

Nokia unveils netbook, beats Apple to the punch

Olga Kharif

On Aug. 24, Nokia unveiled its first netbook. Called the Nokia Booklet 3G, the long-rumored device features a 10-inch screen, weighs 2.75 pounds, runs Windows, and can connect to Wi-Fi as well as to cellular wireless networks.

This may be a move by Nokia to grab initiative from rival Apple. In the past several years, the iPhone maker has managed to grab significant share in the lucrative, fast-growing market for smartphones away from Nokia. Apple is also rumored to be developing a tablet netbook. With this announcement, Nokia may be trying to beat Apple to the punch.

Netbooks should help fuel Nokia's growth, which has slowed down in recent months. The cell phone business is not what it used to be. Amidst the global economic downturn, the industry's sales of handsets should decline 10% this year, according to Nokia's forecasts. Meanwhile, netbook shipments should double this year, according to analyst estimates.

Many netbooks are sold through traditional Nokia customers, carriers, and, thus, represent a natural extension of the company's business. In Europe, wireless service providers account for more than 25% of all netbooks sold, according to consultant IDC. The carriers typically sell the small, cheap notebooks bundled together with Web connectivity services.

Carrier subsidies on netbooks are roughly similar to those for smartphones, which is why, for Nokia, entering this market makes perfect sense. Nokia is entering a market that offers fairly good margins.

That netbooks would offer good margins may seem counterintuitive. After all, traditional PC industry's margins are razor thin. But consider: In its latest, second quarter, Nokia's devices and services business's margins hovered around 4.3%. PC maker Hewlett-Packard's operating margins in personal systems, which encompass PCs and notebooks, fell to 4.6% in the quarter ended July 31. So, in actuality, Nokia's and H-P's financial metrics are not that different.

Meanwhile, netbook margins should be fatter. Here's one reason: Nokia's Booklet comes bundled with Nokia's Ovi services, which will, in the long run, allow Nokia to make additional revenues on mobile e-commerce and extra features.

The big question that remains: Will consumers love Nokia's netbook? Nokia has a strong brand and a loyal following in most global markets, except for the U.S. The netbook comes equipped with Windows, which consumers want. Nokia will announce the device's availability and pricing on Sept. 2.

KHARIF, Olga. Nokia unveils netbook, beats Apple to the punch, **BusinessWeek**, New York, Aug. 24th 2009. Disponível em: <www.businessweek.com>. Acesso em: 25 ago. 2009.