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A Stratified Technical Research into the Go-to-Market Strategy and Data Specific Planning of Lumia Smartphone Division

Patrick Sim Puay-I*

Department of Economics, East Asia Institute of Management University, 9 Ah Hood Road, Singapore

Abstract

This report highlights the research done based on the investigation of the smartphone industry to identify the main segments in the market, analysing the situation of Microsoft-Nokia partnership and its flagship Microsoft Lumia and its performances running on Windows 10 mobile, and to design a marketing mix program that helps the division to gain a competitive advantage in the market place. In 2013, Microsoft announced its purchase of Nokia's mobile device business, Microsoft continued to use the Nokia brand on Lumia devices until 2014 according to Warren when it began to officially phase out the Nokia name in its promotion and production of smartphones in favor of Microsoft branding.

The market segmentation of Lumia into several groups suitable for competition is based largely on defining the segmentation variables. Preliminary findings show that the younger user consumer segment rather than business market is viable. Lumia 535 is appropriate as a product that will attract with its unique proposition. Careful deliberation has been made to ensure that a targeting strategy fits the organizational objectives. This is conceptualized using a product specialization pattern and concentrated niche market target strategy simple due to the lack of brand presence, declining sales volume and a possible untapped market.

A well-positioned strategy to place Lumia into customer’s mind is critical which they can associated Lumia’s attributes based on customers first policy as a winning proposition. Situational analyses and evaluation of Lumia’s share, sales and profit performances are made, with up-to-date reliable statistics as evidence. Any further rationale or implications as to any strategic directions are provided, leading Lumia forward to achieve its marketing goals.

Any marketing programs and strategies to achieve the goals are further executed by adopting the marketing mix decisions based on creating a productive experience in the product with value and marketing through a social media presence and reductive distributors. A marketing budget requiring 20 k/mth or more is necessary.

Keywords: Customer data analytics • Bounce rates • E-mail conversion • Social media engagement • Mobile applications • Marketing segmentation • Market targeting • Market positioning • Ancova • *Chi-square* • *Chi-square* distribution • Null hypothesis • Data specific • Integrated enterprises • Multiple platform • RACE model

Introduction

Microsoft Lumia is a series of smartphone devices owned by Microsoft which belonged to Nokia. It is a relatively new product division and was introduced in 2011 as a result of the buyout and long-term partnership between Microsoft’s Windows Phone operating system and Nokia featurephones. By 2014, Microsoft now maintains and markets the Lumia smartphones under the Microsoft Lumia brand and phased out Nokia [1]. They include the Lumia series of XL, Dual Sim and Lite Series.

The growth trend is due to new emerging trends and markets rather than technology effects. Although Nokia from 1998 to 2012 was the largest vendor for smartphones, this had declined to sales of 2.3 million Lumia devices in 2015 mainly from the lack of innovation and a new strategic shift, resulting in a massive 73% deterioration from 8.6 million since a year ago [2]. The worldwide smartphone market shipment in 2015 is 1.4 billion [3]. This was due to the failure of Windows Phone OS to capitalise on its growth. Such data indicates

***Address for Correspondence:** *Patrick Sim Puay-I, Department of Economics, East Asia Institute of Management University, 9 Ah Hood Road, Singapore, Tel: +234 7032261917; E-mail: rjbxjd74@gmail.com*

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Lumia's sales ratio to global smartphone shipment at 0.06%. Essentially, statistics indicate that its leading competitors are Apple, Samsung, Huawei, Xiaomi, and Lenovo owning 55% market share and Lumia and the rest at 45% (Figure 1).

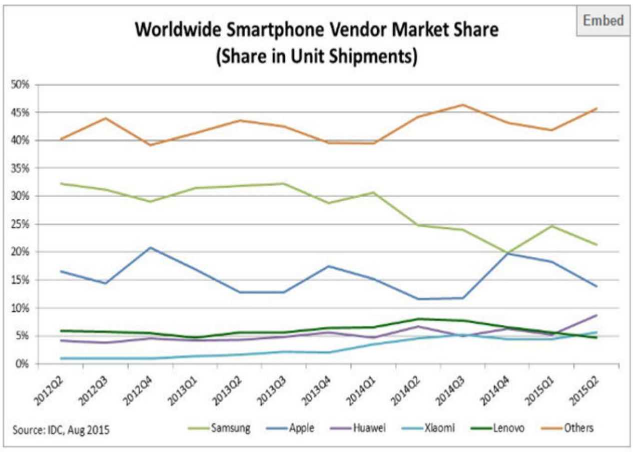

Figure 1. Worldwide smartphone vendor market share (share in unit shipment).

The plus point is that Lumia and all other brand followers show a steady upward trend as there is an environmental shift for more smartphone usage at affordable prices as more people are using applications due to increasing urbanization [4].

Materials and Methods

Customer data analysis *via* adopting the RACE model

Critical needs: According to Kotler and Armstrong, segments are created to facilitate public customers with similar needs and tap any market gaps through geographic, demographic, behavioural and psychographic factors.

