

Microsoft Windows Phone 7

*Marketing campaign begins for
December launch*



Background

Microsoft recently launched its marketing campaign for its new Windows Phone 7 Operating System (OS). The Phone 7 represents Microsoft's latest venture into mobile after some very public stumbles, e.g., the Kin. Phone 7 is arguably Microsoft's last chance to truly challenge Nokia, Google, RIM (Blackberry) and Apple. Windows Phone 7 will be available from all major carriers and hardware manufacturers in most markets just in time for the December holiday shopping season.

Details

Early buzz around Windows Phone 7 is very positive with most bloggers and industry pundits declaring it a "game changer" and the phone that Microsoft should have launched three years ago. A myriad of "killer" features are being lauded, including:

- A simple, customizable, intuitive interface featuring large icons, bright colors, legible text, live streaming data, and a sense of fun not always associated with Microsoft experiences.
- A hub experience that organizes and integrates various Microsoft and third-party applications (e.g., Zune, Bing, Xbox) into an intuitive structure versus Apple.
- In particular, the People Hub integrates all of your social streams and data (e.g., Facebook, Outlook, Live) into a single experience making it easier to monitor and contact your friends.

Implications

Brands and consumers stand to benefit as the major players continue to augment their existing platforms and compete for advertising dollars and consumer market share. At a minimum, Microsoft will accelerate consumer adoption of smartphones, which will in turn further fuel growth in the mobile marketing industry. Consequently, brands will more than ever need a clear, comprehensive mobile strategy with an investment plan continuously re-prioritized as consumers adopt and migrate to the various operating systems. For example, brands will need to prioritize mobile application development given the further fragmentation and expense of developing across multiple operating systems. Microsoft will also offer advertising integrated into its applications similar to Apple's iAds. The program will initially be available in the US with international roll-out planned in 2011. Application developers will receive a 70% share of the advertising revenues.

Summary

Microsoft (5%) has some catching-up to do. Google's Android (17%) has made strong progress in the past year; it's still behind Nokia's Symbian (41%) but nearly equal to RIM's (18%) market share. In addition, Apple remains a strong player (14%) with a highly-lucrative and loyal audience. However, Microsoft is if nothing else patient and cash-rich. Others, including the gaming industry, have learned the hard way never to underestimate them,