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## Nokia Ringing Up Sales in Indonesia

Nokia's Bulky Smart Phones Find Niche Following There As Business Status Symbol

By TOM WRIGHT

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JAKARTA, Indonesia -- Nokia Corp.'s Communicator smart phone -- better known as "the Brick" -- was launched in the West a decade ago.

It never really took off. Its bulky design has made it look dated compared with a wave of newer, slimmer devices that allow users not only to make calls, but also to browse the Internet and send emails.

But in Jakarta, the Brick lives on. Here, its ungainly size and heft -- it weighs in at a whopping half-pound and doesn't fit easily in a pocket -- have made it a must-have symbol of wealth and success among models, politicians and multimillionaire businessmen. It even has a fan club: The Nokia Communicator Community, a 30,000 strong gang of aficionados. Last year, **Nokia** sold a few hundred gold-plated Communicators at \$2,500 each. Two years ago in Jakarta, a rush on stocks of the 9500, the current Communicator model, pushed retail prices 50% above the normal selling price of around \$600.



Nokia

### Nokia's 9500 Communicator

plans to launch the phone globally in June for about \$1,000.)

Now, Nokia is hoping to improve the Communicator's global image and take on the BlackBerry in the U.S. and Europe with the E90, which is about half an ounce lighter and a little slimmer than its predecessors although still one of the heaviest smart phones on the market. BlackBerrys, by comparison, typically weigh less than a third of a pound.

Just last week, Nokia attracted 1,000 people to the ballroom of the Ritz-Carlton hotel in downtown Jakarta for a presentation of the E90. At the event, an Indonesian businessman paid \$5,100 at auction to become the first person in the world to buy one of the handsets. (Nokia

Nokia argues the E90 has so many new features -- fast Internet connectivity and a GPS navigational system -- that it should be compared to a laptop computer, not other smart phones. Nokia has opted not to tinker too much with the design: The keyboard and screen are still much larger than on other phones. The company has promised Indonesia will be one of the first markets to receive the product.

The Communicator has also carved out a niche following in some other countries -- India and the United Arab Emirates, for instance -- but Indonesia is the world's largest market for the device. It also has a big lead here over its new rival, **Research In Motion Inc.**'s BlackBerry. While BlackBerrys have been increasing in popularity in the U.S., Europe and parts of Asia for many years, they were only introduced in Indonesia in late 2004.

Industry analysts say Nokia's ability to sell more smart phones like the Communicator is crucial to maintaining profit margins, which are being squeezed by manufacturers such as **Motorola Inc.** and **Samsung Co. Ltd.** in the fierce competition to sell simpler, low-cost handsets in fast-growing emerging markets.

Nokia, the world's largest cellphone manufacturer with a 36% market share, sold 347 million handsets last year. Only 40 million of those were smart phones. But in the first quarter, Nokia's sales of multimedia devices jumped 28% to \$2.3 billion out of total net sales of \$9.9 billion. Business phone sales, which include the Communicator, jumped 75% to \$326 million -- a small, but fast-growing segment of Nokia's market. By contrast, sales of standard cellphones dropped 5% to \$5.6 billion.

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Nokia, based in Espoo, Finland, has a head start in emerging markets like Indonesia. Operators such as RIM were slower to roll out their services because they "don't have the global scale and power of brand that Nokia has," says Eva Bakowicz, a telecommunications analyst with Global Insight, a market-data company based in Boston.

RIM, which like Nokia doesn't break out individual country sales, is happy with its Indonesia business and is focusing on attracting high-value clients such as multinational companies, says spokeswoman Katie Lee. "Our target is a niche market," she says.

Still, loyalty to Nokia has made Indonesia a tough market to crack. Shanti Poesposoetjipto, a prominent local businesswoman, has tried other smart phones for short spells, most recently the Dopod, powered by **Microsoft** Corp.'s Windows and made by Taiwan-based **High Tech Computer** Corp. But they all lacked one key ingredient: Nobody else seemed to be using them. "It's in to have a Communicator," she says.



Fans of Nokia's Communicator smart phone -- a status symbol in Indonesia -- hold the bulky devices in the air.

Some users take pride in the smallest differences in their devices. Abdoel Djalal, a 75-year-old former lecturer who wears his phone in a pouch on his belt loop, is proud that his Communicator was assembled in Finland. It is no different from a China-manufactured model in terms of quality, but it's considered a status symbol nevertheless. "I'm incredibly loyal to this brand," he says.

One factor fueling the rise of the Communicator: It has become a popular gift for Indonesians that want to win influence in the country's Parliament or with a business partners. Its price tag makes it a substantial enough gift, but not a wildly expensive one.

"It's considered to be so prestigious, you give it to your most important business partner," says Antti Vasara, a Finland-based senior vice president in Nokia's enterprise-solutions group, which develops the Communicator.

Some folks carry two models -- just because they can. "Other politicians have two, so I have to have two," says Zulkieflimansyah, a member of Parliament who alternates between his phones to answer calls and send messages.

Nokia was initially surprised by the success of the Communicator in such an unlikely market. "Wow, why is it selling there?" was a common response from Nokia executives in Finland, says Mr. Vasara.

The buzz around the Communicator is a great marketing tool in Indonesia, which has one of the lowest cellphone penetration rates in Asia. Less than 30% of Indonesia's 230 million citizens currently use cellphones, a much lower proportion than in Malaysia, at 80%, and the Philippines, 40%.

Penetration rates have been low in Indonesia because of poverty and a slow introduction of cellphone services. Many people couldn't afford phones until recently; now that the economy is growing again, analysts say the rate should pick up quickly.

But in Jakarta, some die-hard Communicator fans don't like attempts to modernize a tried-and-tested model. One problem: The E90's 3G network won't have the capability to send faxes. Although faxes aren't as popular as they once were in the developed world, they are important for doing business in many parts of Asia.

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Others complain that the trend to slim down the Communicator means a smaller keyboard and more difficulty typing.

"I preferred the older models," declares Mr. Djalal.

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