Customer segmentation methods include identifying the practices of the organisation, knowing the business corporate culture and goals, its industrial involvement, its potential in terms of revenue and size etcetera [5]. This is also more difficult to investigate than gathering public consumer information. Business segments have more complex variables to identify, are usually people-incline, can be nefarious with hierarchical obstacles to clear and often lead to substantial investments.

A caveat for segmentation is that the segments have to be realistic and accessible even if they are mass marketed without segments [6]. Segmentation cannot be too specific for Lumia as it risks serving only a mini-microsegment.

Data specific marketing and collection *via* RACE model: It is significant to flow with the times of adopting electronic and data specific methods to collect customers' information. The vast majority of businesses use data to make more informed decisions across a wide array of functions. Marketing analytics is part of that trend. It's the use of data to track different marketing initiatives to more clearly understand what's effective and what's not. Gathering data about marketing is an excellent way to understand the Return on Investment (ROI) of different campaigns, initiatives, and efforts, such as publishing a new blog post or monitoring the success of a revised email campaign. The data you gather from either scenario can help you determine whether it was successful enough to repeat—or should be adjusted in some way. Marketing analytics often starts with collecting data such as page views and bounce rate, conversion rate, email open rates, Click through Rate (CTR) and social media engagement. Lumia should adopt this RACE model as illustrated by Chaffey below in Figure 2.

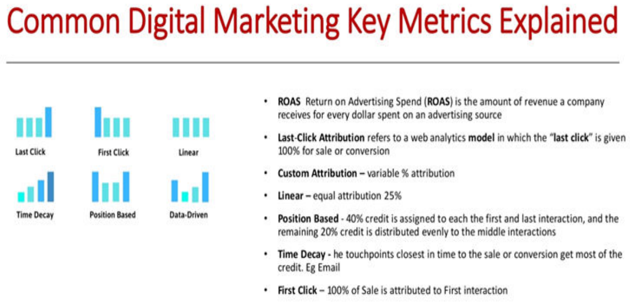

Figure 2. RACE model conceptualized by Dave Chaffey.

Reach: This is aimed at capturing awareness and visibility of Lumia's products and services on other websites and to build traffic by driving user visits to different web presences like your landing page, microsites, backlinks, or Lumia's social media pages. It involves maximizing reach over time to create multiple connections using face book paid, owned, and earned media touchpoints. Smart use of inbound marketing techniques such Google Analytics searches, all social media platforms, content and email marketing channels are vital to get that reach point.

Act: This is a stage from conversion to generate online leads that can then be groomed on the 'path-to-purchase'. The next action on their customer journey may mean finding out more Lumia rather than Microsoft and its products, searching to find a product or reading a blog post. These are top level collecting data opportunities that would become data specific analytics. Goals can include viewing an item, registering online to access some information, subscribing for an e-newsletter, or watching a video to get some rewards. Mobile apps and microsites should encourage participation like sharing content or leaving reviews This can be sharing of content or leaving customer reviews.

Convert: This stage is simply aimed at conversion to sale of the Lumia 640XL, either *via* online or offline channels as well as Omni channel marketing platforms. It involves getting your audience into paying customers through online e-commerce transactions or retail channels.

Engage: At this stage, it is vital to detect the presence of customers and their clicks (Figure 3) that enable the final purchase. This action based behaviour is crucial for understanding the psychology behind the purchasing and engaging of customers to boost lifetime value. Data analytics can also be measured by actions such as repeat sale, cross buying, referrals, mentions and shootouts.

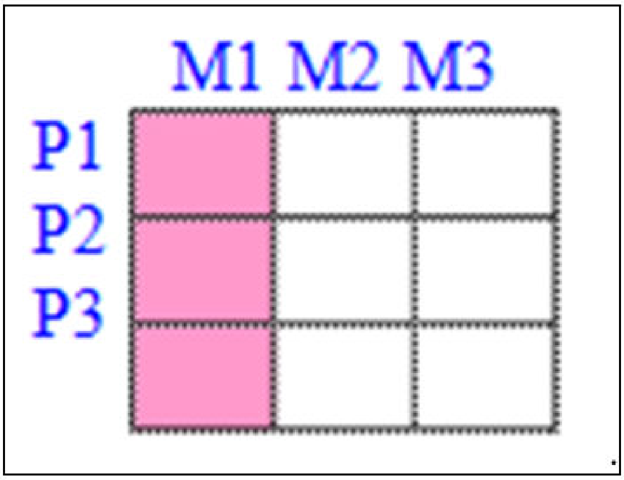

Figure 3. Key metrics adapted from HP life digital science course materials.

Proposed segments:

Younger users: One major segment targets younger users who are still studying in secondary schools to universities. Their parents and peers being the influencer, with the Lumia 500-600 series smartphone with attractive design at affordable prices. Many come from suburban areas. Such targeting efforts taken various campaign approaches across the globe through sports, gaming and education to reach the young audience with esteem needs. Many buy Lumia during these efforts and not just during festive seasons. Consumers purchase the Lumia at any time of the day for behavioural reasons such as gifts or rewards. Families may earn dual or triple incomes, have good education and desire western products will buy through exclusive and intensive retail channels.

