, and the Windows Phone just perfectly fits in. If people buy a Windows 8 PC or tablet and love it, they will be more eager to buy a Windows Phone as their next smartphone."
- "Some things aren't clear from the beginning [on Windows 8]. Some gestures, for example, in the [Internet Explorer Metro](#) application are not clear; the right mouse click to view your address bar and tabs, for example. As a complete 'noob,' it will be hard to get used to all the gestures. It's something completely new for many users and that will scare some off. It takes about a week or so to get used to everything the system has to offer and enjoy it. I hope consumers will have the patience to discover this unique platform."
- "The people that like Windows 8 for PCs and tablets will surely be eager to buy a Windows Phone 8. This could mean a lot of new Windows Phone 8 users. The manufacturers can't afford to lose such an opportunity to jump on the bandwagon."
- "There are some rumors about Nokia releasing a tablet for Windows 8. It would be a wise decision for them to launch it together with the Lumia. They would have two devices that go well together. That should make them stand out from the other [Windows tablet] manufacturers."

## ➤ CEO of a mobile software app development company; repeat source

Nokia's release of the Lumia Windows Phone 8 will not affect the smartphone market or help either company gain share. Building a consumer, retailer and developer following will require time, the creation of accessories, a cache of mobile apps for the Windows 8 platform and a market buzz. App developers for iOS and Android may delay or avoid Windows 8 because it is costly to build for new platform, especially one that has limited demand. Nokia will remain the dominant player for Windows 8, but Microsoft may want its own hardware, which it could achieve by buying Nokia. Microsoft would then be able to exploit Nokia's strength in international markets or leverage the enterprise market as Research In Motion Ltd.'s (TSE:RIM/RIMM) [BlackBerry](#) continues to slide.

- "I don't think the release of Nokia/Windows 8 [phone] will have a huge market impact. It's going to take a lot more than just one phone to motivate buyers. Nokia is the dominant player in Windows, but it's hard to be the only Windows phone and to be in a giant void."
- "It's going to be tough for Nokia and Windows. It will take time to build a following in a market dominated by Apple. But if you think about it, it took Apple a lot of time and money to cultivate an audience when Microsoft was the dominant force. Now Apple has a certain cache. It's going to be hard [for Nokia and Microsoft] to convince people to change."
- "The biggest advantage for Windows is that it is a more standardized platform than Android."
- "I could see HTC coming in. They were the dominant player with Windows 5 in the old days. And I could see Samsung coming in. But there is also a lot of speculation that Microsoft, since it now has a tablet, is interested in making its own [smartphone] hardware. What would happen is that Microsoft would buy Nokia and Nokia would become their hardware."

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CEO, Mobile Software App Development Company

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- “In terms of our app development, hands down we would not consider BlackBerry. iOS and Android are still our main platforms. Windows still has a long way to go, and we do not support new platforms lightly. It is very hard to support other platforms, and at this time no one is asking for it.”
- “There might be a draw to Windows for some smaller app developers. The big advantage is that it would make them a big fish in a little pond, and if you are making a good app that might be a draw. Plus, Microsoft is also [paying](#) people to make apps.”
- “As an app developer, I would say it is hard for most to target Windows phone for now. It’s going to be hard for Microsoft because generally you need enthusiasm over a product to get developers to build apps for it. There is just not a lot of enthusiasm for Microsoft [phones] right now.”
- “For us, there is no benefit to supporting Windows at this time. ... Based on what we are hearing from customers, we would not get enough revenue by supporting Windows to make it work. It’s unfortunate for Microsoft that they are just beginning and a little late. And Nokia is tied to Microsoft.”
- “I do think Nokia/Windows 8 has an opportunity to claim the market share formerly occupied by BlackBerry and to be a player through the enterprise market. But my sense is that market has changed somewhat. In 2007 and 2008, when the market crashed, there was a big pitch within the business sector to move to BYOD [bring your own device] in an effort to save money. The businesses would then support what people brought in. People started to bring in Apple, and as people brought in more iPhones, that is what gained support [from corporate]. That’s why BlackBerry suffered, because there was a transition from in-house devices and support to BYOD.”
- “There is a strong case to be made for the halo effect in device market. Apple has been good at building demand [off its platform] in this way, as it did for iPod, which worked with the laptop and desktop. I could see where Windows 8 on the desktop could translate to other devices and that could spark interest and serve as an overall catalyst.”
- “The thing I like about Windows [Phone] 8 is it’s different and innovative. There is not a whole lot of difference in the UIs [user interfaces] out there, and it does have a different navigation model so Windows mobile is truly different from iOS. I like that they did something different. Android is not different at all.”
- “I would not write off Microsoft. They have a lot of smart people working for them, and they actually have built something innovative and interesting. But it’s a little late to the party. Windows needs to be a bigger part of the conversation, not just among your peers but when you do a search or when you go into a store.”
- “The Nokia Lumia release is very close to the iPhone 5 release, and if it is, it will be very painful for Nokia. Just the press coverage could be a problem because the trade press loves Apple. I don’t even know if the tech media would cover Nokia if the releases were at the same time.”
- “iPhone has reached saturation only in that everybody wants the iPhone5. ... As long as it doesn’t look the same, I think it will be the biggest thing and the biggest launch ever for Apple. If it looks like the 4, people will be disappointed.”
- “In the tablet market, it’s more difficult. Apple dominates with 95% of the market. The only thing we’ve heard about with Microsoft is the [Surface](#). But the iPad’s dominance is also a problem for Android. I know several people who bought the Android tablet, and then they switched to iPad and they were shocked by the difference.”

There is a strong case to be made for the halo effect in device market. Apple has been good at building demand [off its platform] in this way, as it did for iPod, which worked with the laptop and desktop. I could see where Windows 8 on the desktop could translate to other devices and that could spark interest and serve as an overall catalyst.

*CEO, Mobile Software App Developer*

## ➤ Executive for a mobile payment app developer

The Nokia/Windows 8 phone is not likely to gain market share for either company until the product has a track record and a sizable number of apps, accessories and users. Many app developers are hesitant to build apps for the OS. Developing apps is easier when platforms, software and devices are standardized, as they are on the iPhone. Lack of standardization is a problem for app developers with regard to both Windows and Android smartphones. However, Android has achieved market penetration and commands attention from app developers because its appeal is almost on par with Apple, which still prices many consumers out of its market. This source has heard rumors of Microsoft seeking to purchase Nokia.

