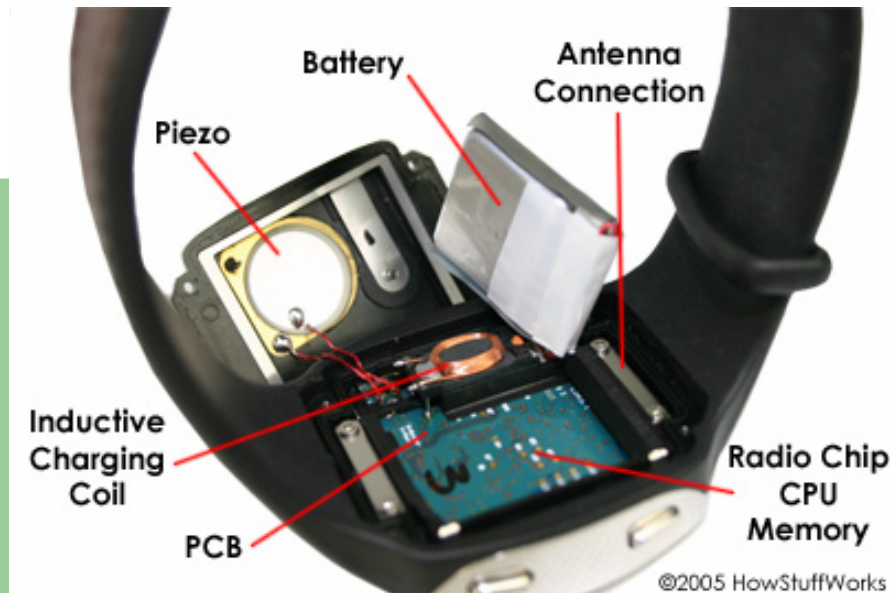


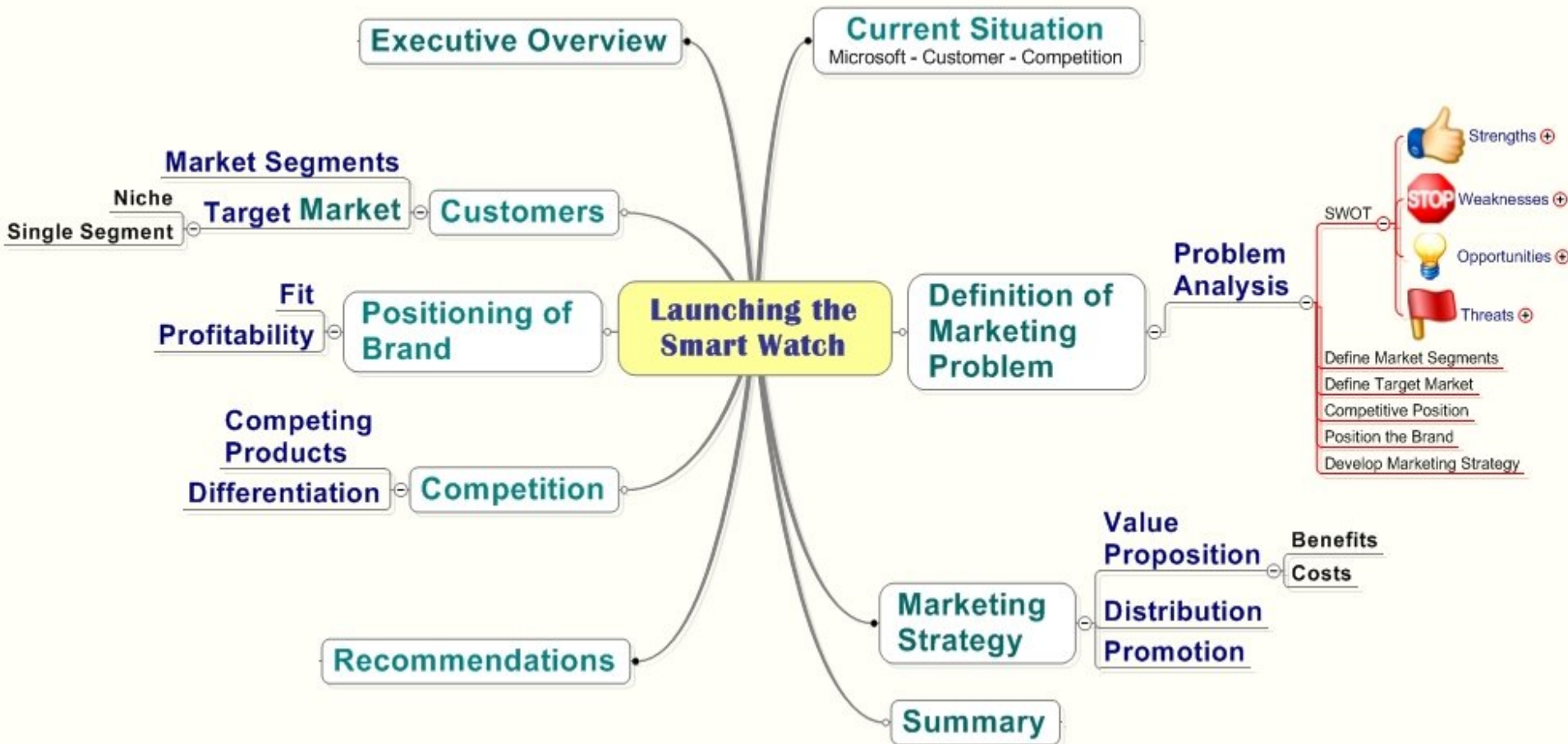
Launching the Smart Watch



Presented by
CJ Jaynes, Rich Murphy & Sandi Nichols

7 July 2007

Contents



Executive Overview

- Problems: How to market the Smart Watch? Who is the target audience?
- Situation: Introduction of the Smart Watch and SPOT technology
- Solution: Multiple audiences
- Recommendations:
 - For marketing & promoting the Smart Watch
 - For introducing SPOT technology to a much broader market.

Marketing Problem (Problem Definition)

- Why is Microsoft developing the watch?
- What are the issues posed by the product itself?
- What are the problems the product faces and the cause of those problems?
- What are the consumer segments and how does the watch fit (or not) with the needs of the various consumer segments?
- How will the Smart Watch be marketed?
 - Focus on the “technical” capabilities
 - Focus on the “watch” aspect (appearance)
 - Focus on data available (sports, news, traffic, etc)
- What is the target market?
 - Target multiple audiences at once
 - Appeal to customers from different segments
 - Use different approach for different geographic areas (i.e. city, urban, rural)

Current Situation

● Microsoft

- Sells a service
- Watch companies “sell” the watch (Fossil, Suunto, Citizen)
- Wishes to introduce its SPOT technology.

● Customer

- Executives
- On the go individuals
- Technically savvy
- Gadget user
- Sports enthusiast
- Potential industry uses, as SPOT becomes more widely implemented

● Competition

- PDA's
- Cell phones
- Gadget watches
- Small computers

Problem Analysis – Areas to be addressed

1. Strengths, Weaknesses, Opportunities and Threats

2. Define Market Segments

- Descriptors
- Homogenous Groups
- Profile

3. Define Target Market

- Size and Growth
 - Market potential, current market penetration
 - Forecasts, technology changes