Multiple platform loyalists: This segment targets at Windows 10 loyalists who want their Lumia smartphones to run the same applications that can run on the personal computer and Xbox. Such appeals bring desktop multitasking to the phone possible. These consumers already have purchased Microsoft's products and are perceived to be brand loyalists. They have no particular job profile, but their psychographical appeals are based on middle and higher social standings, have strong social media influence with peers with good technical values. Their purchase source would probably be official outlets or online due to price comparison factors. They live in urban areas are well-off, more connected and open to technological diversity and convergence.

Integrated enterprise users: The segment includes a group of IT-related customers who require an integrative solution for their management and productivity experiences, such as the popular Lumia 650 with Mobile Office applications embedded in the Windows 10 platform *via* One drive. These group-buy executives work in offices, often requiring a symbolic status enhancement, require certain complex and efficient administrative applications that synchronize with each other to run their business functions securely. The notion of conformity with their peers and organisational requirements is crucial. It would seem that this segment focuses on size of bulk buy, usage type, frequency of use and benefits sought. This indicates delivering very mass-customised or personalised solutions to a group of savvy customers.

Varying conditions:

The role of the purchase decisions is inherently different for business and consumer markets according to the decision making unit. In the consumer segments, parents and adults will usually fork out the money for the younger users to purchase. In the business context of segments c and d, the differences are stark as the role with the most power in management does not always make the decision.

Channels of buying:

The buying process determines the simpler model of role influencers. These steps deliver the organisational and customer purchase journeys to satisfaction as they demonstrate the experience of the buyers of Lumia. The channels of buying are analysed in-silos and not continguous. Any effects to the purchaser's buying role are determined by the embedded channels.

Business buying is more complex creating a longer journey. This is due to the complexity of the products and their applications. The channel focus of business selling tends to be personal, organisational-concentric laden with background searches, tender evaluation, technical demonstrations and relationship cultivation. This purchase journey is unpredictable and may desist at any stage. However, consumer markets do not always follow this chain of command, as many customers have ready product information and user experiences, thus shortening the buying cycle.

Justification for target selection:

The justification for selecting segment A younger user still studying is due to:

- Future access to a new generation of smartphone users.
- More youth homogeneity through interconnectivity and conformity of globalisation.
- A huge youth segment that is price conscious or quantitatively driven.
- An easier to serve segment with possibly lesser complex needs.
- Viral word-of-mouth between peers boasting sales.
- Students make heavy use of the phone.

Target market selection

Various targeting strategies must be set for this segment based on its market conditions and requirements. Lumia would benefit using the market specialization

Market specialization of a younger niche: Lumia concentrates on serving the needs of the young user segment still studying from secondary to university level, not exactly at working adults or the elderly, or in other territories that are not so accessible. The omnichannel presents a great opportunal market but is still in infant. Microsoft's desktop apps have to comply with their Microsoft mobile cousin's compatibility in offering games.

Lumia faced mounting competitive pressures from the iOS and Android ecosystems that the predecessor Nokia was unable to effectively counter. This manifested in the lack of app support for Windows Phone. Thus the firm gains a strong reputation in serving this young user group and becomes a bridge channel for future products. The shortcoming is that resources will be cut based on a number of offerings.

This pattern is more mass-customized (mass specialized) not mass-marketed globally. The range of products is purportedly suited for one single market and not for a few markets as Lumia 400-600 slowly intends to capture a wider scope and audience in that segment as shown in Figure 4. The main shortcoming for this selection is that when more segments are added, resources could be limited, unless specialized product lines are cut.

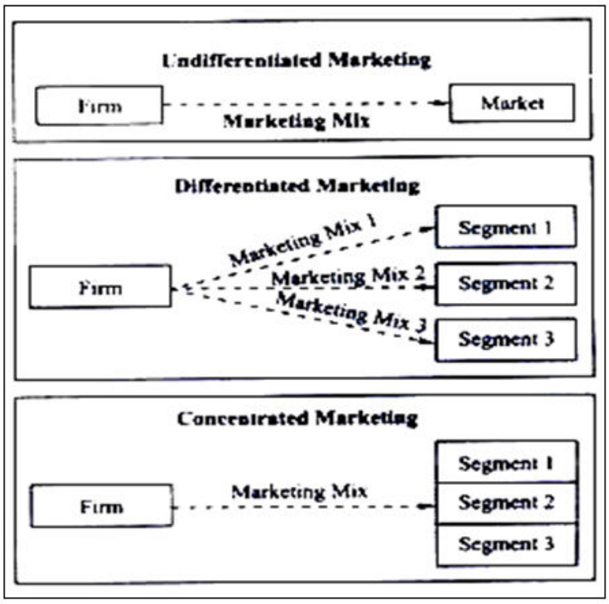

Figure 4. Market specialization.

