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# WINDOWS LIVE PROJECT

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## 1. INTRODUCTION

The Internet has grown at a remarkable rate since its inception, but that rate is now slowing, mainly due to the unmet need for increased speed. E-mail is still the major application, thriving because of its non-dependence on speed. However, the huge potential markets for such applications as e-commerce and web casting demand broadband infrastructure that is slow in coming.

At the same time, the Internet is opening us up to ready membership of international common interest groups and it allows us to gain vast knowledge. The huge growth of computer dating allows us to be intimate with people we have never met. On the commercial and political side, the Internet facilitates international trade. It allows people in developing countries to participate profitably in the commerce of developed countries. Used wisely, it allows the barriers between cultures to be gradually broken down due to increased knowledge and understanding. It allows social groups to grow and exert sufficient pressure on governments to produce significant changes in national policy.

On November 1, 2005, Microsoft announced a new initiative that would create a set of services under the Windows Live brand.  It is basically a "software plus services" - the tying of web applications to traditional installed applications. Windows Live is positioned as "a great, free upgrade for your Windows experience."   With Windows Live, consumers get software and services that help them connect, share, and be safer when they are doing these activities.  However, it didn't position itself right. There is a huge

unmet segment in the market, in which Windows Live could be a major player. And that is new coming women users.

In this project, I will focus on defining Windows Live's target consumers by demographics, psychographics and adoption/purchasing behavior. I will go deep in finding the perception of Microsoft and Windows Live brands by customers.

## 1.1 MICROSOFT

Microsoft is the world's 63rd biggest company with its $57 billion revenue in sales and 79,000 employee worldwide[1]. Microsoft generates revenue by developing, manufacturing, licensing, and supporting a wide range of software products for many computing devices. The software products include operating systems for servers, personal computers, and intelligent devices; server applications for distributed computing environments; information worker productivity applications; business solution applications; high-performance computing applications, and software development tools. They provide consulting and product support services, and they train and certify computer system integrators and developers. Microsoft also sells the Xbox 360 video game console and games, the Zune digital music and entertainment device, PC games, and peripherals. Online offerings and information are delivered through its Windows Live, Office Live, and MSN portals and channels.

Microsoft has three core business divisions:

- *Platform Products and Services Division*: Includes the Client Group, the Server & Tools Group, and the Online Services Group

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[1] Forbes Magazine, April 21, 2008 "The biggest companies in the world".

- *Business Division*: Includes the Information Worker Group, the Microsoft Business Solutions Group, and the Unified Communications Group

- *Entertainment and Devices Division*: Includes the Home & Entertainment Group and the Mobile & Embedded Devices Group.

## 1.2 WINDOWS LIVE

Windows Live is an online suite of services comprised of several free applications connected to services delivered over the internet. Windows Live is available in one simple download experience that enables consumers to choose any or all of the Windows Live applications they want, and keeps their software and services up to date.

## 2. MARKET: INTERNET & ONLINE SERVICES BUSINESS

According to a research by specialist Mary Madden, internet penetration has now reached 73% for all American adults. Same study suggests that internet users note big improvements in their ability to shop and the way they pursue hobbies and personal interests online[2]. Internet users are becoming more and more knowledgeable about what they use; which, in return, brings more demands on the services they are online. Another study from Morgan Stanley reveals that the world's information is getting organized and monetized by global internet market leaders[3], i.e. Yahoo, Google and Microsoft.

The Online Services Business ("OSB") provides personal communications services, such as e-mail and instant messaging, and online information offerings such as Live Search and MSN portals and channels around the world. OSB also provides a variety of online services such as MSN Internet Access, MSN Premium Web Services, and OneCare. OSB

