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# Market Strategy from Microsoft Acquiring Nokia

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# Marketing project

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On September 3, 2013, Microsoft Corporation and Nokia Corporation announced that the Boards of Directors for both companies have decided to enter into a transaction whereby Microsoft will purchase substantially all of Nokia's Devices & Services business, license Nokia's patents, and license and use Nokia's mapping services.

From Microsoft, it is the begging to go into hard soft development. There are about 32 thousand worker will go into Microsoft. So what the reason why Microsoft want to acquire Nokia?

Firstly, we should focus on the process of their cooperating. Nokia is the pronoun of phone all over the world. Especially, I come from china, when I was in high school. All my friends thought Nokia phone is the best phone on the world. So many friends used Nokia. However, as the smart phone begin to come to us. More and more Android system and touch phone people are using. But the Nokia still consist develop Symbian OS system phone. So Nokia sales began to lower than before and began to corporate with Microsoft. They plan to develop window phone.

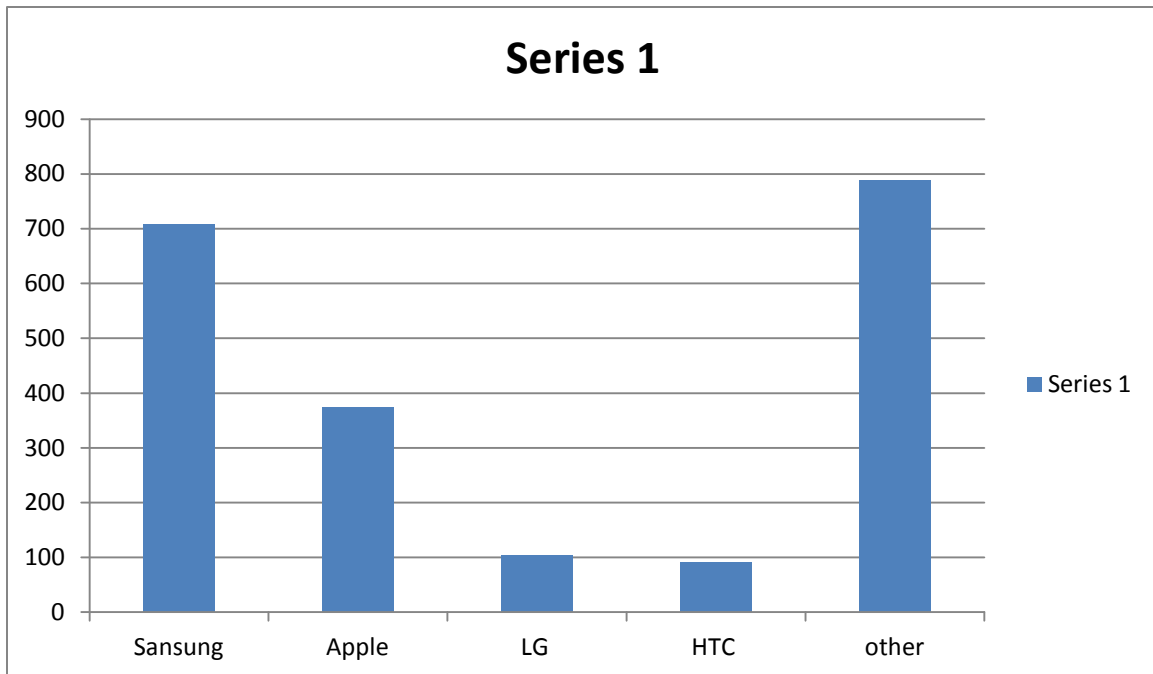
As we all know the sale of Nokia phone is lower than before, but the all sale of Nokia phone is 30 billion in 2012. Especially in developing countries, Nokia has a very strong rallying point. It has many international factories all over the world.

For Microsoft, it hope to use the Nokia phone business and brand to expand his business all over the world. However, I cannot say that acquiring Nokia is a very smart option for

Microsoft to expand his business. From history recording, now 90% smartphone has Android and IOS system, even the Android smartphone occupy 80%. Microsoft's window phone is the third one but only occupy 3%.

