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Introduction

From the dawn of time, humankind has based its society around the concept of trade and the merits it has brought us are endless. The advancements it has brought us are countless and without trade, some might argue that we wouldn't have evolved passed our hunters and gatherers phase. Fast forwarding to more recent times we can see that our entire society revolves around trade and what began as a simple exchange of pelts for some food, or a favour for another favour, has evolved into a complex plethora of scientific fields trying to unravel its mysteries. Trade, for most of our recorded history, has been a simple process of exchanging goods or services on a local or regional level at best, but as time passed people would start seeking new opportunities and ways to expand their trade, thus laying the foundations for what now we call a global market. To get to this point traders and merchants had to be creative and find ways to expand their wealth and reach. From the merchant who would show his special stock in a backroom to the wealthiest of their customers, to Ferrari making the process of owning a limited-edition car exclusive to previous owners of a Ferrari car over 40 and of a particular financial status (Kaur, 2020), we have developed many different marketing strategies. In this article, we will take a deeper look at one of the largest behemoths in the industry, Microsoft.



Figure 1 - Microsoft and part of its product range (Tiwari, 2015)

History of Microsoft

„Our mission is to empower every person and every organization on the planet to achieve more.“ – Microsoft

In 1975, Bill Gates and Paul G. Allen, two friends from Seattle, refined BASIC, a high-level programming language designed to be used by non-scientific fields (WikiBOOKS, 2022), resulting in the creation of Microsoft as a company. In 1980, they attracted the attention of IBM, who contracted them to design and create the essential operating software for their first-ever personal computer. A year later they delivered on their contract by introducing the world to MS-DOS, which was shipped with all IBM computers at the time. Due to its ease of use, many other companies licensed the product, generating huge revenue for the young company. Microsoft put those resources to good use and in 1990 they released Windows, the first operating system with a graphical user interface (GUI) that made the interaction between a computer user and computer interface even more welcoming for people that did not possess a background in computer science. This came to be one of the biggest events in human technological evolution, which served as a catalyst for the invention of every smart technology we have ever invented and currently use. The success of Windows was so huge that they were selling roughly 1 million copies per month, allowing them to start expanding their product range, entering new markets, and targeting different audiences (Zachary & Hall, 2023). Now Microsoft has expanded into telecommunications, gaming, hardware manufacturing, entertainment, business and finance, and science, and beyond the borders of the US to locations such as Canada, China, England, India and many more, proving that segmentation has allowed this corporation to grow into one of the most profitable brands in American history. Currently, Microsoft, including all of its subsidiaries, is sitting at the 14th position in Fortune 500's annual report (Fortune Magazine, 2022) and the 33rd position in Global 500's annual report (Fortune Magazine, 2022).



Property of Museum of History & Industry, Seattle

*Figure 2 - Bill Gates and Paul Allen at Microsoft offices, Bellevue, 1981
(Museum of History and Industry, n.d.)*

Segmentation, Targeting and Positioning Strategies

Segmentation

Geographic

The global marketplace, consisting of urban and rural areas except for Cuba, Iran, the Democratic People's Republic of Korea, Sudan, and Syria where particular products are banned. (Microsoft, n.d.)

Demographic

Age groups of 7 and older, and all genders are part of the demographic group. In addition, bachelors, married couples, families with children, fall under the life-cycle category. Occupations such as students, employees, professionals, and gamers are the main consumer audience.

Behavioural

Part of the behavioural segment are hard loyalists and soft loyalists with personality traits such as enthusiasm and determination, seeking efficiency and quality. Other targets of this segment are non-users, potential users, first-time users, regular users and ex-users. (Dudovskiy, 2019)

Psychographic

The segment encompasses all three social classes (low, middle, and upper) (Wandershare EdrawMind, n.d.). And according to Young & Rubican's Cross Cultural Consumer Characterization, Microsoft's audience can be characterized as mainstreamers, aspirers, succeeders, explorers, and reformers (Infogram, n.d.)

Targeting

Microsoft's marketing strategy is heavily based on assessing the segmentation of the market in order to target particular individuals, groups, or businesses. Due to the essence of their products, they target the global market by providing their products in almost every country in the world targeting all genders and ages 7 and above. Their products can be used by bachelors, married couples, families with children which fall under the categories of students, employees and employers, different types of professionals, and gamers. In addition, common traits of both their soft and hardcore supporters are efficiency, speed, and quality of service. The goal of the company for many years has been to retain its current users and attract many new non-users by catering to the needs of the market. (Vyshnavi & Sharma, 2021)

Positioning Strategies

In recent years Microsoft has re-positioned itself by rebranding many of its products, logos, and visual design. Furthermore, they have taken a completely different approach to how they present their services and their interactions with both their customer base and the partnering companies they work with. The company is creating an image based on values that will make improve the everyday life and experience of their users (Bhasin, 2018). The most recent example of such an attempt is the acquisition of ZeniMax Media Inc., a video game creator and publisher, in order to expand their catalogue of games offered by their Xbox subdivision to a larger audience of gamers and to attract new interest to their Entertainment Division (Browne, 2021). Furthermore, Microsoft is currently in the process of acquiring Activision Blizzard, another video gaming company, to further expand its player base, talent and diversity in products offered on the video game market (Microsoft News Center, 2022). Since the huge \$68.7 billion deal hasn't gone through, because it is under revision by different financial regulators and authorities, Microsoft has positioned itself as a cooperative entity by offering to disclose its intents for the future of the companies' products and signing deals with companies such as Nintendo, Nvidia, Boosteroid (Kerry, 2023), and a refusal from Sony Interactive Entertainment (Reuters, 2022), the company responsible for the blocking of the merger (Jones, 2023).

