Windows Live: The long, unhappy life of a misunderstood brand

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Abstract

When introducing a new brand, a company is faced with several options, each of which carries subtle, and not too subtle, distinctions. Where should the new entity fit within the organisation's overall brand architecture? More importantly, the brand must support — and be supported by — a solid, sustainable strategy. A mismatch between corporate strategy and brand strategy can have detrimental effects on the entire organisation's ecosystem, from end users and employees, to suppliers, distribution partners, and analysts. The author uses his own personal experience as senior brand manager with Microsoft, as well as existing sources, to examine Microsoft's ill-fated 'Live' branding efforts. This paper reveals missed opportunities as well as lessons learned that any company may use to enhance the process of aligning product, corporate, and brand strategies.

Keywords

brand architecture, branding, brand extensions, Windows Live, Microsoft

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INTRODUCTION

The proper understanding and application of the various forms of branding choice is more than an academic exercise. It can make a real difference to overall brand equity, customer satisfaction, and ultimately the bottom line of any business. When introducing a new brand, a company is faced with several options that each carry subtle — and not too subtle — distinctions. Should the new entrant be a sub-brand, an ingredient brand, a brand extension, an umbrella brand, or an entirely separate brand? For example, Dairy Milk is a sub brand of Cadbury, the endorser brand. Teflon is a recognised ingredient brand (and it rolls much more trippingly off the tongue than Polytetrafluoroethylene, its proper chemical name). Arm & Hammer toothpaste is a logical brand extension of the master brand. Touchstone Pictures allows the Disney brand to stay true to its unique attributes while allowing the company to cater to an audience of more mature movie-goers.

When not thought through, the improper placement of a brand within an organisation's brand architecture can have very real consequences, from reduced faith in the company's products to the internal costs of re-work and retrenching, not to mention the external financial impact of lost sales, reduced market share and the cost of major changes to merchandising. To succeed truly, brand architecture, corporate strategy, and product strategy must be closely aligned.

In the book 'Kellog on Branding', author Tim Calkins points out:

> 'Portfolio decisions are exceptionally important because they have a major impact on revenue and profitability. If the portfolio is made up of poorly performing brands that compete with each other, the company will struggle. Each bit of complexity [in the brand portfolio] makes it harder to develop and execute business plans.
>
> Introducing a sub-brand that is meaningless to customers, for example, simply creates needless complexity. A company must invest in creating a meaning around a branding element.'[1]

The 'Live' brand created by Microsoft provides an illustrative and cautionary tale of the consequences of a mismatch between branding and corporate strategy.

INTRODUCING THE LIVE BRAND

On 1st November, 2005 the 'Live' brand was officially launched. Microsoft Chairman and CEO Bill Gates hailed it as 'the beginning of the "live era" of software'.[2] This was one of Microsoft's efforts to add software as a service, often referred to as SaaS, to its business model. Two products would initially carry the Live brand: 'Windows Live' and 'Office Live'. Neither would require users to have Microsoft Windows or Microsoft Office installed locally as 'client' software on their local computer.

So, it could be asserted, the Live brand stood for being able to use existing products through this 'new' thing called the internet. The Live brand would connote the idea that users could interact any time, in real-time, with their software delivered as a service over the internet. So far, so good. However, the problems with this approach were waiting just around the corner.

BUT FIRST, A LITTLE HISTORY

By 2005, Microsoft was facing increasing pressure to demonstrate a cohesive, comprehensive strategy for how it was going to make money in the online space. Web-based competitors, such as Google Docs and others, were only underscoring the fact that online business models were necessary to stay competitive. Readers will remember this was before the term 'cloud computing' came into existence.