Targeting strategies: The younger users segment is the target group whereby Lumia has decided to focus its marketing efforts and targeting strategies must align to the market's needs. It is critical to consider the local conditions of measurability, substantiality, accessibility, profitability and actionability. Any calculations to these criteria would show that huge potential of attractiveness such as infrastructure and conduciveness of the political environment with lesser competitors as being critical factors. Their demographics must be ascertained based on age, education, marital status, income, occupation etcetera.

Undifferentiated marketing: Undifferentiated marketing is a method which is used to target as many people as possible to advertise one product to a whole market. This is the simplest form of targeting strategy using one promotional effort to reach the most people where there is lack of distinctiveness of characteristics of the product. As Lumia is not meant for the complete homogenous market with the same preference, this strategy cannot be adopted.

Differentiated marketing: When there are a certain groups of customers with different appeals or needs, differentiated marketing efforts catering to different segments can be adopted which would mean providing different offerings with various messages and a high cost budget to serve these segments. This strategy is suitable if there are many product lines and program offerings to cater to the many sub-segments, but would not be appropriate if Lumia is targeting only one segment or a particular smartphone.

Concentrated marketing: Also known as niche marketing, concentrated marketing strategy is focused on selling Lumia in only the young users segment with one marketing effort. This is necessarily so where Lumia is an anonymous brand, or a follower in the smartphone sector, or has not reached full potential but is still attractive to some loyalists. It could also be focusing in a niche where its competitors are lacking in certain elements.

Justification: The concentrated target strategy is justified because it:

- Achieves a competitive advantage due to focused serving and better understanding.
- Does not allow resources to spread too thinly.
- Gains a foothold in an untapped market lacking in some technologies, such as GPS or accelerometer, proximity sensor.
- Enables Lumia to build a strong global foothold and goodwill in the student (Figure 5) community.

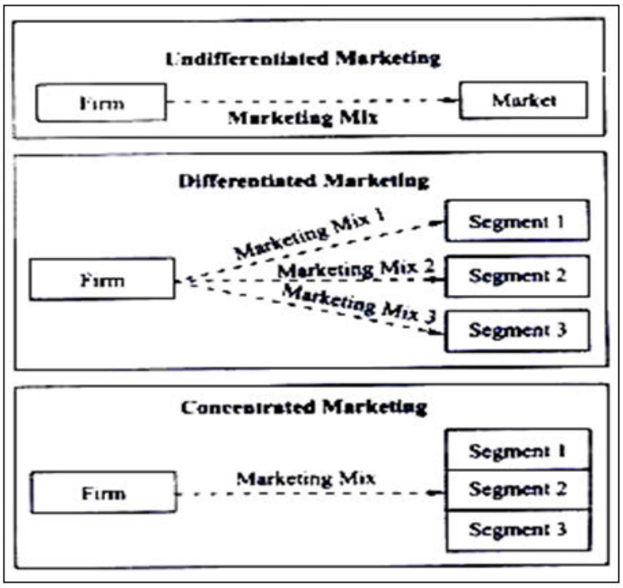

Figure 5. Target marketing strategies.

Positioning: Customers must know what the Lumia brand stands for. It cannot stand for a product or anything that it cannot offer and unclear. A distinct statement is: "The most productive devices on the planet. One experience. everywhere". Mapping Lumia to occupy consumers' minds relative to others involves adopting:

Mid-range price: Cheap sticks to the customer's minds as being of lesser quality since cheap electronics often break down fast. A better positioning solution is to price at mid-range to avoid dilution.

Quality and reliability: Insert quality and reliability to justify the slight increase in price. This will reduce long-term cost through lesser customer complaints and time-wasting repairs.

Customer care: Keeping and retaining customers through friendship and brand loyalty is a must. Campaigns targeted at customers must show this customer care. Many brands lose their customers because of poor ground touch point, lack of customer contact, ripped-off feeling.

Justification: These variables underpinning the positioning strategy are customer-centric and clear-cut unique selling propositions in a marketplace filled with copycats that do well with no positioning. The variables provide justification for Lumia sustainability and aligning with similar experiences that copycats cannot boast. A form of testing can be done to justify the choice of youth user segments.

The *Chi-square* independence test: An evaluation of the strategies used for segmenting, targeting and positioning can be implemented. It would be feasible to test any two categorical variables related in some population. This could predict if there is sufficient income for potential buyers which have to be ascertain through their qualifications and marital status. For instance, Lumia's research engineer wants to know if education level and marital status are related for all people in the target market. He collects data on a simple random sample of n=300 people shown in Table 1.

	Name	Marital status	Education
1	Cameron	Never married	PhD or higher
2	Benjamin	Married	Middle school or lower
3	Camden	Divorced	Bachelor's
4	Brody	Widowed	PhD or higher
5	Connor	Married	PhD or higher

Table 1. Random sample of 300 people tabled from SPSS software using Ancova *Chi*-test analysis.