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- “There will be a few days of interest for the new release of Nokia Lumia with Windows 8. And then everyone will turn their attention to the iPhone 5. For it to be a [growth] spark, it would have to be a spectacular release and product. But the fact that the release and the date of release for the new Nokia/Windows phone is not even on my radar says something. The thing is the Nokia Windows 8 device doesn't have a history, so the launch date is not that interesting. Apple has a history centered around release dates, so there is speculation and anticipation every time they bring a new product on the market. There is no conversation or anticipation about the Nokia release.”
- “I don't see Windows getting coverage in tech publications, and I'm just not sure how aggressive they are in pushing the device. Plus, they have a reputation for hyping and promoting new products and then not delivering. They disappoint. You can't underestimate the power of marketing. Android went after open source and price points; they embraced the app community, and it resulted in a land grab. Nokia and Microsoft don't exactly sit on the top of the list of companies that have brilliant marketing strategies.”
- “Nokia's success for Lumia with Windows 8 will depend on the price point and the volume of apps available for the segment they are going after. They will not take from the iPhone, especially with the impending release of iPhone 5. The key to the prize is the number of apps. With the [Apple iCloud](#) supporting apps, it placed everything in sync. I would expect Microsoft to have a similar answer to that as well if they hope to compete.”
- “You have to really be ahead of the curve, and I don't see anything [Nokia and Microsoft] are doing that would beat the competition.”
- “There is value for Nokia in partnering with Microsoft in terms of entering into the U.S. market because they are late to the smartphone market here.”
- “I have heard rumors floating around that Microsoft would buy Nokia, but the reason would be to control the user and market experience because there is not a lot of money in hardware.”
- “In part, the demise of BlackBerry was due to the lack of apps and features. Microsoft has to create an ecosystem to attract developers. The best environment for the developer is one that features standardization and one that allows you to monetize what you are building. With the iPhone, the developer doesn't have to worry about or consider the environment because all of it is standardize, from the resolution to the streaming, to the quality control process and the user experience.”
- “Android, on the other hand, is not standardized. It uses open source. There are multiple versions and a lot of different hardware for the developer to deal with; even the screens vary between HTC and Samsung. So for us, even working with Android adds a 1.5 factor; that is to say, if it takes 10 weeks to bring an app to market for the iPhone, you have to add an additional five weeks for the development of an Android app.”
- “I always look at the major publications and what they are [following]. ... [Print media] need to know where the eyeballs are. So they are looking for those visual properties, and they have to watch very carefully.”
- “Microsoft recruitment of app developers is not something that I am tracking at this point. If you are being paid to build, I would question what the value is for the developer. For developers, it is not generally about the money but how fast they can get the app to market and the nature of the complexity of e-commerce and the build.”
- “For Windows 8, it is mainly a matter of sitting back and waiting to see what the uptake is. Then we will look at the cost-benefit analysis and the adoption rates and make a decision. Windows is on most standard devices, but there are a lot of questions. We don't know whether it will sell. It all depends on how well they market to the development community.”

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*Executive  
Mobile Payment App Developer*

When I went to CES, I watched and saw consumers engage and play with the Windows phone and mostly the people who adopted easily were members of the older generation. ... And yet, when I look around, I have not seen many older consumers walking around with a Windows phone.

*Executive  
Mobile Payment App Developer*

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- “I have developed for Windows at previous companies. From a talent and recruitment standpoint, it’s a challenge to consider building for them because the market has shifted to open source. When I went to [CES](#), I watched and saw consumers engage and play with the Windows phone and mostly the people who adopted easily were members of the older generation. ... And yet, when I look around, I have not seen many older consumers walking around with a Windows phone.”

## ➤ Executive for a global mobile payment solution app developer

This source doubts the release of the Lumia Windows Phone 8 can help the companies gain market share in the iOS/Android dominated market. The source’s company has no plans to develop apps for Windows 8, and has not been solicited by Microsoft or Nokia. The company intends to gauge customer reaction before making a leap into developing apps for another platform.

- “I don’t see the Nokia Lumia with Windows 8 as being a game changer for either Nokia or Microsoft or a product that would help either company gain market share. I don’t see that happening anytime soon.”
- “Windows 8 has come a long way in terms of its capability. It has really caught up with the best of the smartphone paradigms. But they [Microsoft] also are really late in the game. The market is already well established. Perhaps Microsoft and Nokia can carve out a niche for the Lumia running Windows 8, but they are not going to be a huge segment of the market and they are not going to challenge the other platforms.”
- “We have no plans to do any work right now for the Windows smartphone and will probably wait for them to gain some market share and experience, a customer base and customer reaction before we decide to partner with them. We have worked with Nokia in the past but more on the handset side overseas.”
- “I don’t think our strategy of wait-and-see is much different from other companies because we all have to consider critical mass, especially when it comes to a new platform. We have worked with Microsoft over the years, at various times and on various projects, so we would consider working with them again but not at this time.”
- “[Microsoft has] not approached us.”
- “We have a better relationship with BlackBerry than Windows. Most app developers like working with Android and Apple because the brands just have more traffic.”
- “There is not much of a place for Windows in the smartphone market at this time in the U.S. They may be able to get some handset share with the overseas market where Nokia has considerable share.”
- “The Lumia model is a decent model, but it is not that much different from previous models and I don’t expect it will give that much of a boost in sales to Windows 8. HTC is strong on the Windows platform. I’m sure lots of handset makers are looking to have a partnership with Windows, but I don’t expect the Windows platform to dominate or gain share from the iPhone.”

Perhaps Microsoft and Nokia can carve out a niche for the Lumia running Windows 8, but they are not going to be a huge segment of the market and they are not going to challenge the other platforms.

*Executive  
Global Mobile Payment App Developer*

## ➤ Developer of a top-rated photo editing app in the Windows Phone Marketplace and Apple’s [App Store](#)

This source prefers developing for Windows Phones over iOS and thinks Microsoft has a real chance to gain market share in mobile phones once consumers see the integration between Windows 8 PCs, tablets and phones. Nokia’s first series of Lumia phones were hurt because Windows Phone 7 had already been on the market for a while and had not made much of an impression. The next set of Lumia phones running Windows Phone 8 should do better and be among the best Windows Phones on the market.

- “We have plans to continue developing for both [Windows and iOS] platforms. I prefer to develop for Windows Phone because it has a great development platform. I don’t want to develop for Android devices, other than [Google Glass](#), unless we have a very nice idea. In my opinion, developing for Android is a wasteland. There are no rules, no standards.”
- “Microsoft has not really shown an operating system different from the others, except for the interface being more intuitive. But with Windows 8, the integration between devices and between applications is a good differentiator.”
- “I’m really liking the Windows 8 platform. The integration between applications is very good and seems to be very flexible.”

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- “With the Windows 8 platform, Nokia will gain more share, but only when Windows tablets launch and show that the platform is very flexible.”
- “Nokia and HTC will make the best Windows 8 phones.”
- “The launch of Nokia’s new devices is coming very close to the release of Windows 8. I believe that if the launch of [the first set of Lumia devices] had come along at the same time as the release of Windows Phone 7, it would have been more successful.”
- “Windows Phone had been launched before [Nokia released the first Lumia] and had not left a strong enough impression compared to the other platforms. So when the Lumia launched, there was good demand for a Nokia device but not for a Windows Phone.”
- “Until this release of Windows 8, Microsoft had not yet established their brand [in the mobile phone space].”
- “Many applications have been released for the Windows Phone platform, but there is still much discrepancy between what is released for iOS and Android and what is available for Windows Phone. The fact that the platform is more restricted than the others does not please developers.”

## ► Developer for a European firm that has published apps for Windows, Android and iOS; repeat source

Nokia’s new line of phones running Windows 8 will be more successful than its first set of Lumia devices and will provide a major boost to the company. The Windows 8 platform will benefit from the integration between PCs, tablets and phones and should take share from Android devices in the mobile phone market during the next year. Most top app developers continue to be hesitant about the Windows platform, but many small and midsize firms are abandoning Android for Windows, especially for tablet apps.