Looking about for a strategy, Microsoft realised it already had a good example of how to 'monetise' the online experience: Xbox Live. By purchasing a subscription, Xbox users could interact 'live' with other gamers over the internet. In this case, the 'Live' brand makes perfect sense and communicates a clearly-defined, easily understood benefit. There is no opportunity for confusion: one can play Xbox alone or in one's living room with one's friends, or one can use Xbox Live and play in real-time with others in an online community. Logical brand extensions included 'Xbox Live Marketplace,' where add-ons to games and players' virtual personas could be purchased.

Microsoft took the 'Live' sub-brand of Xbox and repurposed it into an 'umbrella' brand it hoped to spread across the entire company's product line.

By appending 'Live' to the Windows and Office brands, the Live offering was positioned as a brand extension. In other words, 'Live' was something that added a new dimension to an existing brand, rather than a free-standing brand. As an example of how the definition of the Live brand would not only become 'squishy' but also creep beyond its original intent, a 2010 diagram of Microsoft's brand architecture listed 'Live' as both a brand extension as well as a strategic sub-brand.

The first property to take on 'Windows Live' was Microsoft's MSN portal. Rather than making a global change by replacing all instances of 'MSN' with 'Windows Live', Microsoft attempted to carve out certain MSN properties and reposition them under the new brand.

In short, the attempt was to make Live stand for services and MSN for content.

Noticeably absent was any clear, sustained explanation to the user community about these changes. Well-respected branding expert David A. Aaker makes the point: 'New categories or subcategories need to be defined and this definition needs to be communicated to customers'.[3]

CRACKS BEGIN TO APPEAR

The definition and focus of the Live brand began to drift almost immediately. In the absence of clear communication to consumers defining what the new brand stood for (arguably because this was still being decided within Microsoft), confusion quickly took root. Some people thought Windows Live was a replacement for the Windows operating system. It was not. In a Microsoft-sponsored research survey to consumers, the company itself asked if Windows Live was an improvement over previous versions of the Windows operating system (OS).[4]

It is clear where some of this confusion came from. Windows was Microsoft's computer operating system. The MSN properties rebranded as Windows Live were not part of any PC operating system, and were completely separate products from Windows.

In a blog posting in 2006, Microsoft Program Manager Dare Obasanjo, stated 'One of my worries about the entire MSN/Windows Live rebranding effort is that it is needlessly confusing to end users'.[5]

One year after the initial brand announcement, confusion was in full bloom. Sample headlines from 2006 included the following:

> 'Microsoft's brand confusion — MSN or Live?'[5]

> 'Microsoft earns a mixed report card for its year-old Live initiative'[6]

> 'MSN vs. Windows Live: The differences, the content – and the confusion'

INTERNAL STRUCTURAL ISSUES

Another factor contributing to a confused brand strategy was the organisational structure and high turnover at the top of the Live initiative. There was a Windows Group and a Windows Live Group. Each had its own agenda and goals. This structure would seem to be at odds with the positioning of the Live brand as extensions of existing brands into the online space. Instead, by the creation of a separate Windows Live Group, the stage was set to create many internal rivalries and conflicting visions and strategy.

Ray Ozzie was first appointed to spearhead Microsoft's online efforts in 2005. In 2006, the company announced a reorganisation that placed Steve Sinfosfky in charge of the Windows and Windows Live Groups. Later that year, Martin Taylor, corporate vice president in charge of the Windows Live Group, would leave the company after only a short time in the position.

Ozzie was later quoted as saying he wanted to 'lessen the "tension" between its enterprise and internet product and product groups.'[6] The bottom line was that the internal organisational structure was not set up in such a way as to fully support the strategy of Windows Live as a brand extender.