This contingency table doesn't show anything just the outcome based on 300 people. A good first step for these data is inspecting the the marital status by education. Such a Table 2 displays the frequency distribution of marital status for each education category separately.

	Middle school or lower	High school	Bachelor's	Master's	PhD or higher
Never married	18	36	21	9	6
Married	12	36	45	36	21
Divorced	6	9	9	3	3
Widowed	3	9	9	6	3
Total	39	90	84	54	33

Table 2. Results of sample.

***Chi-square* test - contingency table**

The numbers in this table are known as the observed frequencies.

This doesn't tell us if your educational status is related to marital status or the propensity to purchase Lumia's products. But we do see that with higher qualifications people tend to get married with increased propensity to purchase more products. Conversely with lower qualifications people tend to marry less due to income factor.

Based on Figure 6, at the top level, the dark blue area represents the shortest range for doctoral and master holders whereas at the bottom of the middle school class, we have the least married within the sample. This marital status is clearly associated with education level. The lower someone's education, the smaller the chance he's married. That is: education is quite related and not independent of marital status but only for this sample. However, the problem lies in where the samples were taken as well.

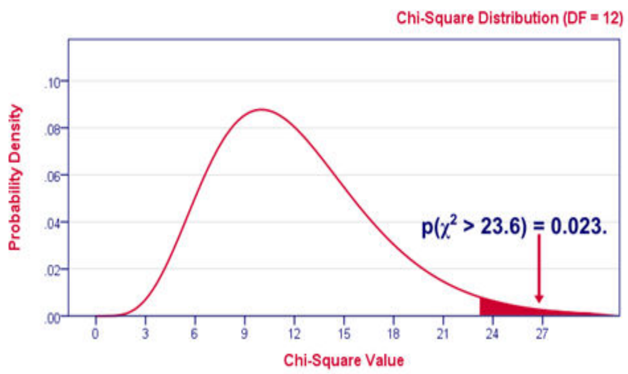

Figure 6. Stack bar chart from *Chi*-test analysis.

Chi-square test - null hypothesis

The null hypothesis is a type of conjecture used in statistical tests to make statistical inferences. The null hypothesis for a *Chi-square* independence test is that two categorical variables are independent in some population.

Now, marital status and education are related-thus not independent in our sample. However, we can't conclude that this holds for our entire population. The basic problem is that samples usually differ from populations. According to SPSS "The null hypothesis for a *Chi-square* independence test is that two categorical variables are independent in some population". That means the null hypothesis in statistics states that there is no difference between groups or no relationship between variables.

In this case we may conclude that the variables were not independent in our population after all so we reject the null hypothesis. However, this is not conclusive. More tests and calculations should be done.

Expected frequencies are the frequencies we expect in a sample if the null hypothesis holds. If education and marital status are independent in our population, then we expect this in our sample too. This implies the contingency table-holding expected frequencies as shown below in Table 3.

	Middle school or lower	High school	Bachelor's	Master's	PhD or higher	Total
Never married	11.7	27.0	25.2	16.2	9.9	90.0
Married	19.5	45.0	42.0	27.0	16.5	150.0
Divorced	3.9	9.0	8.4	5.4	3.3	30.0
Widowed	3.9	9.0	8.4	5.4	3.3	30.0
Total	39.0	90.0	84.0	54.0	33.0	300.0

Table 3. Frequencies that show categories independent of each other.

Those expected frequencies are calculated as:

$e_{ij}=(o_i \times o_j)/N$

where

e_{ij} is an expected frequency

o_i is a marginal column frequency;

o_j is a marginal row frequency;

N is the total sample size

So for our first cell, that'll be

e_{ij}=39.90/300=11.7

Test statistic

The *Chi-square* test statistic is calculated as:

$\chi^2=\Sigma(o_{ij}-e_{ij})2e_{ij}$

so for our accumulated data it goes like

$\chi^2=(18-11.7)^2/11.7 + (36-27)^2/27 +...+ (3-3.3)^2/3.3=23.57$

So summation χ^2=23.57 in our sample. This number is the difference between our overall data and our relationship or independence hypothesis. Now, degrees of freedom or df are calculated as:

$df=(i-1)\cdot(j-1)$ where

i is the number of rows in our contingency table and

j is the number of columns

so in our example $df=(5-1)\cdot(4-1)=12$.

Based on the *Chi-square* distribution in Figure 7, with df=12, the probability of finding $\chi^2 \geq 23.57 \approx 0.023$. This is a 1-tailed significance. It basically means, there's a 0.023 (or 2.3%) chance of finding this association in our sample if it is zero in our population. The conclusion is therefore marital status and education are related in our population, and so there has to be better income power to purchase Lumia, so we reject the null hypothesis.