- “I strongly believe the Windows 8 launch will be significant for Nokia. Lumia 900 sales have been hurt by them not being upgradeable for Windows Phone 8. We expect Nokia Windows Phone 8 sales to start off stronger than where Lumia 900 has left off and gain a big boom around Christmas.”
- “Nokia without a doubt [will make the best Windows 8 phones]. To date, they have made the most commitment to Windows Phone 7 and forged a very strong, strategic relationship with Microsoft. With the recent Apple-Samsung patent ruling, other manufacturers such as HTC, [ZTE \[Corp./SHE:000063\]](#) and others might start investing more into Windows Phones as an attempt to diversify from Android, but this is yet to be seen.”
- “Nokia so far has not been able to gain much traction among consumers on top-end phones where Apple and Samsung dominate. I’m expecting better sales from Windows Phone 8 as this device will benefit from having seamless integration between Windows 8 tablets and desktops due to launch in late October.”
- “I am expecting Windows 8 phones to start taking market share from Android devices over the next 12 months because of it being appealing to consumers using Windows 8 tablets or running Windows 8 on their desktops.”
- “Functionality-wise, I’m expecting Windows Phone 8 to be similar to the top-end iPhone and Android devices. With Windows 8 tablets and the Windows 8 OS launch, I’m expecting Microsoft to have a similar, consistent stack as to what Apple currently has and Windows 8 users to be driving adoption of Windows Phone 8 devices.”
- “Windows 8 on tablets works really intuitively and feels innovative. On desktops, the OS needs time to be relearned, and with the desktop and Metro OS being shipped as one, it can get confusing at times. When using together with a tablet, it provides a seamless experience between tablets and desktop. I think Windows 8 is a bold and refreshing platform that would have been unexpected from Microsoft a few years back. I think Windows 8 is likely to be extremely successful on tablets and over time gain popularity on desktops.”
- “I’m seeing only moderate to little success [in recruiting top developers to Windows Phones]. Microsoft has succeeded in convincing and/or paying some of the top developer studios like Rovio and [EA \[Electronic Arts Inc.\]](#) to develop their top titles for Windows Phone. However, most developers are continuing to develop for iPhone first, Android second, Windows Phone possibly third. This is likely to change only on strong Windows Phone 8 and Windows 8 [desktop/tablet] sales. I am seeing more small to middle studios betting big on Windows 8

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*App Development Firm  
European*



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though—mostly ones who got burned developing for Android tablets and are shifting those resources to Windows 8.”

## 2) INDUSTRY SPECIALISTS

Of these five sources, two expect the Lumia Windows Phone 8 to provide slow growth for Nokia, two expect a boost in Nokia's share, and the remaining source expects little effect on the overall smartphone market. Three sources expect Nokia to take share from RIM. Nokia is the dominant and best Windows Phone manufacturer, according to all five sources.

### ➤ Owner and editor-in-chief of an independent Nokia blog

The Lumia Windows Phone 8 should boost Nokia as a player and create a shift in the smartphone market. Nokia's system is easy to operate and has the best screen, processors and video imaging. Nokia's number of apps is comparable to Apple's. Windows 8 will provide a refreshing alternative to Android and iOS, which have gotten stale. Nokia had 87% of the Windows Phone market during the second quarter.

- “The chances are very good that Lumia Windows 8 will boost Nokia as a player. Nokia is no longer limited with the Windows 7 operating system. With Windows 8, they can now do what they do best with screen, processors, video imaging. This is a great time for Nokia, and I think they will respond.”
- “The more people become aware of the simplicity of the Windows phone system as well as the quality of Nokia products, we will see a big shift in the mobile industry. Windows 8 will take market share away from the top guys, Android and iOS. They are the only ones left to take market share away from because BlackBerry is dying fast.”
- “Nokia has always been a market leader. They have superior hardware, imaging and video capabilities.”
- “Lumia's initial release made more people aware of the Windows operating system. With proper advertising, it shows you can do very good, very quickly.”
- “With Windows 8, the tablet, phone and personal computer will all be integrated. Windows has the largest market share in the personal computer department, and that will only benefit the developers.”
- “It is never too late to develop apps. In the lifespan of the Windows phone, they have more apps than Android during the same length of time, and they are on par with the number of Apple apps.”
- “During the second quarter, five million Windows 7 devices were sold. Four million of them were Nokia's, which had 87% of the Windows Phone market share.”
- “The traction of the Windows Phone 7 was low because people lost faith in the company.”
- “People are tiring of the Android and iOS, just like they tired of Nokia's Symbian. iOS, more than Android, is getting long in the tooth; it's been around longer without many changes to the operating system itself.”
- “If Windows is not accepted, I'm not sure what will happen. [\[Nokia CEO\] Stephen Elop](#) says there is no plan B.”

### ➤ Mobile device analyst for a technology magazine; repeat source

Nokia's upcoming Lumia line should be the best of the next generation of Windows Phones. Windows 8 will create competition for Android and Apple, and Microsoft finally will support specs that allow for high-end hardware.

- “Nokia's ... going to continue to be a player. It is not going to dominate the way Apple and Samsung do, but the enthusiasm of the carriers for Windows Phone 8 and the quality of the products will give Nokia a noticeable but not dominant market share here throughout 2013.”
- “I think we're going to see the best Windows Phone 8 devices from Nokia. They have excellent designers; they have unusual access to Microsoft; and they will live or die on their Windows phones. It's not like Samsung, who is using repurposed Android bodies and loading Windows on them.”
- “The best-built, best-designed Windows Phone 8 devices are going to come from Nokia. Everyone in the industry believes Nokia is leading on Windows phones. Nokia's problem [thus far] in this market is that they refuse to make any CDMA phones, which locks them out of 65% of the U.S. market [because they cannot run on Verizon or Sprint networks].

Nokia's ... going to continue to be a player. It is not going to dominate the way Apple and Samsung do, but the enthusiasm of the carriers for Windows Phone 8 and the quality of the products will give Nokia a noticeable but not dominant market share here throughout 2013.

*Mobile Device Analyst  
Technology Magazine*

# Nokia Corp.'s Lumia Windows Phone 8

Nokia is not interested in paying CDMA royalties to [Qualcomm \[Inc./QCOM\]](#).”

- “[Reports that Verizon will carry the new line of Lumias] would be a change in direction that could greatly improve Nokia’s outlook in the U.S. Nokia has not made a CDMA phone for several years, which has really handicapped it here. If it starts making CDMA phones again, it would have much better chances in this market.”
- “Windows Phone 7’s hardware requirements prevented high-end devices from being built. A high-end device nowadays has to have a [qHD](#) or better screen, a dual-core processor and 4G. [The existing] Lumia only has one of those three.”
- “Microsoft has said they’re going to support dual-core processors [for Windows Phone 8]. They’re going to support HD screens. They already support [LTE](#). So we could see Windows Phone 8 devices with the kind of specs that will let this platform have a flagship and have heroes, which would create essentially a deeper bench for the platform.”
- “Microsoft has done a very good job shaping [its app market] up. There is some lingering perception of weakness there, but if you actually go into the market, you’ll see apps for everything you need to do. Microsoft needs to counter the perception by highlighting big-name apps that people are looking for.”
- “It’s going to get more confusing because people are used to Apple’s approach to tablets, which run its mobile operating system, iOS [rather than its PC operating system, [Mountain Lion](#)]. One of Microsoft’s differentiators is that its tablets will be running [the PC version of] Windows 8 and not Windows Phone 8.”
- “People love [Xbox](#). The heavy Xbox presence on Windows Phone 8—if leveraged properly and with competent marketing—could be a big plus.”
- “The carriers have gotten extremely nervous about being too dependent on Google and Apple, considering the total and utter collapse of BlackBerry. If compelling hardware is available, and it never was with Windows Phone 7, the carriers will want to push Windows Phone 8 hard, and that will be good for Nokia.”
- “I don’t have visibility into trends in Europe and Asia, and that’s where Nokia will really live or die. The U.S. is and has always been a sideshow for Nokia. They could definitely grow here, but since they were basically at zero here anyway, any growth here is pure joy for them. The areas they need to defend are in Europe and Asia.”
- “We’re seeing Verizon as one of the key partners for Windows Phone 8. Verizon hates Apple. I wouldn’t be surprised if Verizon heavily pushes these devices, but that won’t help Nokia. It will help Windows Phone 8 but not Nokia.”
- “The Windows Phone situation has been a bit of a mystery because Windows Phone 7 was glowingly well reviewed—I reviewed it well—and it made no impact in the market at all. Windows Phones are easy to use, genuinely different, fun, and they do things that people want better than the competition, especially social networking integration and games. Windows Phone 8 continues those strengths. Microsoft’s problems have been in hardware and marketing.”
- “The pundits did misjudge Windows Phone 7, and one of the things we misjudged was how bad the marketing would be. Windows Phone 7 had some of the worst platform TV commercials since [Palm’s] webOS. They had an entire campaign suggesting that Windows Phone 7 was for people that didn’t really want to use their smartphones. It was self-defeating. That had a negative effect.”