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[2] PEW Internet & American Life Project, "Internet Penetration and Impact" by Mary Madden, April 2006, http://www.pewinternet.org/pdfs/PIP_Internet_Impact.pdf
[3] Morgan Stanley, "The State of the Internet, Part 3" by Mary Meeker, November 2006, http://www.morganstanley.com/institutional/techresearch/pdfs/Webtwopto2006.pdf

manages many of its own properties, including home page, health, and auto and shopping. In addition, OSB creates alliances with third parties, such as CareerBuilder.com, Expedia.com, Foxsports.com, Match.com, and MSNBC.com. OSB generates revenue primarily from online advertising, subscriptions and transactions of online paid services, as well as MSN narrowband Internet access subscriptions. In fiscal year 2006, OSB launched adCenter, their proprietary advertising platform, and has since transitioned the advertising business in the U.S. and certain international markets to adCenter. In fiscal year 2007, Microsoft launched new online initiatives, including Windows Live Search™ and Live.com in 54 international markets, Live Local Search in the U.S. and U.K., beta versions of MSN Soapbox (expansion of the MSN Video experience), Virtual Earth™ 3D, Windows Live Hotmail, and others.

## 2.1 COMPETITION IN ONLINE SERVICE BUSINESS

OSB competes with AOL, Google, Yahoo!, and a wide array of Web sites and portals that provide content and online offerings of all types to end users. Microsoft competes with these organizations to provide advertising opportunities for merchants. OSB also competes for narrowband Internet access users with AOL, Earthlink, and other ISPs for dial-up internet access in the United States. Windows Live is aimed at attracting additional users through improvements in the user online experience.

## 3. TARGET AUDIENCE

Windows Live contains variety of services targeting from novice internet users to more experienced professionals. Thus, categorizing the services and emphasizing the categories that the target users are most likely interested in is crucial. Therefore, in this

section I will categorize the Windows Live and as well as the internet users and state out which categories of services will most likely be used by which category of internet users.

**Categorizing Windows Live Services**

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Windows live services can be divided into three categories:

a) **Basic Services:** This category includes basic internet services such as e-mail and messenger.

b) **Conversational media and content generation services:** This category includes services for users who would like to express themselves by means of sharing media, keeping blogs etc. This category includes services such as Spaces, Photo Gallery, writer etc.

c) **Expert Level Services:** This category includes services which are designed for specific needs of more experienced users such as sharing large files or online document management. This category includes the services such as Skydrive and Office Live.

**Categorizing Internet Users**

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There are three categories of Internet users which are not necessarily mutually exclusive but certainly collectively exhaustive. Windows Live marketing strategy must emphasize different category of services for different category of users. The three user categories can be enumerated as:

a) **Existing MSN users:** These category members are already subscribed to basic Microsoft Live Services. As they are already using messenger and e-mail services content generation and expert services must be emphasized for these users. In a news report from April 2007 states that there are 280 million Hotmail users and 20 Million of which are Windows Live Hotmail[4].

b) **Internet Newcomers:** This category includes the newest internet users who just started using the Internet and have no subscription to even the basic services. These users will first seek a service provider for basic services and perhaps content generation services therefore those services to these category of users must be emphasized. According to Internet World statistics, there are 80 Million new internet users each year, which basically forms the entire population of this category[5]. And the majority of the new comers is women.

c) **Early Adapters:** This category includes the users who use most of the available internet services. They are already getting service for e-mail, blogging, content sharing etc. It is very hard for such users to change their provider for basic and content generation services. However, such users often need specific services such as large file sharing or online document management which falls in the expert level services category. Therefore such users must be made aware of expert level services of Windows Live. According to a survey from Online Publishers Association, about 30%

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[4] http://directmag.com/disciplines/email/microsoft_tweak_unsub/
[5] http://www.internetworldstats.com

of the Internet users claims themselves to be comfortable with all internet services which allows us to estimate the population of this category as 50 Million world wide[6].

In its early days, internet was dominated by men. However, today, the internet user population has been dominated by women users. A review of the findings of the Pew Internet and American Life Surveys between March 2000 and September 2005 highlights some particularly interesting trends and correlations: Young women are more likely to be online than young men. And black women have surged online in the last three years[7].