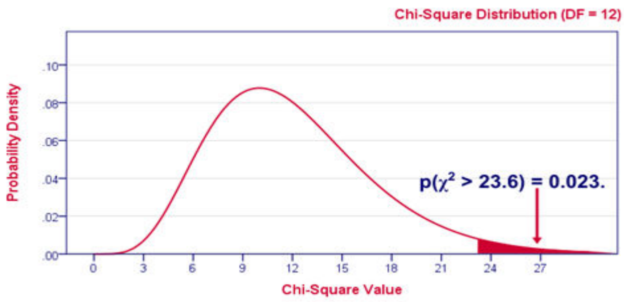

Figure 7. *Chi-square* distribution

Marketing objectives and strategies

Marketing objectives should be planned for short to middle term to:

- Increase sales volume of Lumia by 15% in the next 12 months.
- Penetrate local market and expand Lumia's share by 5%.
- Expand the official retail outlets from 2 to 5 stores in 6 months.
- Increase walk-in customer traffic by up to 20%.
- Drive an increase of 15% of social media presence every month.

Results and Discussion

Situational analysis

The situational analyses will comprise of analysing the sales, share, and profit by segment; charting a strategic direction within a useful time frame. Figure 8 represents the global sales unit performance of Lumia smartphones for the past few years purport a declining trend as it sold 4 million Lumia phones, compared to the 10 million units a year ago. The sales analysis depicts that Lumia may be sinking unless overturned. The problems are due to lack of useful and widespread third party phone apps and its exclusivity toward its own Windows compatible systems. Its Mobile OS remains in the shadows of its PC version and Windows Mobile OEM partners are not great smartphone players such as Acer, Alcatel, and HP. Major Korean and Chinese brands dominate due to popularity of their own operating systems or apps that originated from Windows apps.

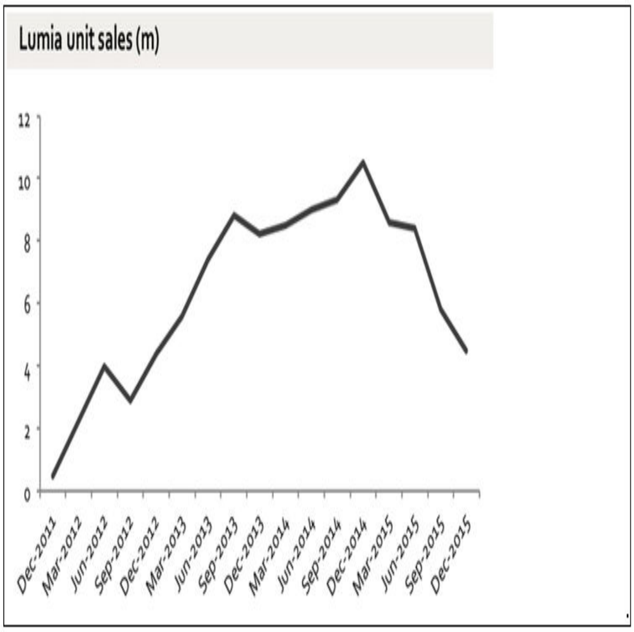

Figure 8. Lumia unit scale (m).

In America alone, Lumia 535 is not a flagship smartphone for Microsoft as it belongs under the other category. It could be a potential or dropout product for the future generation. Statistics in Figure 9 depict that many of Lumia's phones are not differentiable, with a mindset still stuck in 2011 causing customer confusion based on similar looks. Lumia should reflect on its 600 series and determine the cause of the bigger sales share and reduce other unprofitable lines.

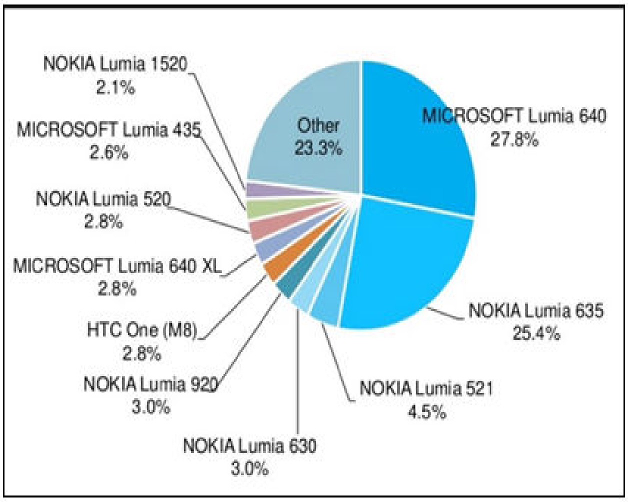

Figure 9. Microsoft Central, 2016.

Lumia's market share resonates with its sales units. Up to 2014 based on Figure 10 many segments are driven by the top 5 global brands that maintain a 5% share and above. Microsoft Lumia holds 2.7% because global penetration of its operating system had been sliding for the past year in Europe, America, Australasia and China, and in other parts clearly with 0-1% global sales share based on Table 4. The top brands have various successful flagship products, are clearly identifiable by names, look stylish and different in their own rights.