DEEPENING CONFUSION

As early as 2006, Microsoft had begun using 'Live' to mean several different things. The moniker was being applied inconsistently across the company. To quote well-respected Microsoft watcher Mary Jo Foley in a posting entitled 'Windows Live: A guide for the perplexed':

> 'Sometimes it [Windows Live] refers to services (like Windows Live Messenger), sometimes a desktop application (aka Windows Live Search Preview), and sometimes to 'destinations' (such as Windows Live Gallery).' Is it MSN Hotmail, Windows Live Mail or Windows Live Hotmail? [Is it] Windows Search 4, Windows Live Search Center, OneView or Windows Live Search Preview?'[7]

This inconsistency regarding names continued for years. Just within the last few months, Windows Live Hotmail has been completely divested of the Live brand and renamed simply 'Outlook'. This makes much more branding sense. If the goal is to create a seamless experience interacting with a software program across any screen (ie phone, a desktop application, or via the web from anywhere) then distinctions created by the 'Live' brand become not only irrelevant but work to the detriment of the desired customer experience.

NOT WINDOWS, NOT LIVE

In 2008, Microsoft also began offering a collection of applications called 'Windows Live Essentials'. This bundle, which would eventually include Windows Live Messenger, Windows Live Mail, Windows Live Call, Windows Live Family Safety, Windows Live Writer, Windows Live Movie Maker, and Windows Live Photo Gallery, could be downloaded and installed on a user's machine. This extra requirement begs the question from the consumer: If it is 'essential', why is it not included in my purchase of Windows? Adding to the brand confusion was that many of the included applications had nothing to do with internet access. For example, Windows Live Movie Maker and Windows Live Photo Gallery were free-standing applications tha were not connected to the Windows operating system and worked just fine without an internet connection.

One explanation for this seemingly random act of confusion is that, faced with mounting pressure to release Windows Vista, Microsoft made the decision to remove some applications from the Vista operating system and bundle these non-essential programs in a package to be released to users after Vista was shipping — Windows Live Essentials. One need not belabour the irony. Why later service pack updates to the operating system or its successor, Windows 7, did not incorporate these applications back into the main OS, instead of keeping them as separate programs, is unknown.

Further detracting from any clarity, in 2009 Microsoft released Microsoft Security Essentials. This anti-virus program was not included as part of the Windows Live Essentials package and users were left to wonder why, if it was also 'essential', it was not bundled with Windows Live Essentials. Furthermore, if its only pupose was to protect machines running the Windows OS, why was it not branded 'Windows?

Jack Trout in 'The New Positioning' states:

> 'Minds hate confusion. Companies, large and small, have a very tough time describing their product, especially if it's a new category and a new technology. Or else they describe it in terms that are very confusing, dooming the effort right out of the blocks. The process of positioning a product in the mind must begin with what the

> product is. We sort and store information by category. That's why if you present a prospect with a confusing category, your chances of getting into his or her mind are slim to none'.[8]

One could posit that the fragmentation of the Windows Live brand reached its peak with the introduction of Windows Live Barcode, an ambiguously positioned application with little meaning to the general public, which was pulled two months after launch.

Regardless, the reader can begin to sense how a lack of continuity or harmony with larger corporate strategy prevented any brand equity from taking root. The misapplication of the brand due to the lack of a clearly defined strategy plagued the Live brand and continued to be a source of frustration to the Microsoft community. To further illustrate, a closer look at a couple of individual cases can be taken.

Hotmail

Microsoft acquired Hotmail in 1997, when it was a good brand, and then built it into a great brand almost synonymous with web-based e-mail with users in the hundreds of millions. Shortly after the acquisition, Hotmail was rebranded 'MSN Hotmail', as the MSN brand was then doing duty as Microsoft's umbrella brand for all things online. During the Live era, the Hotmail brand suffered damage as numerous name changes took their toll on brand equity and confused consumers. Coming at a time when Google's Gmail had just launched and had immediately begun to gain ground against Hotmail, the timing could not have been more unfortunate. In 2006, MSN Hotmail became Windows Live Mail, then Windows Live Hotmail, then finally and simply Outlook in 2012 (although the hyperlink to the service on the Microsoft Bing page still reads 'Hotmail'.

