

Analysis of the Zune Marketing Strategy

Marketing a product requires complex research, a deep understanding of industries, consumers, and far more than an intuition mindset. To be an effective marketer, we need solid evidence and support behind the choices we make. Particular attention needs to be given toward analysis of a products life cycle stage, branding strategies, product development and positioning a product, as well as identifying target markets and their segments. If attention is given to these areas, a marketer will have a stronger foundation for marketing the product and in turn a greater chance of success in the process. Through critically analyzing the Microsoft Zune digital media player, we will delve into these specific areas of marketing strategy.

In exercising a critical eye the Microsoft Zune's marketing strategy, it is essential to first look at the product life cycle stage it is in. In determining the lifecycle stage, we must understand that this topic concerns the life cycle of the product category, in our case MP3 players, rather than the specific product, meaning the Zune. To determine the exact stage the Zune player would fit in, we must analyze its market introduction and growth, marketing, popularity, possible decline, just to name a few, and then place it within the four categories that make up a products life, those being, market introduction, market growth, market maturity and the sales decline stage. The Zune has far surpassed the market introduction stage that took place in late 1998 as the MPMan F10; a revolutionary 32-megabyte mp3 player hit markets. Now, during 2011, the growth stage continues in the global mp3 industry, which is reaping record number revenue sales at 1.5 billion dollars, as opposed to last year's 1.4 billion in revenue.

It is evident that the industry is currently experiencing a transition period between the market growth and market maturity stage. We are able to discount a sales decline as this is

obviously not a dying industry and we can reasonably conclude this because the market growth stage sees profits rise and begin falling. This is the time of largest profits in the industry, yet towards the end of the stage the profits begin to decline. This decline began in 2009 when Apple's third quarter results reflected their first iPod profit decline. The industry is moving into the market maturity stage because industry profits have declined due to the necessity of large investments in advertising. The iPod holds the largest profit margin for Mp3 players and it is important to note that Apple's 2009 iPod advertising investment is charted at 501 million as opposed to 2008's 486 million and 2007's 467 million dollar expenditures.

Because the mp3 player industry is shifting towards a maturing market, it is important to strategically plan for the future. In strategically planning, it would be beneficial to further diversify the Zune by giving it more functionality or giving further attention to less saturated markets around the globe. Asia holds 31 percent of the global demand for the mp3 player industry, North America holds 26 percent and Europe has 25 percent of the global demand. Providing areas such as North America with the next highest demand or 8 percent with cheaper options of mp3 players could potentially glean profit.

With this information, we can turn our marketing attention towards the branding strategy of the Zune. First, it is important to recognize that the Apple iPod holds 70 percent of the U.S. market share and has adopted a geocentric strategy in order to operate as a main competitor in markets around the world. Apple has developed a brand identity with a high level of brand recognition globally. In developing a brand, we need to question what makes the product unique and what qualities we can attribute to it. We need to ask if it is more dependable, favorable, offers better value and if certain colors or images contribute to brand recognition.

Unfortunately, the Zune player does not offer superior hardware features compared to the iPod, which makes creating brand recognition above its iPod (its top competitor) difficult. The main competitor offers a superior display size of 3.5 inches as opposed to 3.3 for the Zune, superior screen resolution of 480x320 as opposed to 480x272 and iPod offers email, calendar, map and popular social media integration such as Facebook and Twitter. The Zune also lacks a solid application network, only offering a mere nine apps versus seventy-five thousand and seven games versus twenty-one thousand. The Zune does however boast social music sharing over the iPod and more creative customizability. Because of this, Zune has branded the product as a social device that reflects the personality of the user.

An integral component of branding is creating a mood for a product. There is a dichotomy between the Zune and its main competitor, the iPod, in that the Zune brands itself on a bold and in your face design. The iPod on the other hand is refined and subtle elegance. We see that in Apple's predominant use of the clean and lightweight Helvetica typeface, whereas Zune utilizes a bold impact typeface. This is especially prevalent in their "A Whole New Noise" campaign. This brand identity is furthered in the excessive use of purple and orange. Analysis of color associations shows that purple reflects independence, creativity and may cause frustration. This color choice aligns well with the creative and customizable path Zune has taken. The frustration aligns well with the boldness as well, seen in the highly visual and chaotic "Volcano artist compilation" advertisement comprised of purple and orange. The choice of orange also aligns well with Zune's brand identity as it conveys passion, energy, action, creativity, enthusiasm and stimulation. This is vastly different branding from iPod's black, which connotes elegance, power and prestige, combined with white which connotes perfection, cleanliness and coolness. It is unlikely that Zune's branding choice is effective. Campaigns that aim at identifying the

Zune as a self-representative, sporting customization, yield ineffective when the brand heavily stands for boldness and energy. These qualities cannot be attributed to everybody's self-image.