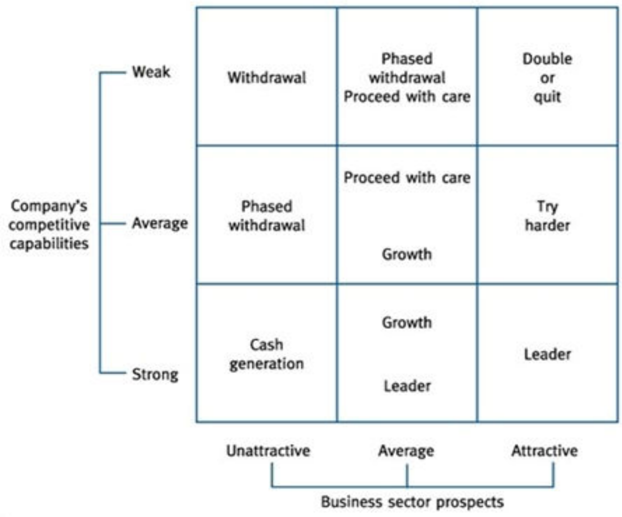

Figure 10. Lumia's market share resonates with its sales units.

Germany	3 m/e Feb 15	3 m/e Feb 16	% pt. Change	USA	3 m/e Feb 15	3 m/e Feb 16	% pt. Change
Android	72.7	76.6	3.9	Android	55.6	58.9	3.3
ios	17.4	16.2	-1.2	ios	38.8	38.3	-0.5
Windows	8.2	6.3	-1.9	Windows	4.8	2.6	-2.2
Other	1.7	0.9	-0.8	Other	0.8	0.2	-0.6
GB	**3 m/e Feb 15**	**3 m/e Feb 16**	**% pt. Change**	**China**	**3 m/e Feb 15**	**3 m/e Feb 16**	**% pt. Change**
Android	53.2	55.5	2.3	Android	73.0	76.4	3.4
ios	37.9	37.8	-0.1	ios	25.4	22.2	-3.2
Windows	7.8	6.2	-1.6	Windows	0.9	0.9	0.0
Other	1.1	0.5	-0.6	Other	0.7	0.5	-0.2
France	**3 m/e Feb 15**	**3 m/e Feb 16**	**% pt. Change**	**Australia**	**3 m/e Feb 15**	**3 m/e Feb 16**	**% pt. Change**
Android	62.7	71.8	9.1	Android	51.3	55.1	3.8
ios	21.6	19.9	-1.7	ios	37.9	38.2	0.3
Windows	14.2	7.4	-6.8	Windows	9.1	5.8	-3.3
Other	1.5	0.9	-0.6	Other	1.7	0.9	-0.8
Italy	**3 m/e Feb 15**	**3 m/e Feb 16**	**% pt. Change**	**Japan**	**3 m/e Feb 15**	**3 m/e Feb 16**	**% pt. Change**
Android	66.3	78.4	12.1	Android	47.9	48.2	0.3
ios	17.5	14.3	-3.2	ios	49.8	50.2	0.4
Windows	14.4	6.7	-7.7	Windows	0.3	0.5	0.2
Other	1.8	0.6	-1.2	Other	2.0	1.1	-0.9
Spain	**3 m/e Feb 15**	**3 m/e Feb 16**	**% pt. Change**	**EUS**	**3 m/e Feb 15**	**3 m/e Feb 16**	**% pt. Change**
Android	88	90	2.0	Android	67.7	74.3	6.7
ios	8.7	9.1	0.4	ios	20.9	19.1	-1.8
Windows	2.9	0.9	-2.0	Windows	10.1	5.9	-4.2
Other	0.4	0.0	-0.4	Other	1.4	0.6	-0.7

Table 4. Smartphone OS sales share (%).

In profit analysis, the Lumia segment had an up-down performance that should be depicted as rising over the Nokia years until 2015Q1 where Gross Margin (GM) is $44.2 million shown on Table 5. This could be due to the lower selling prices over time, gaining more revenue, but not entirely gaining a positive profit or foothold. Estimates of profits show that it is low, and perhaps in the red, taking account of substantial costs invested. Overall, any flagship products to revive Lumia may not radically change the landscape.

Ownership	Period	Lumia phones (million)	GM per Lumia $	Total GM from Lumia $m	R+D Sm	Est sales/ marketing cost $m	Operating profit (loss) per Lumia handset sold $
Microsoft	CQ2 2014	5.8	-16.81	-97.50			
	CQ3 2014	9.4	42.82	402.50	323	300	-23
	CQ4 2014	10.5	23.57	247.50	280	300	-32
	CQ1 2015	8.6	5.14	44.20	212	300	-54
			Calc *via* feat ph price	Based on est cost	total 815		

Table 5. Lumia performance snapshot (2014–2015).

Strategic direction

A long-term strategic directive must be put in place to compete against an aging direction. Windows Mobile 10 is viable for now. According to Rubino, Lumia 750 and 850 series were removed. Using the Shell Direction Matrix in Figure 11, it denotes a withdrawal phase due to bottom-line. Lumia should:

- Focus on its cash generator products which occupy a stable position.
- Not achieve a leader position as cash injection is required.
- Try harder to find new uses for Lumia smartphones when market is unattractive.
- Quit the smartphone hardware business in recession.

