



A protester shouts slogans during a demonstration about the economic situation in Greece on April 23 in Athens. ANGELOS TZORTZINIS/AFP/GETTY IMAGES

Nokia losing ground in mobile phone race

By ILYA RZHEVSKIY
Epoch Times Staff

Once noted for being the world's top producer both for high and low end mobile phones, Nokia Corp. has been losing ground to competitors, especially in the smartphone space to Apple Inc.

"Nokia was once the BMW of mobile. These days, Ford is what comes to mind. Reliable, not expensive," said Carolina Milanese from Gartner Research in a statement.

In its latest earnings release on April 22, Nokia revealed that its operating profit has dropped to 11 percent compared to 20 percent from last year. Much of that was due to its having to lower prices for its smartphones by 18 percent, with its cheapest smartphone at \$206. As a result, Nokia has been less profitable. Its shares dropped by 14 percent on the day it announced its earnings.

According to a BusinessWeek report, Nokia is still the world's largest mobile phone maker, manufacturing 108 million phones in the first quarter of 2010, which is 16 percent more than the same period last year. Despite that, Nokia's market capitalization has fallen from \$208 billion in 1999 to \$45 billion today.

The loss in market value could be mainly attributed to the fact that Nokia was not able to produce a high-end, easy-to-use smartphone to challenge Apple's iPhone. The company remains focused on cheaper, mainstream phones—which has lower profit margins and market cachet than high-end smartphones.

"Nokia lays too much emphasis on developing software for the cheaper handsets. The renewal of a user interface should have been started with the higher-value smartphones," said Richard Windsor, a technology expert at Nomura in a research report.

Another major reason for Nokia's declining profits is its shrinking market share in the United States. When Nokia's CEO Olli-Pekka Kallaluvuo took office in 2006, Nokia's market share in the United States was 20 percent. In just three years, it fell to a paltry 7 percent, therefore causing disgruntled shareholders who, according to the latest rumors, are planning to oust Kallaluvuo.

"It wouldn't surprise me if he goes," said In-Stat analyst Jim McGregor, adding that it was awful to watch Nokia's "slow, painful decline."

"Whenever a company goes through such a severe downturn, someone ends up paying the price," he added.

According to Strategy Analytics analyst Neil Mawston, the U.S. market is the most important in the



Olli-Pekka Kallaluvuo, Nokia CEO, smiles at a press conference December 4, 2008 at the Nokia Capital Markets Day in New York. STAN HONDA/GETTY IMAGES

world for the high-end smartphone segment. Mawston states that if the world's largest mobile phone maker is weak in the world's most important market, then that can only be called a strategic error.

To address its shareholders and critics, Nokia is preparing the launch of its new N8 smartphone, which is being delayed until the end of November.

N8 will feature Nokia's own operating system Symbian ^3, a multi-touch display, HDMI output, digital media capabilities (including Web-based TV), a 12-megapixel camera with Carl Zeiss optics, and will sell for \$500.

Whether N8 will be able to present a competitive threat to Apple's iPhone is questionable, as it still remains to be seen what the new operating system is capable of.

Nokia claims that the new Symbian will have full HTML Web browsing, integration with social media services such as Twitter and Facebook, and support for a variety of audio, video, and image formats. It aims to be a gaming platform, offering a responsive touch-based user interface with an accelerometer, proximity sensor, ambient light sensor, and compass.

While all these features sound impressive, the timing of N8's release could be too late to give Nokia an edge or to pose any significant threat to Apple, which is quickly gaining impressive market share day-by-day and is praised by many technology experts.

"It is unforgivable that Nokia has lost three years in developing a competitor to the iPhone. Nokia is unable to even imagine how large of an internal change it would take to be able to develop a device such as the iPhone," says Ben Wood, an analyst from research firm CSS Insight.

Where to, Greece?

A weak Greek economy has no chance for fiscal budget cuts

By MANNY DRUKIER

The European Monetary Union was conceived with the noble principle of high, uniform, living standards. A nonstarter—if they had asked an economist or

banker. For politicians, it was one, two, and three, a done deal. The eurozone community would, as a family, eat from the same plentiful pot.