People love Xbox. The heavy Xbox presence on Windows Phone 8—if leveraged properly and with competent marketing—could be a big plus.

*Mobile Device Analyst  
Technology Magazine*

## ➤ Mobile industry writer for online digital reviews

Nokia, which currently holds 2.5% to 3% of the cell phone market, may slowly increase its share to 5% with the Lumia. The smartphone’s success will depend on the market’s reception of Windows 8. The Lumia will continue to cut into the BlackBerry and older Nokia markets but will not affect the Android or Apple markets. Nokia is No. 1 in the Windows Phone market, followed by Samsung and HTC.

- “On the short term, there will not be a huge jump in market share for Nokia. If Windows 8 is successful, Nokia’s phone may rise up minimally. The Lumia is tied to the interface.”
- “We don’t know yet how Windows 8 will do, and Windows 8 will need to succeed for the Lumia to succeed. There are a lot of questions about the Windows 8 operating system. Right now, the reviews of Windows 8 do not look favorable. Microsoft is making Windows 8 more for touch, so it is supposed to be perfect on either a PC or a touch screen. We’ll have to wait and see how it works. There is a lot of risk.”

# Nokia Corp.'s Lumia Windows Phone 8

- “The earlier Lumia sales were low compared to the Android, but they were increasing. The Lumia is really in a lower league. It hasn’t risen as high as some analysts had predicted.”
- “People want to have software that lets you use both the PC and touch screen, but the reliability still needs to be proven.”
- “The Windows Phone has been out two years now, and there have been a few updates. Windows 7 has worked out well.”

## ➤ Software architect in telecommunications

Nokia and Windows 8 will need time to become the big player and to take share from iOS and Android. Nokia was the top Windows player in the second quarter. Its advantages included having the best Windows devices, a portfolio of exclusive apps and its [PureView technology](#) for better imaging.

- “It will take a decent amount [of time] for Windows 8 to take market share from iOS and Android, and it will take some time for [Windows 8] to be a big player like iOS and Android.”
- “The Windows phone is slowly being accepted by the mainstream. Marketing and educating potential customers need to be a priority. I met an [AT&T \[Inc./T\]](#) media director who is using a Lumia phone now, and she is enjoying the device more after she had a hands-on experience with someone who has been using the device for a while. The Windows phone is easy to use, but those coming from a different platform or someone who is ready to purchase their first smartphone [may need some instruction].”
- “Nokia was the biggest Windows phone manufacturer during the second quarter, and they have done this in less than one year.” [The Lumia line was announced in October 2011.]
- “Nokia has shipped 4.5 million Lumia devices worldwide, and they enjoyed a lot of buzz with launches in the United States and the United Kingdom. If Nokia can bring out the Windows 8 devices to all carriers in the United States and Canada, people will finally see them back as a major player.”
- “Nokia makes the best Windows 8 devices and has the expertise and know-how to create sleek, high-end and midrange devices. They have a portfolio of exclusive apps that make having a Windows 7 and 8 device enjoyable.”
- “The Windows platform has many quality U.S.-centric apps, and many have recently noticed the importance of the Windows phone platform. ... I don’t think Nokia is too late in the game.”
- “App developers are getting the best deals developing for the Windows Phone platform. Nokia has a developer ambassador who helps developers in creating apps and even assists with bringing their app to the market. To sweeten the deal, Nokia gives away a free Windows 7 device to the developer as well.”
- “Nokia is doing a lot this year, such as factory closings, layoffs, selling patents and QT technology, to comeback as a leaner and more competitive player. Many see it as a red flag and criticize the bold moves Mr. Stephen Elop, the CEO, is making. The iPhone or Android success didn’t come overnight, and I strongly believe that Nokia’s Windows platform will have a positive impact in the long run.”
- “Nokia definitely has to bring their PureView technology to the Windows phone platform ASAP. That will solidify their presence in the U.S./Canadian region.”
- “Consumers are becoming more educated on technology. Many are going away from the top four carriers and moving onto prepaid and [mobile virtual network operators](#).”
- “Windows 8 is in a good position due to the fact that many people are getting tired of the iOS and Android platform. The iOS has had a 3.5-inch screen for quite some time. ... The smartphone market has moved on to the 4.3-inch or larger screen. People are getting tired of the Android because their next phone might not be upgraded to a future update.”
- “Being a player in the prepaid phone market is key. Nokia should go after the prepaid market since many immigrants still have brand loyalty with Nokia, and a big group of them buy prepaid phones.”

**It will take a decent amount [of time] for Windows 8 to take market share from iOS and Android, and it will take some time for [Windows 8] to be a big player like iOS and Android.**

*Software Architect,  
Telecommunications*

## ➤ Host of a weekly mobile phone podcast; repeat source

The launch of a Lumia Windows Phone 8 will have little effect on the overall smartphone market. Nokia will be the leading maker of Windows Phone 8 devices with its well-designed Lumia line and will hold more than 50% market share of the Windows Phone market, but Windows will represent no more than a small fraction of overall smartphone sales. The

# Nokia Corp.'s Lumia Windows Phone 8

crossover between PCs, tablets and phones all running Windows 8 could provide some benefit to consumers but is not likely to be a major factor in their choice of phone.

- “[The September announcement] is just going to be a blip. I don’t think it’s going to mean a lot. I just don’t see the momentum there. I don’t think this [new Lumia] is going to skyrocket [Windows Phones] into something where people want to switch from an ecosystem that they may have been using for four or five years in the case of iOS or Android.”
- “Nokia will be right at the top [among Windows Phone makers]. They should have well ahead of 50% of the Windows Phone market. You’ve got a group of device makers outside of Nokia that aren’t particularly focused on Windows.”
- “If you’re looking strictly at the Windows Phone share, I think Nokia is going to have most of that in the bag. I just don’t see any competitors in that very niche space.”
- “If you talk to Samsung or HTC, their first and foremost priority is Android. They’re not taking the time and effort to develop the hardware for Windows. If you look at the Samsung [Focus](#) [a Windows Phone], for example, if you didn’t know any better, you’d think it’s an Android phone. It’s just a black slab. It’s got no personality. At least Nokia is trying to differentiate something. The Nokia folks aren’t trying to copy the iPhone. They’re coming up with something that’s unique. [The Lumia] is a unique design for a phone. They definitely have that going for them.”
- “It’s a great product, from what I’ve seen with the 800 and 900 Lumia series. The hardware is fantastic. It’s up there with the iPhone 4 in that design. But that in and of itself is not going to lead them to huge success.”
- “If you look at the market right now and you see where Android and iOS are at, it’s really hard to see anyone else breaking through that.”
- “I’ve tried Windows Phone devices and they’re OK, but they’re not going to have the widespread appeal that Microsoft hopes. The reality for them is Android and iOS are making up between 85% and 90% of the smartphone market. Windows 8 can come in and take over that No. 3 spot from RIM, but even if Microsoft can push Windows Phones up ahead of RIM, at the most they’re going to be lucky to get 5% to 10% of the market share long-term.”
- “That said, even if they only get 10% of the smartphone market here in the U.S., you’re still talking about 30 million people that could eventually be using Windows Phones. It’s not a small number, but I don’t see it as a phone that’s going to be sought out like an iPhone or like a device with big marketing power like Samsung has done with the [Galaxy S III](#). I don’t think [Lumia] a marginal product, but the success will be marginal because of the software platform.”
- “I’ve enjoyed Windows Phones. Every iteration has gotten better, but you’ve got such a dedicated group of people who are adopters of the iPhone and everything Apple, and then you’ve got the other group that wants something different—more flexible, more customizable—and they’re choosing Android.”
- “When people are looking for a new phone, they want to know what apps they can use on it. [The availability of apps] is a huge factor. All of the app stores have the main apps on it. I think Windows is OK there, but if you’re looking for very specific things [they may not have it].”
- “As much as [Microsoft and Nokia] are trying, it doesn’t feel like something that is going to take off. It feels like [Palm’s/Hewlett-Packard Co./HPQ] [webOS](#) all over again.”
- “If Microsoft can cross-brand and tie in [different Windows 8 devices] the way Apple has done—where you have iTunes and buy applications and buy music there [on a PC] and then synchronize all that content to a mobile device—that will help [Windows Phone sales]. But when it comes down to the actual operating system, I’m not sure that somebody using a PC [with Windows 8] really cares all that much about having similar functionality on a phone.”
- “A great example is with Apple’s new desktop OS, Mountain Lion. You can now synchronize reminders and notes through the iCloud system to your iPhone and iPad and back to your computer. That’s really great. You don’t have to be running an Exchange [Microsoft] server. It’s very consumer-focused.”