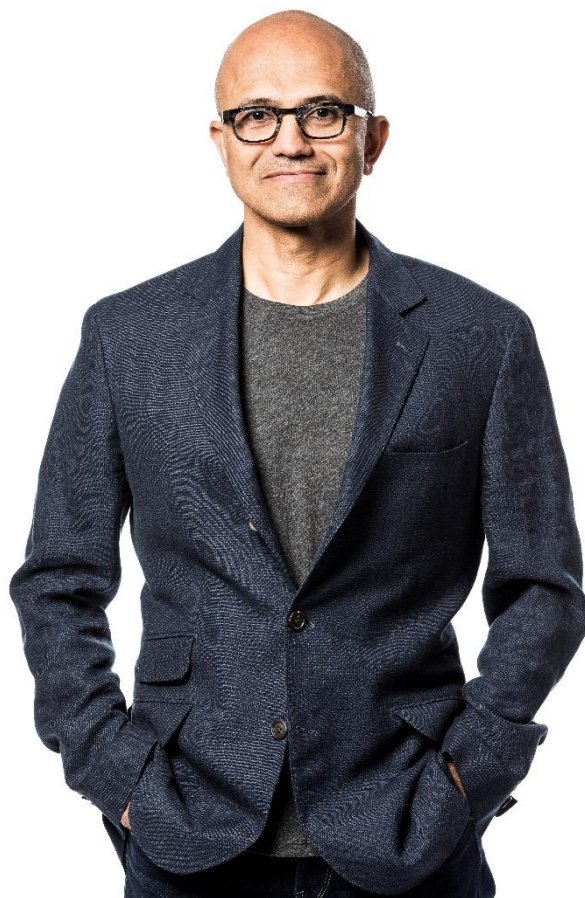


Figure 3 - Satya Nadella, CEO of Microsoft since 2014 (Smale, n.d.)

Current Marketing Mix Strategies of Microsoft

Product

Although the journey of the company began with the development of an operating system, Microsoft currently has expanded its product range exponentially and they currently offer products such as:

- Windows OS
- Office 365 (Office)
- Skype
- Outlook
- OneDrive
- Microsoft Teams
- Visual Studio
- Microsoft Dynamics
- MSN
- Internet Explorer
- Edge
- Bing
- Xbox
- Microsoft Surface
- Microsoft Servers
- Game Pass
- PC & Console Games
- Various Accessories
- Movies and TV
- Groove
- Windows Mobile Devices
- xCloud

Price

Microsoft has adopted a stance of accessibility in its pricing although the price of some of its products can be higher compared to that of the competition, due to the higher quality that they can provide and other products they offer either for free or with a flexible pricing model. The pricing models, depending on product, can be as follows:

- Direct One-Time Purchase
- Subscription Based
- Buy Now, Pay Later
- Trial Based
- Freemium
- Tier Based
- OEM Distribution
- Free Distribution

Place

Currently, Microsoft has adapted to the shopping habits of our digital society and although it still offers a selection of its physical products in physical stores, its digital content can be found entirely online. Their products are distributed on a global scale with minor exceptions in several countries that were mentioned earlier.

Physical Market

- Microsoft Physical Stores
- Authorised Retailers

Digital Market

- Microsoft's Website
- Other Websites
- Microsoft Store App
- Android Play Store
- Apple Store
- Amazon

Promotion

Microsoft's approach to promoting its products and services is multidirectional by utilising different methods to expose as many people as possible to their advertising in a non-intrusive way. The channels they are using so far are:

- Television & Radio
- Newspapers & Magazines
- Social Media
- Microsoft Stores
- Authorised Retailers
- Government Agencies
- Schools & Universities
- Tech & Trade Exhibitions
- Hardware Manufacturers
- Philanthropies

Conclusion

As once the mighty King Philip II of Macedon said, “Divide and Conquer”, a phrase later used by important historical figures such as Gaius Julius Caesar and Napoleon Bonaparte (HandWiki, n.d.), businesses have adopted this approach proving that the more they divide into smaller and more diverse segments the market, the higher their chances for success. Nowadays a customer-driven market dictates and directly influences many of the decisions companies make. Survival in the vast ocean of endless competitors is achieved by adapting and evolving with the trends and looking always for those new waters that are still full of fish before anyone else has gotten there. The future holds the answer to the question if a company such as Microsoft will keep evolving and adapting or if it will go extinct just like the dinosaurs did.

Microsoft's 2022 Earnings & Cash Flow Overview



Microsoft's Revenue Breakdown by Segments



Figure 4 - Earnings & Cashflow Overview (FraneK, 2022)

Figure 5 - Revenue Breakdown by Segments (FraneK, 2022)

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