Now, with the pot broken, the same politicians are now

frantically trying to glue the shards together. The European family was meant to share the GDP and go into an overdraft of only 3 percent. That's easier said than done. Greece (and likely others) has managed to

accumulate a 10 percent to 15 percent "overdraft."

When the time came to roll over bonds, the lenders, who earlier were happy with a low rate, raised it to double digits.

In Greece, there are no big corporations that export, nor are there big industries or farms. Their merchant fleet sails under flags of convenience

A catastrophe! If the European Central Bank and the International Monetary Fund were to guarantee the 40 billion euro bonds outstanding, and let Greece off with a rate of 5 percent, it would only postpone the inevitable. While the Germans complained that the Greeks retire on pensions at age 62 while in the north it's at age 65, it is not as big a deal as the fact that the Greek economy is not functioning to an extent where it generates detectable profits that can be taxed.

In Greece, there are no big corporations that export, nor are there big industries or farms. Their merchant fleet sails under flags of convenience. That leaves the olive merchant, the restaurateur, and hotelkeeper, and so on, to come up with the bulk of tax revenues. This is hardly dependable. No amount of so-called belt tightening, reducing civil servants wages, or squeezing pensioners is going to produce the sort of savings that the Germans, Dutch, and the French are hoping for. And Greece's capacity to issue bonds? Zero.

Can it survive? The underground economy will carry on—it's the family that actually relies on regular income in the form of a salary that will carry the brunt. We can expect a wave of immigration from the young, the educated, and the mobile. The others will just slug on. A cheaper currency—not the euro—might be the answer. It will bring back tourists in droves. That is what we call receipts, or real dollar income. Everything else is just self-gratifying accounting.

Manny Drukier writes for the Business section of The Epoch Times

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Google tops annual list of corporate brand values

By CAROLINE DOBSON
Epoch Times Staff

Making worldwide headlines about pulling out of China has not compromised the value of the world's leading brand—Google Inc.

Google was named the world's most powerful brand out of a list of 100. The award marks the fourth consecutive year for the Mountain View, Calif.-based Internet giant at the top, with a 14 percent year-on-year increase in its brand value, to \$11.4 billion.

The 100 brands to make the 2010 BrandZ Top 100 list combined are worth over \$2 trillion, and their values have grown 40 percent over the last five years, outperforming the stock market and other economic indicators.

Although it is debatable whether a brand's value impact outweighs the importance of revenue and profit margins, it does provide some insight into the competitive edge and overall sentiment about the companies, ranging from business risks to recruitment, and retaining employees.

"In the past, many companies were quick to cut their marketing spend during a down economy," said Joanna Seddon, chief executive officer of Millward Brown Optimor. "A new trend has emerged in the wake of the recession as more companies realized the importance of maintaining and even increasing budgets to support brand loyalty and engagement."

High profile social networking site Facebook did not make the cut in

the overall top 100 on the Millward Brown list, despite being the fourth-most visited site in the United States, topping Google's position in January to become the top U.S. site by total number of Web pages viewed. The brand value of Facebook was \$5.5 billion, according to Peter Walshe, a director at Millward Brown. Dominance of Facebook's brand has been established, but the weight of its financial influence was yet to be confirmed. So the social-networking powerhouse was ranked at the bottom of the top 20 on the Technology sector list, with Google listed as the leading brand in this subcategory.

According to Millward Brown, a company which specializes in advertising, marketing communications, media, and brand equity research, "technology brands demonstrated their pervasiveness in our daily lives. ... Use of social media was a key trend across many of the successful brands."

Apple Inc., the No. 3 brand on the list, gained a 32 percent year-on-year rise in brand value to \$83 billion. This result is likely to be attributed to the proliferation of its iPhone, along with the tablet computer iPad also resulting in its share price soaring to 90 percent in the first quarter.

Toyota's dented brand inevitably took a blow to its rank due to its global recall debacle, with its brand value dropping 27 percent. However, Samsung made the largest leap by increasing its brand value by 80 percent predominantly due to its mobile phone and popularity in the HD and 3D television technology.