**Table 1:** Survey findings - Pew Internet & American Life Project

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[6] 18 to 34 Years-Olds: Behavioral Analysis, Online Publishers Association, www.online-publishers.org
[7] Pew Internet & American Life Project,  "How women and men use the internet", December 28, 2005

| Percentage of men and women who go online | | |
|---|---|---|
| | % Men | % Women |
| Online overall | 68 | 66 |
| **Age in years** | | |
| 18 – 29 | 80 | 86* |
| 30 – 49 | 76 | 79 |
| 50 – 64 | 63 | 66 |
| 65 and older | 34* | 21 |
| **Education** | | |
| No high school diploma | 32 | 27 |
| High school | 58 | 56 |
| Some College | 79 | 79 |
| College grad or graduate degree | 89 | 89 |
| **Race** | | |
| White | 70* | 67 |
| Hispanic | 67 | 66 |
| Black | 50 | 60* |
| Other | 72 | 66 |
| **Annual household income** | | |
| < $30,000 | 49 | 48 |
| $30,000 – $50,000 | 66 | 76* |
| $50,000 – $75,000 | 84 | 87 |
| > $75,000 | 90 | 95* |
| **Marital status** | | |
| Married | 72 | 75 |
| Not married | 62* | 56 |
| **Parental status** | | |
| Parent (of child under 18) | 81 | 80 |
| Non-parent (of child under 18) | 61* | 57 |

Source: Pew Internet & American Life Project, for all surveys for 2005. N=6,403. Margin of error±2%.

* Represents statistically significant difference

Based on the survey results and numbers that they represent, I find women internet users as the most unmet segment of the audiences. There is no women oriented internet platform in the market and Windows Live must focus on this segment to be the second success of Microsoft.

**4. ANALYSIS OF TARGET AUDIENCE**

Over half of U.S. adult women (52.6%) agree that they like to learn about computer technology and the Web. Men and women are equally likely to go online for a variety of activities such as travel information, banking, phone number and address information. However, since needs and motivations differ among men and women, women outpace men for a small number of activities, including the areas of health and medicine and religion. In order to understand online activities that differ in men and women, I prepared an online survey. My survey aims to mimic the survey that has been conducted by Deborah Fallows from Internet & American Life Project in 2005. My survey gave similar results with the original one:

- Women are more likely to use the internet to send and receive email, get maps and direction, look for health and medical information, use web sites to get support for health or personal problems by especially using blogs, and get religious information.

- Moreover, women also use internet to check government web sites, watch video clips or listen to audio clips, to get news, search for products, to read/submit reviews about products and to shop online.

- Women are enthusiastic online communicators and they use email in a more robust men than men do. More women than men send and receive email, and they use it in a richer and more engaging way. They are more likely to use email to write to friends and family about a variety of topics, from sharing news and worries to planning events to forward jokes and funny stories.

- Women and men have positive attitudes towards email for its efficiency and convenience but women feel more satisfied with the role of email in their life, especially when it comes to nurturing their relationships.

- While women value internet and especially email for enriching their relationships, they are also concerned about its risks.

Surveys show that women have an intention to use internet more as a communication tool. Internet is perceived as a good way to interact or communicate with others in everyday lives. The motivation behind emailing is the acquired need to stay in touch with family and friends and get information as quick as possible. Especially when it comes to the areas where they don't have experience yet; such as pregnancy, women need other experienced women they can reach immediately. This is only possible with online blogs, websites, and chat rooms or more importantly with e-mails. A quick search shows that Google, Yahoo, Mapquest, eBay, and Amazon are listed as the most popular websites/search engines visited in the past 30 days by men and women. However, women are significantly more likely than average to visit a number of websites, including iVillage.com, CoolSavings.com, AmericanGreetings.com, Disney.com, and MyFamily.com, all of which are about family, friends, communication...etc. On the other hand, they are less likely than average to visit the websites of Best Buy, CNN, Dell, Circuit City, Fox, and ESPN, which are knows best for their heavy men usage due to their technology/sport features.

