

**Nokia Announces "The World's Most Innovative Smartphones" with the Lumia 920 and Lumia 820**

September 07, 2012 - IDC Link

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On Wednesday, September 5, in New York City, Nokia CEO Stephen Elop officially unveiled the its Windows Phone 8 powered smartphones, the [Lumia 920 and the Lumia 820](#). The announcement follows nearly one year since Nokia announced its first two Lumia devices, the Lumia 800 and the Lumia 710, and several months after the addition of the Lumia 900, Lumia 800c, and the Lumia 610 devices.

Windows Phone 8

Anticipation surrounding the new Lumia phones centers upon the release of the new Windows Phone 8 (WP 8) operating system. Several days before Nokia's Lumia release event, Samsung announced that it would launch its ATIV line of devices including a tablet, PC and smartphone each of which would use the Windows 8 operating system. However, we believe that Samsung's ATIV smartphone is at a very early stage of development when compared to the Lumia 920 or 820. At the release event, all Nokia representatives involved in product demonstrations were using Lumia 920 or 820 running WP 8. As highlighted by Microsoft in June, WP 8 brings several new capabilities to the Windows platform including

- A new startscreen,
- Multi-core processor and memory card support
- Support for Internet Explorer 10 including a JavaScript update
- Expanded HTML-5 support
- Windows Phone 8 will share native C and C++ code with Windows 8 enabling cross-platform app development
- NFC support
- Nokia Maps integration
- Windows Phone 8 will also support three screen resolutions including WVGA at 800×480 pixels and a 15:9 aspect ratio; WXGA at 1280×769 and 15:9; and 720p at 1280×720 at 16:9.
- Robust security platform with Secure Boot and encryption
- Live Tile management including the ability to resize tiles

The WP 8 improvements give the new Lumia devices a robust and capable platform. However, we believe that enterprise capabilities represent an unpolished opportunity and expect Microsoft to highlight additional capabilities later this year.

Device specifications

The Lumia 920 bears a strong resemblance to its predecessors, drawing from the same industrial design language, featuring a polycarbonate unibody design, and a 4.5" curved Gorilla glass capacitive touchscreen display. The metallic camera button, power button, volume rocker, and camera plate have been replaced by scratch-resistant ceramic fittings. A Qualcomm Snapdragon S4 dual core processor powers the smartphone. In addition, the Lumia 920 has LTE and NFC connectivity, as well as inductive charging. The Lumia 820 includes much of the same hardware, but features a more rounded body, a 4.2" capacitive touchscreen, a different camera module, and changeable rear backplate covers. The Lumia 920 will come in yellow, red, white, grey and black, while the Lumia 820 will feature red, yellow, grey, cyan, purple, white, and black rear backplate covers.

Camera

The Lumia 920 marks the debut of Nokia's PureView, the company's high resolution camera technology, on Windows Phone. The Lumia 920 features a 2.0 aperture to improve picture-taking in low-light conditions, an 8.7 mega-pixel sensor, and optical image stabilization to prevent blurring. In addition, the Lumia 920 features a gyroscope, to keep a steady shot while filming videos and taking pictures. It can take multiple pictures of a subject or subjects (a group photo of friends and family), and a user can select the best of the bunch to put together a final product (selecting the best smiling faces). Unwanted content or picture intruders can be edited out. But perhaps most striking is the contribution from Nokia's acquisition of digital imaging company Scalado earlier this year: Cinemagraph. A user can take a video of a scene, select which parts of the scene can stay in motion (a traffic pattern moving by) while the rest remains static. The picture can be sent as a gif file to other users to view.

Display

The Lumia 920 features a 1280 x 768 wide-XGA 16:9 display. In this, Nokia has added PureMotion to enable smoother and faster refreshes. In addition, the Lumia 920 senses light conditions, and adjusts brightness to ensure better viewability. Beyond the resolution of the screen, Nokia and its display partner have improved touchscreen sensitivity to the point that a gloved hand, a fingernail, or a pen tip could activate the smartphone.

Location and commerce

The Lumia 920 leverages Nokia's location technology via its NAVTEQ division, including its Nokia Drive, Nokia Maps, and Nokia Public Transport applications. Perhaps most striking is its use of augmented reality to combine Nokia's location, mapping, camera, and display assets to provide users with a new view of their location in an application called City Lens. With this application, a user can point the Lumia 920 in a direction, and on the screen appears labels depicting nearby locations, including points of interest, gas stations, public transportation, restaurants, accommodations, and others. Clicking on any one brings up reviews, distances, contact information and the option to map a route to that location.

Wireless charging and accessories

Both devices feature wireless charging based on the Qi standard. On the Lumia 920, the inductive charge coil is embedded into the body of the device; the Lumia 820's inductive charge coil is part of the changeable covers. Nokia also revealed a charger stand, a charger pillow, and a music player that can play music via the NFC connection while charging the device. In addition, Nokia announced partnerships with Virgin Atlantic and Coffee Bean and Tea Leaf to have inductive charging bases installed in their lounges and stores.