**If you’re looking strictly at the Windows Phone share, I think Nokia is going to have most of that in the bag. I just don’t see any competitors in that very niche space.**

*Host, Weekly Mobile Phone Podcast*

**I don’t think [Lumia] a marginal product, but the success will be marginal because of the software platform.**

*Host, Weekly Mobile Phone Podcast*

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- “Microsoft has this monopoly on the enterprise with Exchange. If they can take some of the things people love about Exchange, like synchronization capabilities, or maybe if they can make the link platform translate over seamlessly so people can text back and forth to each other from a PC to a phone, maybe that helps to tie things together. But at this point, I’m not sure that just that familiarity [with Windows 8 on a PC] is going to mean anything [for Windows Phone sales].”

## 3) AT&T, VERIZON AND RADIOSHACK STORES

None of our eight sources (four for AT&T, three for Verizon and one for [RadioShack Corp./RSH](#)) reported any consumer buzz about Nokia’s Lumia Windows Phone 8. One AT&T source said his store’s personnel received the new Lumia for free but all have since returned to using their original phones; he said Nokia had a 45% chance of gaining share from the new Lumia phone. The remaining three AT&T sources offered mixed opinions on the Nokia/Microsoft partnership. Our three Verizon sources were negative on Windows 8 and reported having no Windows Phones on their floors. The RadioShack source also was negative on Windows 8 but was positive on Nokia’s Lumia line.

### ➤ AT&T sales associate, California

This source expects Nokia’s Lumia Windows Phone 8 to beat sales expectations despite customers’ lack of knowledge on the launch. She is positive on the relationship between Microsoft and Nokia.

- “I’m expecting Nokia’s Windows 8 Lumia to beat sales expectations.”
- “I’m one of the enthusiastic ones, but I’m not the norm. ... I really think it will be the answer to Nokia’s problems.”
- “There’s a big advantage in offering Windows as part of the Nokia Lumia purchase. A lot of customers are familiar with it and comfortable around it.”
- “I don’t think Nokia’s previous Lumia rollouts are an indicator of how Nokia will do with Microsoft. I think this introduction will be bigger and better—because look who they’ve partnered with!”
- “Most customers don’t know about its release. But usually if customers don’t ask, then I ask them if they’re anticipating it. It’s a good conversation starter.”
- “I would recommend a Windows 8 phone if its screen capabilities have improved.”
- “If there are attractive apps available, it might persuade a customer. Also, if it’s a professional type who is used to Excel and Word.”
- “They don’t offer special training ... but we do have a couple of sessions where they’ll go over the basics.”
- “We used to have an HTC Windows phone, but they stopped shipping it to us.”
- “We carry one Nokia Lumia phone right now; actually, it’s going for \$49.99.”
- “We never have problems with stock. I’m not too worried about that.”

Most customers don’t know about its release. But usually if customers don’t ask, then I ask them if they’re anticipating it. It’s a good conversation starter.

Sales Associate, AT&T  
California

### ➤ AT&T sales associate, California

Nokia has a 45% chance of gaining market traction with the Lumia Windows Phone 8. The Windows 7 Lumias sold when they were first introduced in April, but the store has not sold any in the past two months because of the announcement regarding [difficulty](#) in upgrading to Windows 8. The store does not promote Windows Phones, and very few customers recently have inquired about them.

- “Nokia has a 45% chance of gaining market traction when the new Windows 8 Lumia comes out. No, that’s not very high, but I’m not completely writing them off, either. The Windows Phone is easier to use than the Apple, and the Apple is easier to use than the Android. The Windows Phones have fewer bells and whistles.”
- “We sold some Windows 7 Lumias when they first came out in April. People came in and asked about the phones more than they bought them. But there was interest. However, for the past two months, since it was announced that the phone wouldn’t be upgraded to Windows 8, we haven’t sold one Lumia. ... Quite frankly, we’ve lost interest in them too. I don’t even bring them up to customers, not unless they ask.”

# Nokia Corp.'s Lumia Windows Phone 8

- “Nokia makes a solid phone, and I believe they’ve sold more Windows Phones than either HTC or Samsung. We’ll have to see what happens with Windows 8. ... Right now no one is even talking about them.”
- “We do get training on the Windows Phone. We each got our own free Lumia phone. We all used them for a few weeks, then went back to our other phones. I don’t know of anyone who uses their Lumia now. I still have my Lumia, but I like my iPhone.”
- “We do sell some HTC and Samsung Windows Phones, but all the interest is in the new larger Samsung [Galaxy S III]. The trend is toward larger screens.”
- “There’s a lot of interest right now in the new Samsung, the bigger phone. People like the phone-tablet combination ... people of all ages. A lot of younger people are buying them as well.”

We each got our own free Lumia phone. We all used them for a few weeks, then went back to our other phones. I don’t know of anyone who uses their Lumia now.

Sales Associate, AT&T  
California

*Reporter Observations:* During Blueshift’s 30-minute visit on a weekday at noon, only one man (in his 40s) walked over to the Nokia Lumia 900. He held the phone only for a few seconds. No one else looked at the Lumia or HTC phones, and no one seemed interested in the conversation I was having with the sales associate next to Lumia 900. The front windows were covered with posters of the Samsung Galaxy S III, and a large Samsung display was near the store entrance. One Nokia Lumia was on display, between the Samsung exhibit and an HTC Windows Phone. No other Nokia devices or Windows Phones signs were in sight.

## ➤ AT&T sales associate, Chicago

Windows Phones are becoming increasingly popular as the technology has improved. The store’s only Nokia and Windows Phone on display was the Lumia 900. The Nokia phone has been reduced to \$49.99 for new activation of a two-year contract, and the store sells at least one daily. The source is aware of Windows 8’s pending release but has not received training or information about it or new Windows 8 phones. The Samsung Galaxy S III has experienced slower demand since its May release but still sells. Android phones from HTC and [Motorola Mobility Holdings Inc.](#) (MMI) also are strong sellers.