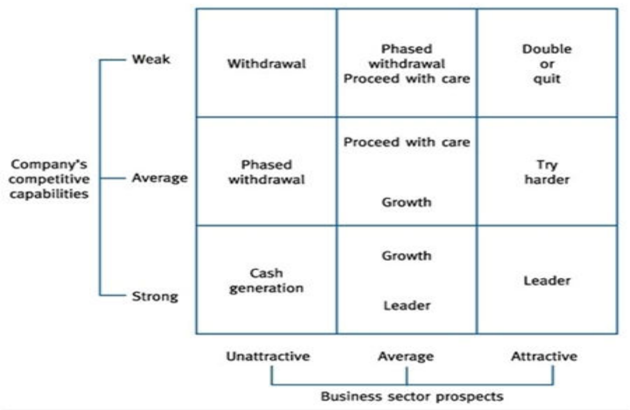

Figure 11. Shell directional matrix.

This model is suitable for evaluating a position of the product line, comparing with other competitors, and used for repositioning in the market, but it is not suitable for detailed planning and executing.

Rationale and implications

- Many product research and development tend to fail rather than succeed in the market.
- Producing and shipping millions of units that do not translate into sales.
- Successful strategy and products depend on skillful negotiation about the external environmental factors (PESTLE).
- Changes must be made constantly to the strengths and weaknesses of each series.
- Future directions tend to be of shorter cycles and faster oriented.
- Timeline depicting the future alignment to chart execution of Lumia product series.

Product: Lumia offers not just communication but productive experiences. It's actual product comprises a host of relevant functions and design style coupled with augmented service care and maintenance aimed to express that productive experience. There is little to differentiate in technology or price, but how value is generated depends on:

- Customers having to use the smartphone, be at ease with it.
- Integrating Windows compatible platforms to allow more instant convergence and convenience.
- Allowing transformative experiences in new fields of learning which would stretch its shell life.

Price: Value to mid-pricing is the strategy used. This strategy is adopted based on all costs invested in research and operations and would involve a markup against competitive players. Lumia 535 is not perceived as a no-frills smartphone, but justified as a relevant gadget through value pricing because objectives can be met, reflects the current market's demand, deflects competitors and delivers the propositional values.

Place: Channels link customers to the company through a series of distributors or agents (Figure 12). They include wholesalers, dealers, agents and retailers. More layers of channels add to the final costs for the customer. As Lumia is a product-oriented business, it delivers the products through all levels to customers, although many customers make online orders through Lumia or its distributors' websites, passing on savings and making delivery convenient.

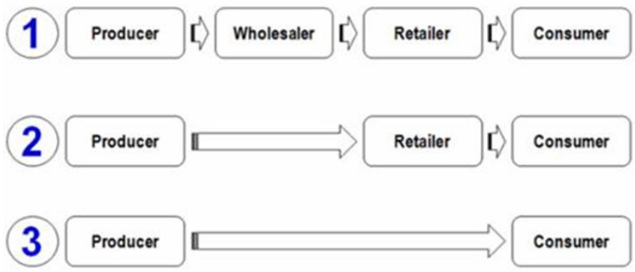

Figure 12. Marketing channel model.

Promotion: Promote itself through article reviews on the internet by established magazines, vlogs or blogsites dedicated to such smartphone topics. They provide positive viral word-of-mouth reviews and testimonials which can increase visitations and backlinks to Lumia. This should be done throughout seamlessly in conjunction with other forms of traditional promotions or budgets as shown in Table 6, accounting for spending costs in press, advertorials, TV media, promotional selling which occur at different stages.

Product:

- Value generating propositions of care and satisfaction.
- Increase the scope and use of Lumia.

Price:

- Value price to meet demand.
- No frills and affordable.

Place:

- Purchasing in brick-and-mortar and on online systems.
- Generate savings to partners, customers.

Promotion:

- Social media presence, blogsites and positive reviews.
- Traditional promotions for outdoor reach and positioning.

Promotion budget							
	Jan	**Feb**	**Mar**	**April**	**May**	**June**	**Costs**
Social media presence	**Annual costs**	**Annual costs**	**Annual costs**	**Annual costs**	**Annual costs**	**Annual costs**	
Press	5000	5000		5000	5000		20000
TV		20000		20000		20000	60000
Magazine	3000		3000		3000		9000
Personal selling	10000	10000	10000	10000	10000	10000	60000
Total costs $149,000							

Table 6. Budget.

Conclusion

Lumia segments its customers into groups of business and consumer segments. It serves the younger users segment with a value product Lumia 535, and targets its segment through product specialization, concentrated marketing and positioning benefits of productive experience. Situational analysis and rationale of the Lumia through market share and sales and direction is conducted and marketing tactical efforts implemented to achieve the objectives.

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