IDC Analysis and Opinion

Nokia's announcement underscores the company's certainty and confidence in its smartphone strategy and underscores further progress in the goals that CEO Elop set in February 2011 when he announced the Microsoft partnership. Having embraced Windows Phone as its primary operating system last year,

Nokia has sought to differentiate itself from the sea of Android smartphones and iPhones. At the same time, Nokia has clearly staked out its claim within the Windows Phone ecosystem, not only becoming the leader of all Windows Phone shipments, but also as the lead smartphone innovator with its own differentiating software and hardware. In the U.S., we believe that challenges still remain in the carrier-dominated retail channel, requiring extended commitment by all of Nokia's partners. We believe that Nokia has delivered a compelling alternative and with challenges at RIM, LG and HTC there is no better time for Nokia to accelerate its upward trajectory.

Differentiation and integration

Nokia's investments in digital imaging and location and commerce are bearing fruit. Over the past several months, nearly every major smartphone or operating system announcement has featured some form of effects and photo editing, but Nokia takes the experience a step further by reducing and eliminating blurs and stabilizing images and video, neither of which is a trivial development. This addresses end-users' pain points of having taken blurry and unusable pictures, and raises the bar for other smartphone vendors to emulate. In addition, the blending of moving and static images through Cinemagraph adds a new dimension to picture editing and sharing. Messaged and promoted properly, it stands to be a strong addition to Nokia's intellectual property. If not, Cinemagraph could become noveltyware with a brief usage period, or worse, unused.

The location and commerce technology provides an even greater opportunity for further differentiating Nokia from other vendors. With a goal of becoming the 'where' company, Nokia has already built, and continues to add to, its deep location and mapping assets. Given the warm reception that Nokia has enjoyed from mobile operators and end-users, it comes as no surprise that Nokia Maps, Nokia Drive, and Nokia Transport will find their way to the Lumia 920 and Lumia 820 homescreens at launch, most likely replacing other third party and carrier-branded experiences. In addition, tight integration with other software – including Microsoft's Bing search engine and Local Scout– keeps Nokia's navigation assets tightly woven into the user interface and experience. Additionally, attaching that content to businesses, events, and other points of interest seamlessly on Nokia Maps and through Nokia City Lens further adds to the value that Nokia has to offer. But just like the innovations for digital image capture, messaging and promotion around location and commerce is critical to build momentum and promote usage, or it too could become novelty ware with a brief usage period.

Heading into the busy holiday season

Both the Lumia 920 and Lumia 820 are expected to reach the market during Q4 2012. Although specific details about when and which mobile operators will offer the new smartphones were not revealed, both models will arrive at a time when other smartphone vendors will release their own devices. Multiple carriers around the globe have publicly proclaimed their support of Windows Phone as the preferred third platform behind Android and iOS, and Nokia stands ready to pounce on that opportunity. However, as Nokia has experienced since the launch of the first Lumia devices last year, key to success lies within educating sales associates on the merits of the device and the platform so that they, in turn, can educate potential customers. Anecdotal evidence has pointed to under-prepared sales associates, and many have deferred to the iPhone or the most popular Android smartphone. Last year, both Microsoft and Nokia had planned on getting Windows Phone and Lumia on users' lists for possible consideration. That will still be on the radar this year. To this end, preparing sales associates with training programs, retail demonstrations, sales incentives, and below-the-line advertising will help cover the 'last ten feet' between store entrance and the cash register. Now, with a year of experience under their belts as well as lessons learned from having launched Lumia devices across multiple markets, both Nokia and Microsoft are both better prepared.

Although Nokia did not mention specifics on a new marketing strategy, it hinted at possible directions. Proclaiming the Lumia 920 as 'the most innovative smartphone in the world' and urging users to #SwitchtoLumia, Nokia takes a more aggressive challenger stance compared to the 'Amazing Everyday' message from a year ago, and highlights its confidence in the product offering and differentiation against and over the competition.

Looking Ahead

While the Lumia 920 and Lumia 820 herald the latest additions to the company, they should also be considered in the broader context of where Nokia is currently and where it is heading. Much attention has been given to Android iOS growth in recent quarters, but not to be overlooked is the steady improvement that Nokia's Windows Phone shipment volumes have made, growing by double digits each quarter, not to mention the nearly triple-digit growth (in the case of Windows Phone as a whole) year over year. Granted, growth is coming from a small base, but it is growth nonetheless. The new devices will aid Nokia in its quest to gain mindshare and marketshare, perhaps not overnight, but steadily as the devices become available.

Still another consideration for Nokia's long-term growth is the fallout from the Apple vs. Samsung lawsuit in the United States as well as in other countries. Apple is well within its means to assert its patents against other Android OEMs, which can potentially stall their respective smartphone strategy and long-term growth. Workaround solutions based on Android are certainly possible, but Windows Phone could become a more viable strategy for Android OEMs. Should this come to pass, Nokia will have already established itself as the premier and differentiated OEM for Windows Phone, and already has the attention – and commitment – of multiple carriers worldwide.

Combined with Nokia's ongoing restructuring efforts, steady momentum behind Windows 8 development both on smartphones and other connected devices, and a growing Windows Phone application portfolio, Nokia is well positioned for the months and years ahead. What remains to be seen is how well the "world's most innovative smartphone" will be viewed by end-users, and if it is enough for them to make the switch to Lumia, especially as new smartphones are revealed in the weeks to come.

Nokia has made its case, now comes the execution.

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