- “Windows-based phones are an emerging technology. Windows is everywhere. People are getting used to the format and understanding the advantages over Android.”
- “Windows phones are going to do well as the technology improves even more than it already has.”
- “We currently only have one Windows-based phone on display and in the store, the Nokia Lumia. It is our best-selling Windows Phone.”
- “The only Nokia we carry is the Lumia. But Nokia has been a leader in the cell phone market and its technology for a long time now.”
- “The Lumias are at a special price with a two-year contract and new activation. They are now \$49.99.”
- “There are a few other Windows phones available on our website, including one from HTC.”
- “We have not had any specific training or notice of Windows 8. What I know is based on my own reading.”
- “I noticed that there is more customization available with Windows 8. For example, with the tiles on the Lumia phone, with the current version, they are only one size. With Windows 8, there are three different tile sizes and you can pick which one you want to use.”
- “Android and iPhone sales are pretty even. They both sell very well.”
- “The biggest advantage now from Android to iPhones is the speed of their operating systems. Apple is still on 3G while most Androids are on 4G, which is a much faster system.”
- “The Samsung Galaxy S III does OK now. When it first came out this spring, in the first few weeks, we sold a lot of them because it was the new thing. We will sell them, but sales have slowed since the initial release.”
- “Other Android phones that sell well are the [HTC One](#) and Motorola’s [Atrix](#).”
- “iPads are for sure the best-selling tablet. But Pantech [Group] has a great tablet for [around] \$400 which is almost half of what a top of the line iPad costs.”

We have not had any specific training or notice of Windows 8. What I know is based on my own reading.

Sales Associate, AT&T  
Chicago

# Nokia Corp.'s Lumia Windows Phone 8

Reporter Observations: An entrance display was full of tablets from Apple, Pantech and Samsung on our Wednesday afternoon visit. Also, 25 phones were on display with brands including iPhone, Samsung, HTC, Pantech, Motorola and [LG Group](#). Three to four associates were at the customer service counter and working the floor. We experienced no wait time in speaking with an associate.

## ➤ AT&T sales associate, Atlanta area

This source who has received training on the new Lumia Windows Phone 8 does not foresee the phone sparking growth for Nokia. No customers have voiced interest in the phone ahead of its release. The source would never recommend a Windows Phone 8 over an iPhone or Android, and does not expect them to take much share from anyone. Because of the [issues](#) with the first Lumia release, sales associates will shy away from the Windows 8 version, which will then fall short of Nokia's sales expectations.

- "I really doubt the September launch will spark growth for Nokia."
- "No one is asking about the Nokia release ahead of time. None of the customers are showing any interest at all."
- "Training is online and mandatory. The classes are about 1 to 1.5 hours per session."
- "I'm not too enthusiastic about the Windows 8 phones because of the limited capabilities."
- "They should give the Windows Phones customizing capabilities—backgrounds, ringtones. All phones have that capabilities except the Windows Phones."
- "Windows 8 will be able to take a limited amount of market share from Android and iOS devices."
- "I don't think Nokia will do well with Windows 8. The first release looked good at first, but then there were lots of problems. The phones froze, powered off, the cases were bad, and we had issues with the batteries."
- "I expect Nokia's Windows 8 Lumia to fall short of sales expectations because of the first phones having issues. Representatives are going to be afraid to push the phones because of the past problems."

## ➤ Verizon assistant store manager, Chicago

Like the BlackBerry, Windows-based phones are being pushed out by Android and Apple. The store sent back the [HTC 7 Trophy](#) because of poor sales, and now has no Windows Phones on the sales floor. Top-selling Android phones are the Motorola [RAZR](#) and [RAZR MAXX](#), along with Samsung's Galaxy S III.

- "Windows is an old and dying technology—kind of like BlackBerry. Android and Apple will be the last ones standing."
- "Windows Phones are not on our radar. That is not the way the market is going."
- "We had the Windows-based HTC Trophy, but it did not sell so we sent them all back a few weeks ago. They can still be purchased online."
- "We do not currently have any Windows-based phones on the floor, and there are no plans to bring in any more either as far as I know."
- "We don't get any kind of training on Windows Phones. They were not selling."
- "The Samsung Galaxy S III is hot right now because it just came out. So far, there have just been a few returns; customers are generally happy with them."
- "Androids are faster as most are on the 4G network. iPhones are only 3G so they do not operate as fast. It makes a difference, especially with downloads."
- "Apple products have less viruses but they limit what you can put on them. You can't just go and put any app on an iPhone. With an Android phone, I could make an app and distribute it. You can put anything on there."
- "Apple is still not compatible with Flash so some websites don't fully load on iPhones. They have said they were going to fix this, but thus far they have not."

Reporter Observations: All four employees were busy assisting the eight to 10 customers present during our Monday afternoon visit. One elderly man was being helped for more 30 minutes; other customers ranged in age from 25 to 45. A prominent Apple display was near the entrance, and an assortment of 25 to 30 phones were displayed on two walls.

## ➤ Verizon sales associate, Atlanta area

This source does not think Nokia's Windows 8 Lumia will spark growth. He would not recommend a Windows Phone 8 because he could not see how the technology would benefit his customers and said it was only a fad.

# Nokia Corp.'s Lumia Windows Phone 8

- “There aren’t any situations where I would recommend a Windows 8 phone. I don’t really know about them, and I can’t see how the technology would benefit the customer. If it’s a good phone then it should start very well, but I think it’s a fad.”
- “Sales were disappointing at Nokia’s previous release. The phones weren’t flying off the shelves.”

## ➤ Verizon sales associate, California

This store had no Windows Phones on the floor and had received few customer inquiries regarding Windows 8.

- “We don’t have any phones right now that run Windows. That will be available in a couple of months.”
- “I’ve had a few customers ask about the Windows 8, but not many.”

## ➤ RadioShack store manager, Chicago

This source said his customers and he have not been impressed with any Windows Phone carried by the store. He has not had a Windows Phone in stock for more than six months, but does expect to get some Windows 8 handsets once released. The Samsung Galaxy S III is the store’s best-selling Android phone, followed by the HTC One. Androids outsell iPhones 3-1 at this location. Sprint is the top selling brand for this store, but AT&T is the leading carrier for RadioShack overall.

- “With the exception of the Lumia, I have hated every Windows phone we have sold and I have seen. The customers have not liked them either. They are awkward to operate and slow. They have not been not impressive whatsoever.”
- “One of the guys that works here has a Lumia, and as far as I can tell, it is a great phone. Anyone I know that has a Lumia has no complaints about it. That is a rarity when it comes to cell phones.”
- “We have not had a Windows phone in the store for at least six months. We had the HTC [Titan](#), but it was not selling so we got rid of them. It is still available on our website.”
- “We unfortunately do not carry the Nokia Lumia. We don’t carry any Nokia phones.”
- “Our best-selling Android is the Samsung Galaxy S III. It is the newest Android we have, so people often what whatever is the most current product. After that, the HTC One phone does well.”
- “Android phones outsell iPhones at this location three to one.”
- “We generally have better prices on the phones versus corporate stores. For example, we have the Galaxy III for \$149.99 while everyone else has it for \$199.99.”
- “I anticipate getting some Windows 8 Phones in once the OS is released.”
- “At this store, Sprint plans sell the best. Companywide, AT&T plans are the strongest sellers.”

Anyone I know that has a Lumia has no complaints about it. That is a rarity when it comes to cell phones.

Sales Manger, RadioShack  
Chicago

Reporter Observations: Store traffic was slow during our 30-minute visit on a Thursday afternoon. The store had iPad signs on the front door but no iPads for sale. The store sells phones for [Virgin Media Inc.](#) (VMED), Verizon, AT&T and Sprint, and had 50 to 60 phones on display and available for purchase.

## 4) DISTRIBUTORS/RESELLERS

Our two sources were split on the potential for the Lumia Windows Phone 8 to create sales growth for Nokia. Our first source, a distributor to retail stores, reported low sales of Nokia phones in general and Lumia 900 specifically. Our second source, a Nokia specialist for an online reseller, said Windows 8 has performed well in tests and could grab share if rumors of inclusion in the Xbox are true. Still, the OS lags behind Android and iOS in app offerings.