A survey conducted by Compass Partners found that blogs are playing a significant role in the lives of US women. The survey estimates that 36.2 million female US Internet

users actively participate in blogs every week with 15.1 million publishing at least one post a week and 21.1 reading and commenting at least weekly. More than 40% of the women surveyed considered blogs a reliable source of advice and information; 50% said blogs influenced their purchasing decisions and 24% said they watched less TV because of blogs. One can understand from these results that the communication part of the internet satisfies the trio of needs, which are power, affiliation and achievement. Sharing your experiences and being a person whose words taken into account brings the power satisfaction, making friends through blogs, chats and emails brings the affiliation satisfaction and taking a part in the internet overall brings the achievement.

Following figure not only gives the findings of a survey on "US Market for Women and Technology Products and Services" by MarketLooks (a division of MarketResearch.com)[8], but also interestingly supports and summarizes previous findings from different surveys. According to the figure, women and men generally find similar enjoyment in technology. Approximately half of all women and men like to learn about the Web, will return to websites that make it easy for them to find what they need, and like websites that provide local information. For approximately one-third of women and men, the first place they look for information is the Internet, and almost as many trust the information they find on websites they have heard about. Women and men also have similar attitudes about the effect the Internet has had on how they spend, how they get their news, and their enjoyment of new websites[9].

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[8] MarketLooks, "US Market for Woman and Technology Products and Services", by Packaged Facts – a division of MarketResearch.com
[9] Ibid