- Segment Saturation
 - Gaps in the market

4. Competitive Position

- Competitors
- Differentiation

5. Position the Brand

- Fit
 - Coherence with company's strengths and image
- Profitability
 - Costs/Margins
 - Supply Chain

6. Develop Marketing Strategy

- Niche or Single-Segment?
- Product Specialization?
- Value Proposition
- Distribution
 - Coverage and relationships
- Promotion

1. S.W.O.T

Microsoft



Strengths & Weaknesses

MS Sells a service

- Already the industry leader

Watch companies “sell” the watch

- Partnering with established producers & distributors
- Differentiation

Customer



Opportunities

Market Segmentation

- Relevant descriptor and outcome segmentation variables
- Homogeneous groups

Profile of each segment by:

- Descriptor
- outcome variables.

Target Market

- Attractiveness and competitive strengths of each segment.
- Segment Prioritization and selection

Brand Positioning

- Positioning concepts.
- Communication strategy
- Social class
- Job classification

Competition



Threats

Barriers to entry

Concentration of competitors

Ability to replicate

Market Share

Inability to provide the desired watch brand

Possible issues with FM network station availability in certain area's of the country

Customers

2. Define Market Segments

- Key Segments

- Young Mobile Achievers
- Trend Setting Info Seekers
- Sports Enthusiasts
- Executives, On the go individuals
- Technically savvy, Gadget users
- Wealthy individuals who have to have every gadget for “show and Tell”

- Filters

- Adult (credit card billing)
- Internet user

- Watch Buyers

- 50% gifts
- Fashion good
- Project personal image
- Fragmented market

- Needs/Wants

- Email
- 2-way communications
- Personalized content of downloads
- Keep up-to-date via access to personal Outlook calendar
- News/sports updates

Customers

3. Define Target Market