## ➤ Sales associate with a U.S. mobile phone distributor

The Lumia Windows Phone 8 will not take market share from other brands or serve as a springboard to growth. Nokia phones in general and the Lumia 900 specifically are not being requested by this source’s retail and enterprise customers. Nokia and Windows do not yet have a product capable of competing with iOS or Android models. Android demand now matches that of iOS smartphones, and HTC devices have taken the lead among this source’s clients.

- “Our customer base ranges from mom-and-pop retail stores, to larger retail stores and corporate customers. At this time, the Windows phone does not have much appeal for our clientele.”



# Nokia Corp.'s Lumia Windows Phone 8

- “I’m sure that if Nokia with Windows released a product that consumers viewed as competitive with Android and iPhone, it would get some market share. But the way it looks right now, Nokia has fallen off the ladder. It is true that the overall smartphone market is sluggish and the economy is sluggish. But there is not much demand for Nokia in general or the Nokia with Windows specifically because they are not as fully functional as the iPhone and other smartphones. I am not saying they can’t come back or gain market share, but they have to come up with a comparable product and apparently that hasn’t happened.”
- “Normally when a new phone comes out, we wait until there is some kind of response from customers before we carry it. That is, unless it is a new version of a popular and established brand like an iPhone. In that case, we would preorder stock for customers.”
- “We have recently ordered the Lumia 900, but it was only for a special order. The Lumia 900 and Nokia in general don’t move much so we don’t carry them or stock them as a rule. But we can always get them and any other phone. We have two of the Lumia 900 with Windows in stock right now because we got them for a special order. They have been here for one month, and the customer who requested them has not even bothered to pick them up yet. He hasn’t called to say he wants them. I guess the person changed his mind, so now we are stuck with them. We have tried offering them to some of our regular retail customers, but we couldn’t sell them on it because they didn’t think they can move.”
- “Android and iPhone are the strongest sellers and compete directly. Our sales and demand for the HTC phone have really skyrocketed. All of a sudden, everyone wants an HTC smartphone, and people are talking about HTC and asking for HTC. I believe the HTC we carry is only on Android. For us, the HTC Android phone has taken market share from the iPhone.”

There is not much demand for Nokia in general or the Nokia with Windows specifically because they are not as fully functional as the iPhone and other smartphones. I am not saying they can’t come back or gain market share, but they have to come up with a comparable product and apparently that hasn’t happened.

*Sales Associate, Mobile Phone Distributor*

## ➤ **Nokia sales specialist for an online cellular reseller**

Windows 8 is doing well in testing, and its hybrid system may be a game changer. Nokia is popular in the reseller market because its phones are solid and user-friendly. Nokia also offers the top Windows Phone. Windows 8 needs to catch up to Android and iOS in terms of apps. The source has heard rumors of Windows 8 being paired with the Xbox, which would increase the OS’ market share.

- “I’ve heard that Windows 8 is going really well. It will be a game changer, but people also said that about Windows 7. The hybrid system may be the winner, however.”
- “Nokia is becoming a really big reseller. They are more user-friendly, and they are easier to fix when they break. But they are solid phones, durable, competitive and they don’t break often. The Nokia has a simplicity of design, with interchangeable wires, and they have good speed. They are the top Windows phone.”
- “If Windows 8 can catch up with apps, that would be a seller. And there is talk that they will pair up with Xbox. That will determine market share.”
- “People ask for the Lumia. We get them in every once in a while. Nothing is wrong with them, and I’m not sure why they are turned into us. We have one now in stock.”
- “I imagine we will get some Windows 8 Lumias in the fall or winter. Some people try new cell phones out and use them like disposable phones, especially if they are on our exchange plan.”
- “The Apple and Android phones are more popular, more well-known. But they are more expensive, and I don’t think they are any better phones than the Nokias. But people either love or hate their cell phone.”
- “I haven’t heard of a Nokia tablet yet.”

If Windows 8 can catch up with apps, that would be a seller. And there is talk that they will pair up with Xbox. That will determine market share.

*Nokia Sales Specialist  
Online Cellular Reseller*

# Nokia Corp.'s Lumia Windows Phone 8

## 5) CONSUMERS

Five of seven sources were neutral to positive on Nokia's upcoming Lumia Windows Phone 8, but another source does not think the launch will be successful because of Windows' past failures. The remaining source said the store's sales associate never mentioned Windows Phones as an option. Two sources reported positive experiences with Samsung devices. Another touts PureView as a competitive advantage for Nokia's phones.

### ➤ Android owner, Chicago; repeat source

Nokia's popularity is rising based on good product reviews. The Lumia Windows Phone 8 could generate growth and take some share from Android devices. Success will hinge on pushing technological boundaries while being user-friendly, easily integrated and well designed. Samsung is a leader in phone design.

- "Nokia is rising on a wave of good reports. They are still a major player and capable of being a contender with Samsung, HTC and other Android brands."
- "The fact that the Lumia will have Windows 8 already on it does make a difference to me. I have always been a user of Windows OS. If the phone integrates well with desktops and PCs, it will raise its appeal to me and other possible customers."
- "I would consider purchasing a Nokia Windows 8 Lumia phone if I see multiple positive reviews for it. I am a technology junkie. I want the most cutting-edge phone. That might just be the Windows 8 offering. ... Microsoft fully knows what is at stake, so I fully believe they will put forth their best efforts with their phones."
- "When Nokia launches in September, it could spark growth."
- "Samsung presently seems to be on the cutting edge of phone design. I would put my money on them as who will make the best Windows 8 phone."
- "There is no question that Windows 8 in phones can gain share from Android phones."

### ➤ Lumia 900 user and future customer of the Lumia Windows Phone 8

Nokia has a great chance of becoming a key player with the Windows 8 Lumia. Nokia offers unbeatable designs and quality phones. The PureView technology allows sharper details, an amazing zoom and focus, and a rich video recorder. Nokia needs to add more apps and a better backup system.

- "Nokia has great chances of becoming a key player when Windows 8 comes out. The Nokia has an unbeatable design; they build quality into every device. And the new PureView technology is great."
- "Nokia has the best Windows phone now, and Nokia was the reason I gave Windows a chance!"
- "A Windows 8 Lumia will definitely make me purchase a new phone. I'm a huge Nokia fan, and all their products are of the highest quality."
- "Once someone experiences the PureView technology in a Nokia phone and the smooth, easy, and clean use of the Windows operating system, they will be sold."
- "PureView makes a big difference. I can take pictures from any other phone. The technology allows clearer, sharper lines, lots of detail, and the amazing zoom and focus. Even the video recorder with the zoom 1080p and rich recording is out of this world. I am really blown away with PureView technology."
- "The Nokia just needs more popular apps ... and definitely a better way to back up."

### ➤ iPhone owner, California

This satisfied iPhone user said having Windows 8 in a device would be a selling point for him. Also, he is a fan of Nokia.

- "I'm a believer in Nokia products. I used to have one of their phones a few years back. And you say it will run Windows? That sounds cool."
- "The fact that it would have Windows 8 would definitely be a selling point for me; it would turn my head. But I'm not sure it'd be *the* reason to choose Nokia's."
- "Right now I have an iPhone, which has always exceeded my expectations."

The fact that it would have Windows 8 would definitely be a selling point for me; it would turn my head. But I'm not sure it'd be *the* reason to choose Nokia's.

*iPhone Owner, California*

### ➤ Android owner, California

This customer is loyal to Samsung but still is willing to check out a Nokia Lumia. The inclusion of Windows 8 is a key selling point.