**Figure 1:** Survey Findings – Source Marketresearch.com
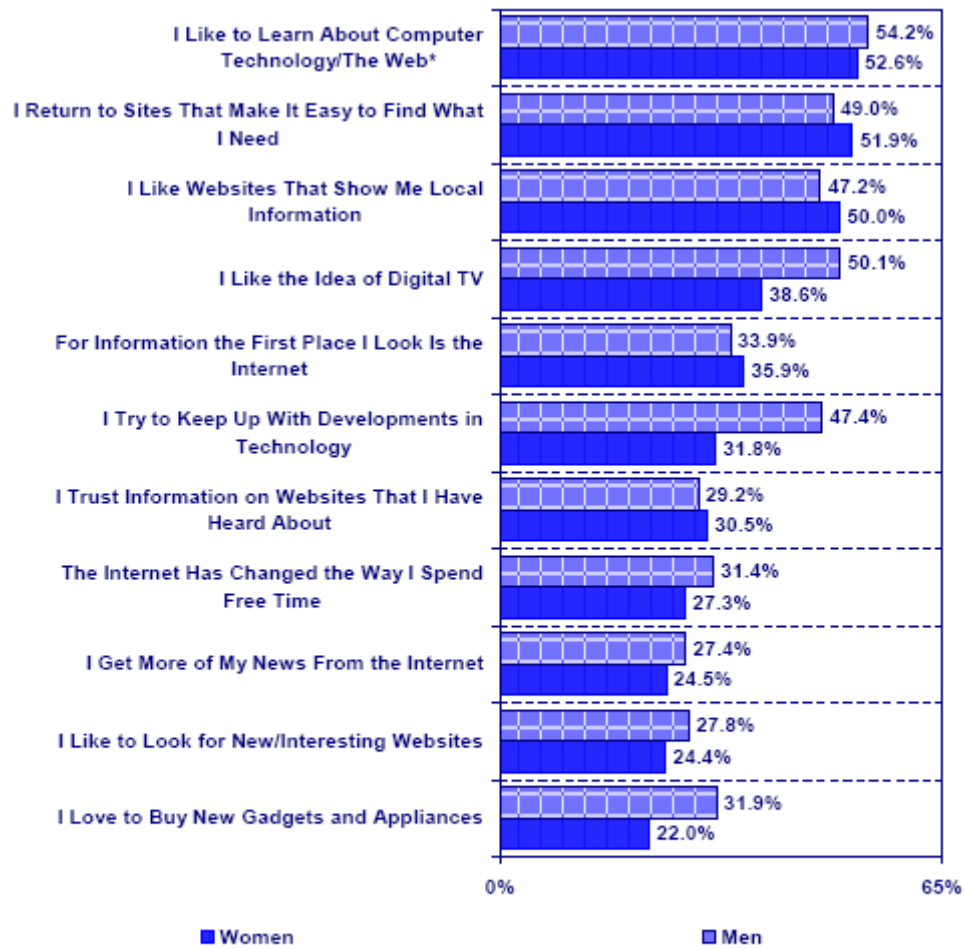


Note: Among U.S. adults, women total 109.8 million and men total 101.9 million.
* Read as follows: 52.6% of women agree (either "a little" or "a lot") that "I like to learn about computer technology and the Web," compared with 54.2% of men.
Source: Simmons Market Research Bureau, Spring 2005 *Study of Media and Markets*; Packaged Facts. This material is reprinted with permission.

In psychographic classifications, there are no major disparities between the self ratings of men and women. In the "smart shopper" classification—those who view themselves as committed to thoroughly investigating electronic purchases— the differences between men and women are not as dramatic. In the "tech shy" classification—those who feel uncomfortable with electronics and tend to ask others' advice before purchasing—the

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differences are even smaller10. The more money a woman makes, the less likely she is to consider herself to be "tech shy." These results help to change the perception of women in technology era.

There is also a privacy issue that has a perception difference between men and women. According to a study by The Pew Research Center[11], women are more concerned about privacy than men. Overall, 57% of women worry at least some about their privacy being invaded vs. 51% of men. The gender gap is widest between young men and young women -- 41% of men under age 30 worry at least some, compared to 57% of women in this age group. The gender gap for other age groups is much less pronounced.

Since privacy is becoming an important issue, more women tend to choose the websites that are recommended by someone they know or those that are known by their safety. According to a study released by Pollara, a Canadian research firm, many social media users rely on the opinions of family and friends when considering product purchases. Almost 80% of adults surveyed by the company reported that they are very or somewhat likely to trust the recommendations of their loved ones, while 23% said the same of other Internet influencers.

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[10] Ibid
[11] The Pew Research Center, "Attitudes toward internet and technology",  http://people-press.org/reports/display.php3?PageID=342

## 5. PRODUCT CONCEPT STATEMENT

Windows Live is positioned as "A new set of Internet services from Microsoft designed to bring your online world together[12]". A deep consumer behavior analysis in previous sections indicates that the major and most potential users of this product/service will be new comers and especially women. So, the positioning statement must be revised based on the findings above. While constructing the new concept, the unmet needs must be taken into account together with the emphasis of women usage.

Women want products that suit their own personal tastes and preferences and demand that marketers have the capacity for mass customization. They want to learn by construction and discovery rather than instruction.

Especially the communication feature of Windows Live will be the core of my target marketing campaign. From previous section, we know that "conversational media and content generation services" includes services for users who would like to express themselves by means of sharing media, keeping blogs etc. Related Windows Live services for this category include followings:

*Windows Live SkyDrive:* 5 GB of free storage with easy to use upload/download features. Privacy and safety are also among the important benefits of *SkyDrive*, which must be emphasized to target women users.

*Windows Live Spaces:* It's positioned as "the best place to share your world online". With the user friendly tools of *Spaces*, it is extremely easy to create your own website

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[12] Microsoft web site:
http://www.microsoft.com/shared/core/1/webservice/navigation.asmx/DisplayDownlevelNavHtml?navPath =/global/SiteTemplates/5257839b-b661-44b7-9194-2bc147d897b0.xml&groupName=Windows

and keep in touch with family and friends. It also has access from your mobile phone, which indeed is a beneficial feature to point out. Women love to communicate with their world. As a woman, I love to do that. Having your own website not only satisfies the incredible need to share the current events in your life, but also gives you a social image among your own society. Facebook, Myspace …etc has almost the effect on users. Telling people that you are happy, you are successful, you visit a lot of places, you have a thought about something, making a comment on anything…etc just being active in the communication society may be the primary need of a human.

