

The thirst to refresh the mobile's image

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Mobile operators and handset makers have been busy revamping their brands over the past five years as the mobile phone has evolved from its humble origins as a simple device for making telephone calls to an important fashion item almost on a par with watches or trainers.

Now, as mobile phones enter their next phase - to become sophisticated design accessories incorporating mega-pixel cameras and MP3 music players - handset makers and operators are having to update their image once again. And many are looking to people from outside the wireless world to help them.

Last month, Nokia, the world's largest handset maker, said that it was headhunting Keith Pardy, a 45-year-old Canadian executive at Coca-Cola with global responsibility for the drinks maker's non-cola brands such as Fanta, Sprite and Powerade, to become its new head of brand management.

"We see a lot of possibilities in enterprise, mobile gaming and entertainment which create a clear need for us to stretch the brand to these new areas," explains Pekka Rantala, senior vice-president of marketing at Nokia. "We need to keep the brand image refreshed at all times."

Nokia's rivals are engaging in similar hirings from other consumer industries. And so are many mobile operators. Sony Ericsson, which is vying with Siemens for the position of the world's fourth largest handset maker, has made key appointments from Microsoft and Pepsi. Vodafone, which has the world's most expansive mobile network, has already hired several brand experts from Coca-Cola, Sony, Hewlett-Packard and Mars as it seeks to refresh its brand.

Handset makers and mobile operators habitually update and revitalise their brand images. By the mid-1990s, just as mobile phones were starting to enter the mainstream, the key selling point for mobile phone services was reliability. As far as consumers were concerned, mobile phones needed to be as small as possible, have decent battery life and be easy to use. Mobile operators needed to have decent coverage and minimal dropped calls. Mobile brands therefore needed to reflect quality and reliability.

By the end of the 1990s, the goalposts were moving. Fashion and design were becoming the key differentiators and handset makers such as Nokia began winning market share with its cutting-edge designs. Mobile brands suddenly needed to appeal to aspirational consumers and fashion-conscious youth.

This time, it is technological innovation that is forcing mobile groups to readjust their brands. The advent of mega-pixel cameras or gaming may play to the advantages of companies such as Sony Ericsson or Samsung, with their formidable consumer electronics heritages. But for handset makers such as Nokia, these developments represent much more of a brand challenge.

"We have been one of the strongest brands in the world and we want to keep it there," says Mr Rantala. "But we need to stretch the brand so that . . . when consumers think about which camera to buy they are totally comfortable to have Nokia on their shortlist."

Mr Rantala readily concedes that Nokia cannot match the brand strengths of some of its Asian rivals when it comes to consumer electronics or imaging. But it is combating this partly by forging alliances with reputable companies such as HP and Kodak. Nokia has also gone on a global hiring spree in the past 12 months, recruiting marketing and brand experts from the gaming, entertainment and music industries.

For the more recent new entrants into the mobile phone world such as Sony Ericsson, the migration to ever more sophisticated devices plays to its strengths in consumer electronics.

"I often say half jokingly: 'Who ever heard of a camera coming from Nokia?'," says Dee Dutta, corporate vice-president of global marketing at Sony Ericsson.

Yet even Sony Ericsson has been beefing up its brand and marketing expertise. Mr Dutta says that its recent hirings from companies such as Microsoft and Pepsi have been primarily motivated by the strong sense of brand discipline at both companies.

But he says the hirings also reflect the need for it continually to adapt its brand strengths to the rapidly changing mobile environment. "Pepsi and Coke packaging just doesn't change. Our shelf life has a maximum of 18 months. You need people who can react to our fast-moving world."

Of all the major mobile brands, Vodafone has been one of the most aggressive in hiring from leading consumer brands. While the mobile operator recognises the need to adapt its image to the changing technological landscape, part of its aim is also to hire people from companies whose brand and marketing approach it is trying to emulate.

One of Vodafone's key stamping grounds has been Coca-Cola, where its most prominent hiring was David Haines, the mobile operator's former global brands director. Mr Haines, who left Vodafone earlier this year, was instrumental in implementing Vodafone's brand-transforming sponsorship of David Beckham and Manchester United.

He also brought with him a Coca-Cola ethos which has spread throughout the company. David Wheldon, Vodafone's current global director of marketing brand communications, says Vodafone would happily see itself as the Coca-Cola of mobile.

"Coca-Cola is all about being where its customers are," he says. "That is something we have built on. We are in airports where the business travellers are."

O2, the UK-based mobile operator, has been credited with a successful rebranding of its operations since it was spun off from BT Group. Under its new image, the mobile operator has won a stronger following among fashion-conscious youth and users of advanced services such as picture messaging.

It wants to have its brand associated with the latest technology and services as it seeks to differentiate itself from its competitors.

"We think there is a lot of scope for differentiation as we now enter the second phase," says Susie Moore, head of brands at O2. "Now that mobile and wireless is becoming so much more than just making a call, having a share of the customer's life is what it is all about."

As the growth phase in mobiles draws to a close, operators and handset manufacturers need to offer greater functionality and services to engender customer loyalty - and the best way to communicate this is through their brand.

"This industry has moved from an acquisition phase to a retention phase," says Mr Wheldon. "It is now all about delighting customers and retaining them and that is all about brand."

IT'S A MOBILE - BUT NOT AS WE KNOW IT As more electronic gadgets from video cameras to laptop computers feature wireless connectivity, and as mobile phones incorporate ever more advanced functions, the distinctions between handset makers and consumer electronics groups are blurring. This convergence is creating both challenges and opportunities for the leading mobile and consumer electronics brands keen to grow their share of the global handset market, which is expected to see sales of over 600m units this year. The question marketing executives at these companies are asking themselves is which brand will win: the wireless brand or the consumer electronics brand. "There is now a blurring of the categories being driven by technology such as cameras or music," says Martin Rowlett, a partner at Onesixtyfourth, a brand consultancy. "Tomorrow's competition could well come from the likes of Apple." Dee Dutta, corporate vice-president of global marketing at Sony Ericsson, says it is still too early to predict which brands will succeed in what he describes as an "evolving battle". Consumer electronics brands such as Samsung have succeeded in gaining global market share with phones incorporating high-quality cameras and screens. Mr Rowlett says it is important that companies from both the wireless and consumer electronics spaces maintain a strong development pipeline of sophisticated products to back up their brands. However, this must not be done at the expense of their key strengths. As Pekka Rantala, senior vice-president of marketing at Nokia, explains: "It is important we enter new markets such as imaging and gaming. But we need to remind consumers about the mobility angle that we are about. That's the value added that Nokia can bring to the consumer."

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