Zune also builds its brand recognition as the "social" mp3 player because iPod and other alternatives do not support music sharing. This branding is seen in "Don't be anti-social" campaigns. This is only effective if consumers rely heavily on music similarities to foster social friendships. It is likely that this strategy is ineffective as music taste is a small facet of building interpersonal relationships, especially when the fragmentation of music genres has grown significantly, making chances for similar musical tastes low. For example, standard rock music does not exist. It is categorized from genres such as "postmodern pop punk" to "indie progressive". For this reason, the likelihood of musical commonality is small and branding as social device is not favorable.

In applying the new product development model to the way the basic concept and position the Zune is attempting to portray, it is apparent that the Zune is attempting to show that it is holding true to filling the gap in the social element of the personal digital audio player industry utilizing campaigns such as "Welcome to the Social." It is also attempting to portray itself as the mp3 player free of corporate control in the end user experience. Both of these decisions fill an opportunity in the market. The Zune has sufficiently stayed true to this concept in its branding strategy. The brand identity that the mp3 player has adopted aligns with this concept.

Analysis of how the product is positioned and attention to segmentation is a critical aspect of marketing. When looking at positioning, we have to understand what the customers think about the brand, and pay attention to differentiating the marketing mix. It is important to

turn to quantitative or qualitative data analysis of feedback from Zune customers. Analysis of the official Zune Facebook page's comment portal asks for owner feedback and provides qualitative data. This qualitative data shows that Zune owners find that the mp3 player fills the gaps that other mp3 player's neglect. The most prevalent perceptions believe that the Zune offers high quality unlimited radio, personalization and superior battery life whereas others personal digital audio players do not.

When we then further analyze Microsoft's Zune marketing segmentation strategy, we must recognize that segmentation is a two-step process; we need to first name the broad product market of the Zune meaning personal digital audio player seekers. The second part of the process is marketing to smaller segments of that category. We can break that broad market into segments needs such as users that require compactness and portability for on the go use, large media storage users, aesthetic and "cool" seekers, music sharing seekers, multifunctional users that seek multi functionality such as radio, web surfing etc. out of their mp3 player. We can even break segments further into demographics such as income, rate of use, geographic locations and gender. It is evident that Microsoft did a sufficient job reaching the segments of the broad market as the Zune attempts to appeal to all of these segments in offering variations on the product such as color, size, quality, and functionality options. It is important to note that reaching geographic segments has been an utter failure, as the Zune is not sold outside of Northern America. This lack of globalization is a crippling factor in the success of the Zune.

Upon evaluating if Microsoft's Zune player has reached success or failure, it is important to turn to the statistics and solid facts that root in the heart of their marketing. One example of the Zune products failure is that the Zune has been consistently delivering inferior sales compared to its main competitor the iPod, and currently has declining revenue sales. For

example, Microsoft has reported a one hundred million dollar, or fifty four percent revenue decline in the second quarter of 2009 compared to Apple's three percent increase and its market share decreased in the first half of 2009. Other evidence of the products failure is the recent Microsoft statement that they "have nothing to announce about another Zune device". It seems as the Zune player project is being scrapped in favor of developing the software on Windows mobile phone devices.

As the Zune mp3 player has failed to flourish in the mp3 player industry, their future of the Zune project remains uncertain. In order to survive it may be necessary to develop a product with entirely different and innovative features to become a leader. This process requires expensive research and development, but as the product continues to decline, drastic and heuristic measures may be necessary to completely reinvigorate the brand. If Zune continues the same worn and non- revolutionary product trend, there is no hope for the Zune taking a larger part in the mp3 market share. It is also recommended that the player extends to regions other than North America. Neglect of the global community prohibits Microsoft from reaching markets that may demand the product. The strictly North American strategy is simply not working because of declining sales and a growing internationalism for all products. On the other hand, as Microsoft is considering focusing on Windows 7 mobile phone Zune software, it may be beneficial to adapt by changing strategy all together and strictly focus Zune software on Windows Mobile devices as the devices are sold globally and fiercely competing for market share. The Zune project would gain global markets, satisfy large music library seekers, as digital media storage in smart phones has reached comparable status to mp3 players and satisfy app seekers.

Overall, it is critical to give particular consideration to market research when competing in the marketing industry. It is also crucial to ensure decisions are based on this research and provide consumers with what they desire. Analysis of the Zune product shows how important even the smallest strategic decisions such as color choice are to a products success. As a marketer delves into a project, it is of utmost importance to execute thorough research by asking the right questions and implementing actions and ideas that align with the information gathered. If the right questions are answered and marketers understand what consumers desire, a product has a much larger likelihood of success.

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