A joke that I know about "sharing" need: When a plane crashed on a desert island, only one man and Cindy Crawford survived! After a long while, they couldn't resist but had sex. However, the man was extremely sad about it. One day Cindy Crawford asked him: "You had sex with the most beautiful woman on earth, and why are you still sad?" And the man replied: "Yes, but there is no one to tell that"

*Windows Live Photo Gallery*: A creative platform to share photos by easily editing, organizing, adding captions and marking favorites for slideshows. Think about newly moms who want to share their baby's photos with family and friends. This would be a good starting point to target women with children.

*Windows Live Writer:* Blog creation tool that makes it very easy to insert and customize photos, videos, tags other contents that are necessary.

Based on the information provided here, I would recommend the following revised positioning for Windows Live: *"And yet again another Windows experience for those who love to use creativity to make things happen and share them with beloved ones as quick and easy as possible"*

## 6. MARKETING MIX RECOMMENDATIONS

Marketing to women is very important and it is very hard. The main strategy should be selling them a dream, not just a product, so they can imagine how your product will make their lives easier or happier. According to an internet marketing article published on Emarketinblog.com, the most important thing that every woman wants is security. That's true! Women need persuasion, not illusion. This doesn't mean that you will hire some person who will be over-enthusiastic in describing new products like in tele-shopping ads. Women like to be persuaded in a smart way. They want to hear everything about the product. They are open to be educated. Then, it is very important to give details about Windows Live categories. Women want to be sure that they made a good choice. They are very cautious in decision making especially if they are not familiar with the product or company. It is always a good strategy to give free samples or free trials, but since Windows Live is already 'free' to download, there is no money involved in the selling process. However, brand awareness is extremely important here.

### 6.1. Product

A research about marketing to women, which is conducted by Forrester Research, is called as "Men Are from CNET, Women Are from iVillage". A similar comparison like in that bestseller book about Mars and Venus. CNET is more focused to men because of their technology reviews and iVillage is the real women oriented web site, designed with feminine and pastel color combinations that evoke the feeling of childhood and make women enjoy and stay there. Contents of the web site are mostly related to beauty, love & sex, family and parenting, which are the core values for a typical woman. Windows Live web site does not involve any kind of masculine or feminine structure but in my opinion

it should. Especially categories that are important to women should include softer colors to differ them from other target group.

## 6.2. Promotion

It is for sure that Microsoft and Windows names are ubiquitous, however Windows Live is not. Since Windows Live is a software product, it would be awkward to make TV/radio advertisements. Instead, online advertising should be considered in order to increase the brand awareness. According to Internet Activity Index, published by Nielsen in March 2007, people spend 33% of time online communicating. Moreover, another study from eMarketer (February 2007) reveals that $19.5 billion have been spent on online advertising in 2007. And same study forecasts that this number will be $36.5 billion by 2011. Then online advertising will be the core strategy for promotion.

Most popular online advertising types are content ads (user browses a web page with specific content), search ads (user performs search with specific keywords) and display ads (i.e. banners, skyscrapers…etc). Among these three types of online ads, display advertising aim to increase brand awareness most and it makes 30% of all online ad spending. Then, display advertising should be considered first as an online advertising strategy.

Banner creation and selection of possible host web sites are two important decisions in display advertising. Banners should definitely involve feminine features, colors and pictures and they also should emphasize the reason why women should choose Window Live as their online world. "Sharing" should be the motivation but the message should be kept simple.  An article describes the five golden rules of effectiveness in display

advertising as size (large formats), frequency, omnipresence of a logo, low clutter and presence of a human face[13]. On the other hand, banners should be placed on women oriented web sites and blogs to create buzz.

Since women love sharing opinions, they spend time to search for and read them. Then, a testimonial section for Windows Live from happy users would help to persuade women as a second strategy of promotion. Popular blogs about pregnancy, motherhood, family, cooking would be a good starting point to publish happy user testimonials. Women does not only read but also talk a lot. Yes, that's true!  They are very powerful in spreading good (and bad) thing about the product/service so word of mouth should not be ignored here. It's hard to persuade women but once they are persuaded then they become the most loyal customers.

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[13] Introduction to Dynamic Logic, http://www.dynamiclogic.com/DL5goldrules.pdf