

Brand equity analysis of Nokia mobile phone

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ABSTRACT

Nokia is a powerful brand. It is a truly global brand. Key theme of Nokia is to accelerate and innovate. Nokia is focused on innovative ways of working together with the telecom service operators to accelerate growth in the mobile market. But the recent years is tough time for the mobile-phone giant as its market share has slipped and younger buyers turn to rivals such as Samsung, Karbonn and Miromax. It has a dual challenge in front of it. The first one is growing and building brand on its core competency of innovation and technology leadership. The second one is managing its brand well, so that it remains the leading brand in the segment. Nokia must rethink its strategies if it is to meet these challenges.

KEY WORDS : Brand identity, Brand loyalty Brand equity

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Nokia Corporation is a mobile communications company primarily offering voice-centric mobile telephones, enhanced communicators, entertainment and gaming devices and media and imaging phones. Effective January 1, 2004, the Company reorganized its structure and now includes four business groups: Mobile Phones, Multimedia, Networks and Enterprise Solutions. Nokia manufactures and sells mobile phones for all major standards and customer segments in over 130 countries. Multimedia focuses on bringing mobile multimedia to consumers in the form of advanced mobile devices. Networks are a provider of network infrastructure, service delivery platforms and related services to mobile operators and service providers. Enterprise Solutions offers businesses a range of devices and mobile connectivity solutions based on end-to-end mobility

architecture (Nokia website, 2013).

Nokia has to keep a good handle on the pulse of the market and its B2B customers and end users. It must build its brand around its core competency of brand differentiation and technological leadership. Nokia also needs to bring new products to market, and, as the market is showing signs of saturation, shift its focus onto the replacement market. Nokia can ensure maximizing its brand awareness and brand image to the end-user. As long as Nokia is open to reworking its branding strategies, it stands a good chance of remaining the dominant player in the handset market and perhaps can regain and consolidate its lost glory in terms of high brand equity valuation.

Keller (2000) mentioned that high levels of brand awareness and positive brand image should increase the probability of brand choice, as well as produce greater consumer (and retailer) loyalty and decrease vulnerability to marketing action. Aaker (2000) regarded brand awareness as a remarkably durable and sustainable asset. It provides a sense of familiarity (especially in low-involvement products such as soaps), a sense of presence or commitment and substance and it was very important for recall at the time of purchasing process. Apart from the conventional mass media, there were other effective means to create awareness viz., event

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promotions, publicity, sampling and other attention-getting approaches. Yoo and Donthu (2001) referred brand loyalty to the tendency to be loyal to a focal brand, which is demonstrated by the intention to buy the brand as a primary choice. Myers (2003) described the importance of the attributes of a brand in managing the brand equity for the brand. He conceptualized the brand equity consisting three components *viz.*, (i) perceived value or the value of the brand which cannot be explained by price or promotion; (ii) brand dominance ratio or the objective value of the brand's ability to compete on price; and (iii) intangible value as the utility perceived for the brand minus objective utility measurements. He suggested that brand managers should work in a way in which the attributes attached to the brand by the marketers match with those perceived by the consumers in the market place.

Objective of the study :

Nokia is focused on innovative ways of working together with the telecom service operators to accelerate growth in the mobile market. But the recent years is tough time for the mobile-phone giant as its market share has slipped and younger buyers turn to rivals such as Samsung, Karbonn and Miromax. Hence, we need to understand the consumer awareness, loyalty and opinion of NOKIA mobile phone is highly essential to increase the brand equity index. Main objective of this paper is to find out the brand equity analysis of NOKIA mobile

phone in Coimbatore district.

METHODOLOGY

The methodology used in the study has been discussed. The analytical tools used in the study are also presented. The data were collected through a well-structured questionnaire. The objectives of the study were clearly explained to them to ensure their cooperation and accuracy in their response.

Sampling Design :

A purposive sampling method was followed for selecting the customers.

Sample Size : The sample size for the survey is 120.

Sample Area : The sample area is Coimbatore.

Tools of Analysis :

For calculation of brand equity, three-point scale was used. The mean score was calculated for each statement. Inferences were drawn about the satisfaction level of customers. The details of operationalizing and measuring the components of brand equity are presented in the Annexure 1. where,

$$\text{Brand awareness} = \frac{\text{Number of respondents aware} - \text{Number of respondents unaware}}{\text{Total number of respondents}}$$

Annexure 1 : Brand equity index

Components	Variables included	Measurement
I. Brand awareness	% of respondents who are aware of NOKIA	Brand awareness index (Expressed as a number taking 100 as ideal)
II. Brand loyalty (% of respondents who Strongly agree & Agree – on a 3 point scale)	I. Awareness index % of respondents willing to continue the brand (+) % of respondents willing to recommend it to others (+) % of respondents regard the brand as 'value for money'(+) % of respondents willing to pay premium price (+) % of respondents willing to stick to the brand – if price is increased (+) – in the absence of sales promotions (+) – in the case of non-availability.	Loyalty index = Total / 7 (Expressed as a number taking 100 as ideal) (Expressed as a number taking 100 as ideal)
III. Brand opinion (Perceived quality) (% of respondents who are Highly Satisfied, satisfied and rate the brand Excellent, Good - on a 3 point scale)	% of respondents who are Highly satisfied and Satisfied with the attributes of the brand (+) % of respondents who rate the brand as Excellent and Good on the attributes (No. of attributes = 8)	Opinion index = Total / 8 (Expressed as a number taking 100 as ideal)
	III. Overall brand opinion index	