# Nokia Corp.'s Lumia Windows Phone 8

- “I’d definitely consider buying Nokia’s Lumia if it were offered at the right time ... especially because it has Windows 8. But I’m not one of those guys who needs to be the first to have it. I’d rather see how other people do with it first.”
- “I guess I can see Windows 8 being more tempting than an Android, but there’s so much they’d have to do.”
- “They were smart to join together with Microsoft; they needed something big like that.”

## ➤ Android owner, Georgia

The Lumia Windows Phone 8 will not help Nokia’s growth considering the first Lumia launch failed. Still, Windows 8 should be able to take share from Android and iOS devices because of the Windows name.

- “I wouldn’t consider buying a Windows phone since I just bought this phone. I had an iPhone but am trading it in for an Android.”
- “I used to have an iPhone and came in to buy the [LG Spectrum](#).”
- “I don’t think Nokia’s launching in September will help Nokia because the first launch fizzled. It didn’t help the company.”
- “Windows 8 phones should be able to gain share from Android phones if they market the product right like Windows does.”
- “People will buy Windows 8 phones because of the name association.”
- “Nokia will get some of the market share from other phones because people follow technology.”
- “It’s possible that the Lumia can get Android or Apple customers to switch if the quality is good.”

## ➤ iPhone owner, Georgia

Nokia’s Lumia launch will not help its growth because Apple is such a dominant competitor. Still, the Lumia may be able to sway Android customers to switch phones.

- “It’s hard to compete with Apple. The operating system in Windows phones is not as reliable [as Apple’s].”
- “If my Apple breaks, then I would be open to buying a Windows phone because of ease of use.”
- “Windows 8 phones can definitely take Android’s market share because of the ease of use, and they are more reliable than an Android phone.”
- “Nokia was one of the original cell phone companies with a good track record. They had very reliable phones and good hardware.”

## ➤ Android owner, California

AT&T sales representatives did not mention Windows Phones when this source was shopping for a new handset. Instead, the source bought a Samsung Galaxy S III because it was easy to use and large enough to use for reading books.

- “Windows Phones can’t sell if the clerks don’t tell you about them. I went to AT&T last week because my old phone, an ‘unsmart’ LG, died. I asked them to show me different smartphones that were easy to use, and they never, ever mentioned a Windows phone. And I looked at all sorts of phones.”
- “If they told me about the Windows Phone, I might have looked at it because I know Windows; that’s what we use at home. They never mentioned Nokia; that is another name that I know. But if the phone can’t be upgraded, I doubt if I would have gotten one. And I certainly can’t wait for a few months to buy a new phone.”
- “I chose the big, new Samsung, and I really like it. It’s big enough for me to read books when I’m waiting around. And it is very easy to use. It’s big enough that I may not even lose it. I also needed a big keyboard.”
- “The store had a lot of Samsungs on display, and a lot of people were looking at them.”

## Secondary Sources

Our first secondary source discusses Samsung’s announcement of a Windows 8 phone, pre-empting Nokia’s announcement and sending a message Nokia is not getting special treatment from Microsoft. Our second source discussed the potential for Verizon to release a Windows 8 device in stores before the end of 2012, which could open the door for Nokia. Another article discussed the press’ mixed reviews on Windows 8. Our final source highlighted Nokia’s Aug. 21 patent filing for a handset that looks to be a Lumia Windows Phone 8.

# Nokia Corp.'s Lumia Windows Phone 8

## ➤ Aug. 30 ValueWalk [article](#)

Samsung is the first to announce a smartphone with Windows 8 software, preempting Nokia's upcoming September 5<sup>th</sup> announcement. Samsung's phone will include an 8-megapixel camera and a 4.8-inch display. Analysts reading between the lines believe Samsung's announcement timing is Microsoft's way of letting the market know Nokia is not getting special treatment.

- "Samsung Electronics Co., Ltd. became the first company to announce a Smartphone equipped with Microsoft Corporation's latest mobile software, leaving behind the highly anticipated launch of Nokia Corporation's version."
- "Samsung Electronics Co., Ltd. Windows powered phone, ATIV S, has a 4.8-inch display, Corning 'Gorilla' glass, and an 8-megapixel rear camera and 1.9-megapixel front-facing camera. Samsung's ATIV S is the first in a 'big lineup of new hardware' using Microsoft's software, said Microsoft Corporation's executive Ben Rudolph in a blog posting."
- "The announcement, made on Wednesday at a Berlin electronics show, certainly marks the trend of the increasing popularity of Windows devices among smartphone makers, after a U.S. jury decided many of Samsung's Google Android-based phones infringed Apple Inc.'s patents."
- "Some analysts say 'The fact Samsung was allowed to be the first to announce is Microsoft's backhanded way of letting other vendors know that Nokia is not getting special treatment.'"
- "Along with the smartphone, the Korean company also showcased its other tablets using Windows 8 software..."

Some analysts say 'The fact Samsung was allowed to be the first to announce is Microsoft's backhanded way of letting other vendors know that Nokia is not getting special treatment.'

*ValueWalk Article*

## ➤ Aug. 22 TechRadar [article](#)

Verizon could debut a Windows 8 device in its stores before the end of 2012, opening the door for Nokia's Lumia to be sold at the nation's largest cellular retailer.

- "Verizon is warming up to Windows Phones, with a report suggesting the carrier plans to jump on board with Windows 8 later this year."
- "A source close to Verizon told Bloomberg that the carrier is in talks with Nokia to sell a new Windows 8 smartphone. More recently, Verizon has said it plans to carry Nokia's Lumia handsets, though no specific models have been mentioned."
- "It's unlikely at this point for Verizon to start supporting any of Nokia's current Lumia smartphones that can't upgrade to Windows Phone 8, so it seems the carrier was referring to Nokia's next generation of Lumia devices."
- "Verizon is not expected to be a part of the [September launch] event, but the sources claim that we should see Nokia's Windows 8 debut with Verizon before the end of the year, if not at the launch of the OS in October."

## ➤ Aug. 15 PCWorld [article](#)

Windows 8 reviews by members of the press have been mixed. A PCWorld reviewer complimented Windows 8's UI, but a Computerworld reviewer said the OS would run better on tablets than PCs.

- "Microsoft has provided copies of Windows 8 RTM to some members of the press (including PCWorld), so a few reviews are starting to roll in."
- "Naturally, Microsoft's hybrid desktop-tablet approach has some detractors. Computerworld's Preston Gralla, for example, thinks Windows 8 is an 'excellent operating system' for tablets, but that it 'doesn't work nearly so well' for desktops."
- "Our own Lloyd Case, however, didn't seem as bothered by that approach. 'The user interface is easier to navigate than I'd feared, and the whole affair seems to hang together pretty well,' he wrote."

## ➤ Aug. 28 Know Your Cell [article](#)

Nokia filed a patent on Aug. 21, revealing a possible design for a Lumia Windows 8 device. It appears similar to the Lumia 610 but with adjustments to the earpiece position, camera shape and screen.

- "Nokia's newest design patent reveals a handset that looks to be one of the upcoming Lumia Windows Phone 8 devices, namely either the Lumia Arrow or the Atlas. The design was filed with the US Patent Office on August 21, and it looks a lot like the Nokia Lumia 610."

Nokia's newest design patent reveals a handset that looks to be one of the upcoming Lumia Windows Phone 8.

*Know Your Cell Article*

# Nokia Corp.'s Lumia Windows Phone 8

- “The main difference between this design and the 610 appears to be the position of the earpiece (at the top) and the back camera’s shape. The screen also looks like one that was intended for a Nokia WP8 handset, but it’s still uncertain whether or not this is actually the case.”

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Additional research by Carolyn Marshall, Seth Agulnick, Renee Euchner, Tina Strasser, Cindy Elsberry and Debbie Moss

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