

India on tap as first market for Microsoft Lumia 535

November 26 2014, by Matt Day, The Seattle Times

Microsoft is poised to use India as the launch pad for its first post-Nokia smartphone, the budget-priced Lumia 535.

The company's Indian unit teased a Nov. 26 event, featuring copious references to the number five - a key piece of its branding on the device announced earlier this month. The Lumia 535 will be the first [phone](#) to carry the Microsoft Lumia - rather than Nokia - name after Microsoft bought Nokia's handset business earlier this year.

Some in the tech blogosphere have criticized Microsoft for not featuring an obvious flagship Windows phone device to go toe-to-toe with the newer high-end phones running on Apple's iOS or Google's Android operating system.

In making its first Microsoft-branded smartphone relatively cheap (\$137 before market- and vendor-related adjustments or discounts), the post-Nokia strategy may instead be to try to capture the new smartphone consumers in emerging markets. It also could be a play to defend market share in one of Nokia's historic strong points: among international buyers of budget phones.

Microsoft is faced with what was already flagging Nokia market share in India and China, two countries that are the source of most of the world's newest smartphone buyers. The Nokia brand has struggled of late to compete on the one hand against companies like Samsung for high-end smartphones and increasingly sophisticated domestic competitors

producing budget models on the other.

Nokia was the No. 3 Indian phone vendor earlier this year, according to IDC. Once you strip out basic phones that lack the Internet connectivity and high-end features of smartphones, Nokia falls out of the top five, with a low single digit [market share](#).

Tuula Rytala, senior vice president of marketing for phones at Microsoft, said in a recent interview that the company wanted to challenge the market leaders in both the high-end and affordable phone categories.

But if the first days of the Lumia 535 are any indication, capturing the budget side is likely to feature prominently in Microsoft's effort to nudge its sub-3 percent share of the global smartphone [market](#) higher and push the phone business into profitability.

"Everybody around the world wants to have a smartphone," Rytala said. "But not everybody has the means."

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