- Loyalty = Number of respondents strongly agree + Number of respondents agree – Number of respondents disagree.
- Brand opinion = Number of respondents highly satisfied + Number of respondents satisfied – Number of respondents not satisfied.
- Brand equity index = Brand awareness index (I) + Loyalty index (II) + Overall brand opinion index (III).

Scale value :

<i>Brand loyalty :</i>			
Scale	Strongly agree	Agree	Disagree
Score	3	2	1

<i>Brand opinion :</i>			
Scale	Highly satisfied	Satisfied	Not satisfied
Score	3	2	1

ANALYSIS AND DISCUSSION

The results of the present study as well as relevant discussion have been presented under following heads :

Consumer profile :

It could be inferred from the analysis that most of the sample respondents (40.00 per cent) belonged to the age group of 31 – 40 years. The majority of the sample respondents (53.33 per cent) were female. Most of sample respondents were married (70 per cent), 100 per cent of the sample respondents were literates, The maximum number of respondents were private employees (22.22 per cent) and 40.00 per cent of the in the study area belonged to very high-income group.

Brand equity analysis :*Brand recall :*

Brand recall of the respondents is presented in Table 1.

Nokia had the highest unaided brand recall. Nokia was recalled 55 times compared to Samsung (24) and iPhone (13) times. Nokia had more “positive” brand associations compared to a Samsung. The respondents mentioned positive words

Table 1 : Brand recall**(n=120)**

Sr. No.	Mobile phones	Recall
1.	Nokia	55
2.	Samsung	24
3.	Sony Ericsson	03
4.	Motorola	07
5.	Micromax	09
6.	iPhone	13
7.	Karbons	01
8.	Blackberry	08

like “Durable, reliable and beautiful” during recall of Nokia mobile phone.

Purchase decision :

Purchase decision of the respondents is presented in Table 2.

Price and quality were the most critical factors in mobile phone purchasing decisions. Price and quality got the mean score of 4.65 and 4.56, respectively compared to applications (4.15), appearance/design (4.25), protection (3.65) and radiance (3.40).

Change of mobile phone :

Change of mobile phone of the respondents is presented in Table 3.

Switching on to a new mobile phone generally takes long time (more than a year). More than 60.00 per cent of respondents would not like to switch over to a new mobile set before a year. Only 34.32 per cent responded positive in switching over to a new mobile set in between a time frame of 6-12 months (Table 3).

Table 3 : How often would you change your mobile phone**(n=120)**

Sr. No.	Particulars	No. of response	Percentage
1.	< 6 months	07	5.83
2.	6 – 9 months	17	14.16
3.	10 – 12 months	23	19.16
4.	1 year – 1.5 year	42	35.00
5.	> 1.5 year	31	25.83
	Total	120	100.00

Table 2 : Purchase decision**(n=120)**

Category	Very important		Important		Neutral		Unimportant		Very unimportant		Mean score
	Count	Per cent	Count	Per cent	Count	Per cent	Count	Per cent	Count	Per cent	
Applications	40	33.33	58	48.33	22	18.34	0	0	0	0	4.15
Price	78	65.00	42	35.00	0	0	0	0	0	0	4.65
Appearance/design	55	45.83	47	39.16	17	14.16	0	0	0	0	4.25
Quality	68	56.66	52	43.33	0	0	0	0	0	0	4.56
Protection	34	28.33	25	20.83	46	38.33	15	12.50	0	0	3.65
Radiation	17	14.16	32	26.66	53	44.16	18	15.00	0	0	3.40

Willing to pay for mobile phone :

Willing to pay for favourite mobile phone of the respondents is presented in Table 4.

Sr. No.	Price level (Rs.)	No. of response	Percentage
1.	<2000	17	14.16
2.	2000-4000	35	29.16
3.	4000-6000	29	24.16
4.	6000-8000	17	14.16
5.	8000-10000	13	10.83
6.	>10000	09	7.50

Respondents had a mixed response on preferred pricing level while making their next mobile purchasing decision. 29.16 per cent customers preferred a price level of 2000-4000, 24.16 per cent preferred 4000-6000 and 14.16 per cent preferred 6000- 8000.

Latest mobile phone brand :

Latest mobile phone brand of the respondents is

presented in Table 5.

Out of 120 respondents who chose Nokia as their recent mobile phone purchase, only 23 respondents who purchase Samsung followed by 11 respondents purchase Karbonn mobile phone (Table 5).

