

IMC at Microsoft

Microsoft's mission is "to enable people and businesses throughout the world to realize their full potential ... via creating technology that transforms the way people work, play, and communicate." Of its \$58 billion in worldwide revenue, Microsoft spent more than \$1 billion in integrated marketing communications (IMC) in 2009. Although the company's overall sales fell 3.5 percent in that difficult year, international sales grew to 43 percent of revenues, up from 41 percent in 2008. Represented on these pages are international IMC campaigns for two of Microsoft's key market offerings, Windows 7 and *Halo3: ODST*.

The firm has five divisions:

1. With more than \$14 billion in 2009 revenues, "Client" market offerings include Windows operating systems, the newest of which is Windows 7. Key competitors for the division are Unix, Apple, Canonical, and Red Hat.
2. "Server and Tools" offerings include the Windows Server operating system and associated products and services. Sales in 2009 were also over \$14 billion, and competitors include Linux, IBM, and Sun Microsystems.
3. "Online Services Business" offerings include Bing, Microsoft adCenter/adExpert, and other online advertising products and services. Revenues were \$3 billion, and competitors are AOL, Google, and Yahoo!, among others.
4. "Microsoft Business Division" offerings are software and online services, such as Microsoft Office and Microsoft Dynamics CRM. Adobe, Apple, and Google are among its major competitors.
5. The "Entertainment and Devices Division" offers Xbox 360 consoles and games, Xbox Live, Zune, and several other products and services, including the most successful video game, *Halo3: ODST*. Revenues in 2009 were almost \$8 billion, with a competitor list including Nintendo and Sony.



Windows 7

Windows 7 is primarily sold to original equipment computer manufacturers (OEM) and secondarily to consumers worldwide. The OEM customers include Hewlett-Packard, Dell, Toshiba (Japan), Lenovo (China), and even Apple. The ads presented here were developed by a new advertising agency for Microsoft, Crispin Porter + Bogusky. You can see the same imagery used in all countries, but the copy theme, "I'm a PC, and Windows 7 was my idea," was translated and adapted for the German and French markets. The French version says, "I said I wanted a more intuitive PC, and there it is, more intuitive. No one can refuse me anything." The German reads, "I said, 'Improve the security,' and they did. Did I do that or did I do that?" While ease of use is an important product attribute in France; in Germany, security is more important. "I'm a PC" does not make much sense outside the United States.

Because the potential users of Windows 7 around the world often share key demographic characteristics and usage patterns, advertising needs only a modicum of adaptation. The campaign has included television, print, online, and outdoor media, as well as student discounts in several countries. Windows 7 has been an important success for Microsoft (particularly in relation to Vista), selling more than 90 million licenses worldwide its first year.



HALO3: ODST

Video games sold by Microsoft add to revenues directly while stimulating Xbox sales as well. *Halo3: ODST* (Orbital Drop Shock Trooper) is a first-person shooter video game developed by Bungie and published by Microsoft. Upon its release in the fall of 2009, it quickly became the top-selling Xbox 360 game, with more than 3 million copies sold worldwide at \$60 for the two-disk set. Approximately 40 percent of these sales were international.

Marketing the game began with hints in the media in 2008, and then a full trailer for the game was shown at the Tokyo Game Show in October 2008. Before the game's release, it topped Amazon.com's preorder list for 107 days. The advertising campaign included numerous promotional materials released through Xbox Live, online outlets, print, and televised advertising. Marvel Comics also published a limited-edition comic series featuring ODST's main characters. Bungie and Microsoft sponsored an official launch event at the Experience Music Project and Science Fiction Museum and Hall of Fame in Seattle; it included discussion panels and advance looks. GameStop put on more than 3,500 launch parties across the United States.



While the game itself is offered only in English, advertising copy is translated into a dozen languages. See three banner ads as examples above. The look of the advertising (and the game itself) is little adapted for international markets—the demographics and usage patterns of gamers are relatively consistent around the world. You will notice from the warning labels that Japan has adopted the U.S. approach, whereas the Spanish-speaking markets are more diverse, just listing that it is appropriate for ages “16+.” As mentioned earlier in the text, Germany has special restrictions with respect to violence in video games, and the first-person shooter genre is less popular there than in other cultures.

Project Natal, Branded “Kinect”

International advertising and marketing communications became much more interesting for the Entertainment and Devices Division of Microsoft in 2010. Around Christmas of that year, Natal (branded as Kinect), a controller-free gaming and entertainment experience, is scheduled for launch globally. The firm expects the revolutionary product to give birth (*natal* means “birth” in English and, conveniently, “Christmas” in Portuguese) to a variety of new associated products and services for Microsoft, in an effect similar to Apple’s iPhone. See YouTube.com for previews of the new levels of interactivity supported by the device. Project Natal was first announced on June 1, 2009, at the E3 2009 Trade Show, and more than 1,000 development kits were shipped to game developers that same day.

Because the potential array of games and interactivities is so great and thus appeals to broad swathes of consumers around the world, international marketing efforts for Kinect will require new levels of cultural adaptation of Microsoft’s associated products, services, and consumer communications.