From December 2011, Nokia began to introduce Window phone Lumia. Lumia built up some strong brand appeal. The first quarter 2013, the sale of Lumia is 56 million all over the world. I have a friend also using Lumia. He said that it is good and convenient phone for his daily life. But at the same time, another friend also told me that he dislike to use window phone. He thought he prefer Android phone. Additional, according Samsung recording, after the first quarter sale, Samsung GALAXY S4 was sold about 10 millions. Through comparing window phone and other smart phone, we find that it is hard for Microsoft to expand business through Nokia if they only develop window phone.

Following is a form showing the different brand sales in first Quarter in 2013.



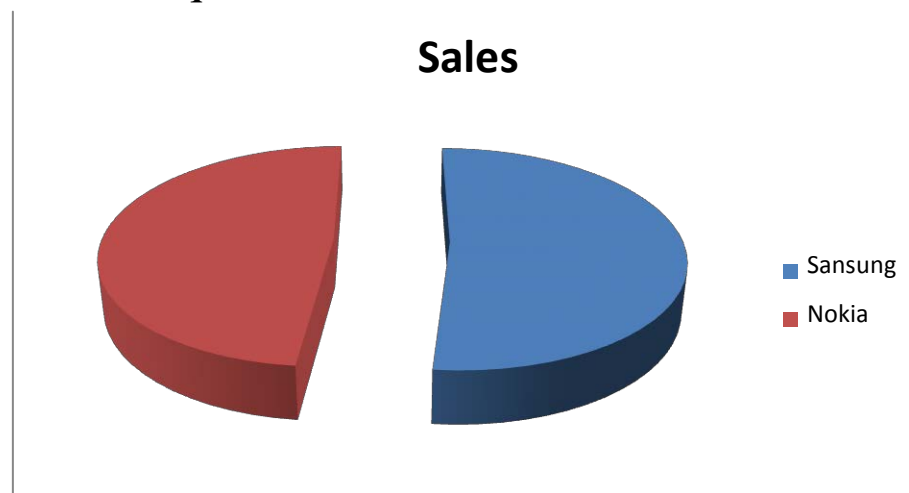
We can see that the first two brands Samsung and Apple have occupy the most part of phone business. So there is a long road for Nokia and Microsoft to go.

Secondly, there is another reason for Microsoft to acquiring Nokia that is people begin to use iPad instead of laptop. So the sale of laptop for Microsoft become less and less. According to IDC Company, August 2013, laptops have decreased 31.54 billion comparing with 2012 all over the world. iPad has decreased laptop and smartphone sales.

At the same time, the price of iPad almost is lower than laptop and smartphone. So more and more people choose to use iPad instead of using laptop and Smartphone. Especially in the WIFI area, people prefer to use iPad to do business instead of laptop. iPad has more advantage than laptop. So Microsoft is developing his iPad called surface pro. But as a consumer, I prefer to use iPad because it is cheaper and has a good performance.

From above points, we find that even though Microsoft has acquired Nokia, there is no more business space to introduce window phone. This is also hard problem need to be resolved.

I consider Microsoft has thought about all these problems that I have mentioned. So Microsoft hopes to expand new business at developing countries. The costs of smartphone become more and more. So the prices of smartphone also need to be raised at the same time. However, in new developing countries, there is demand for using smartphone. Microsoft can use these spaces to introduce the low-cost smartphone. We can see the window phone sale of first quarter 2013 in Indian.



We can see that the sales of smartphone in Indian, Samsung and Nokia have almost same amount of selling. So it is said that Microsoft can introduce lower-cost smart phone in some new developing countries. Additional these new developing countries have larger generation than developed countries. So the business will have more opportunities.

Lastly, we cannot forget that Microsoft also is a strong company which can develop many useful and popular types of

software. As a famous company Apple, a large part of profits come from the APP that people will download when they want to use some unique functions. So Microsoft also has the ability to explore some profitable and popular APP to get some money. This is also a useful model to introduce company and product.