Sr. No.	Brand	No. of response	Percentage
1.	Nokia	71	59.16
2.	Samsung	23	19.16
3.	Sony Ericsson	-	-
4.	Motorola	-	-
5.	Micromax	07	5.83
6.	Karbonn	11	9.16
7.	iPhone	03	2.50
8.	Blackberry	05	4.16

Consumer-based brand equity :

Brand equity is very important to marketers of consumer goods and services. Brand equity facilitates in the effectiveness

Awareness index								
Aware							120	
Unaware							-	
Total							120	
Awareness index [(120/120)*100]							100	
Loyalty index								
Attitude towards the brand	Strongly agree		Agree		Dis agree		Mean	Loyalty index (SA+A)
Nokia								
To continue	59	49.16	61	50.83	-	-	2.49	100
To recommend	109	90.83	11	9.16	-	-	2.90	100
Regard value for money	32	26.66	55	45.83	33	27.50	1.99	73
Do not switch if	28	23.33	44	36.66	48	40.00	1.84	60
Not available								
No. promotion	23	19.16	38	31.66	59	49.16	1.70	51
Price increased	11	9.16	48	40.00	61	50.83	1.50	49
Willing to pay premium price	37	30.83	52	43.33	31	25.83	2.05	74
Total percentage							507	
Loyalty index [(507/7)]							72	
Quality index								
Quality attributes	Highly satisfied/excellent		Satisfied/good		Not satisfied		Mean score	Quality index (HS+S)
Applications	32	26.67	59	49.17	29	24.17	2.02	76
Appearance/design	44	36.66	66	55.00	10	8.33	2.28	92
Radiation	46	38.33	51	42.50	23	19.16	2.19	80
Protection	53	44.17	47	42.50	20	16.67	2.27	87
Store look	17	14.16	71	59.16	32	26.67	1.89	73
Service	96	80.00	24	20.00	-	-	2.80	100
Display	39	32.50	81	67.50	-	-	2.67	100
Applications	32	26.67	59	49.17	29	24.17	2.02	76
Total percentage							608	
Brand opinion index [(608/8)]							87	
Brand equity index [(100+72+87)]							259	
(Out of 300)								

of brand extensions and brand introductions. This is because consumers who trust and display loyalty toward a brand are willing to try to adopt brand extensions. While there have been methods to measure the financial value of brand equity, measurement of consumer-based brand equity has been lacking. The consumer-based brand equity scale was developed based on the three underlying dimensions of brand equity: brand awareness index, brand loyalty index and brand equity index.

Table 6 describes the various components of the customer based brand equity of Nokia and their contribution to its aggregate brand equity. The awareness, loyalty and the quality components were found contributing 100 per cent, 72 per cent and 87 per cent, respectively. This implies that still there was an immediate need to improve the percentage contribution of components like loyalty and quality parameters of the brand equity. The awareness component contributes about 100 per cent to the brand equity and it implies the fact that there was huge publicity of the Nokia brand in the market. The contribution of the loyalty index (72 per cent) to the brand equity necessitated the need for special loyalty programmes to increase its share of contribution to the brand equity. Similarly, the contribution of the quality index could well be increased to its fullest extent by way of improving the quality of the brand which makes its customers satisfied or highly satisfied with certain quality parameters and hail the brand excellent or good with regard to other quality parameters.

Brand awareness :

- Nokia has the highest top of the mind recall compared to its competitors.

Brand image :

- Nokia has significant positive brand image compared to its competitors.
- Customers acknowledge Nokia for its service.
- The perception of the customers towards the brand is also positive.

Brand loyalty :

- Customers who already have a Nokia mobile phone are ready to re-purchase a Nokia mobile phone by paying a price premium. This means that Nokia users are loyal towards their brand.
- The loyalty factor of customers having other brands is less as compared to Nokia.
- Loyalty factor helps in attracting new customers by creating awareness and reassurance in the brand. Nokia can also use this factor to respond to threats posed by competitors.

Brand assets :

- Nokia has over 100 small and large patents in the area of technology and research. This factor helps the company with a competitive advantage by restricting competitors to capture its customer base and loyalty. It is more of a strategic branding strategy to face the competition (Nokia website, 2013).

Brand elements :

- Logo of the brand is 'Nokia' which is short and easy to remember as a brand name. It has a punch line "Connecting People" which fits very well with the business that Nokia is into and the strategic direction that it wants to see for itself in the future.

Recommendations :

- Continue with product differentiation. Nokia should avoid commoditization that arises in mature markets such as India. Nokia therefore should offer next generation of handsets (3G).
- Nokia should continue selling to the end user through distribution channel. Nokia should continue with direct-to-consumer advertising, including sponsorships and product placements. (The way Intel has done for "branding the ingredient" and branding to the end-user).
- Leverage Nokia brand in future diversification in other related business such as networking and Internet services. Customers are expected to have positive associations.
- Future lies in the replacement market (Indian markets are fast approaching saturation, the only viable source of growth for the mobile handset industry is the replacement market).

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