There were manifold challenges in attempting to attach the Windows Live brand to Hotmail. Most obvious, Windows Live Hotmail had nothing to do with the Windows operating system. Hotmail can be accessed from any computer, whether it is running Windows or not, via any web browser. Users were left to wonder if they needed a Windows machine to access their Hotmail (the answer was and is no) or even if the service could be accessed from anywhere but their home computer (again, no). Further complicating matters was Windows Live Mail. Beginning in 2011, Windows Live Mail (part of Windows Live Essentials) replaced Windows Mail, which shipped with Windows Vista. Neither of these programs was part of Hotmail. Rather, they were free e-mail client programs, much like Outlook, which contained mail, newsgroups, contacts, calendar, etc (see Figure 1).

In retrospect, perhaps leveraging the Microsoft master brand would have been a more flexible, less confusing overall solution, ie Microsoft Live Hotmail.

Office Live

The affixing of the appellation 'Live' to the hugely popular Microsoft Office brand did not fare any better. Rather than providing a clear choice to the market, or serving as a welcome mental shortcut for people (a major benefit of brands), Office Live served only to consternate the community further. Remember, not only were current and potential customers becoming increasingly frustrated, but the press and analyst community were also losing patience with Microsoft's seeming lack of focus.

Figure 1 Windows Live Mail — not to be confused with Windows Live Hotmail

CONCLUSION: THE END OF THE LIVE ERA

Even today, if you asked many people inside Microsoft, never mind partners or consumers, what 'Live' stood for, you would undoubtedly receive multiple, conflicting, answers.

In early 2012, as details began to emerge from Microsoft around Windows 8, the Windows Live brand was conspicuous by its absence. Although no official announcement was forthcoming, it became clear that the Windows Live brand was going away. Many in Microsoft had come to accept the Windows Live brand as an impediment to positioning its products clearly. Windows 8, and its tight, transparent integration with Microsoft's cloud counterparts to their services and software, seemed like a good time to make the break.

In a blog posting dated 2nd May, 2012, vice president of the Windows Live group Chris Jones confirmed the death of Live, admitting the Windows Live brand was a bit of a kludge. In the software industry, a 'kludge' is a collection of poorly matched parts assembled inelegantly *ad hoc* to solve a problem.[9]

To quote Jones:

> 'Windows Live services and apps were built on versions of Windows that were simply not designed to be connected to a cloud service for anything other than updates, and as a result, they felt 'bolted on' to the experience. This created some amount of customer confusion, which is noted in several reviews and editorials. The names we used to describe our products added to that complexity: we used 'Windows Live' to refer to software for your PC (Windows Live Essentials), a suite of web-based services (Hotmail, SkyDrive, and Messenger), your account relationship with Microsoft (Windows Live ID), and a host of other offers.'[10]

As part of this move to provide some clarity around products and services, the Windows Live brand — indeed almost any branding — was removed. Windows Live ID became Microsoft Account, Windows Live Calendar became Calendar, Windows Live Contacts became People, Windows Live Photo Gallery became Photos; and so on. Products are now named clearly after their function, rather than trying to make an arbitrary brand association stick to a group of disparate, unrelated experiences.

This makes much more sense as far as closely aligning corporate/product strategy with branding execution. If, as according to Chris Jones, Microsoft's goal is to provide 'services and software and to design them to be a seamless part of the same experience', it makes perfect sense not to separate these experiences by brand.

This much more well-executed strategy alignment might be summed up as follows:

- *Corporate strategy:* Remain relevant and provide value regardless of where Microsoft products are consumed (eg locally or online).
- *Product strategy:* Destroy the boundary between local and online experiences. Design so that no matter what device a customer is using, their data and apps follow them without any action required.
- *Brand strategy:* Remove the perception of different experiences by removing branding based on where or how the product is accessed. Focus instead on function. Where appropriate, tie the experience to the master brand, ie 'Microsoft Account'.

In retrospect, one can reflect on whether 'Live' was ever really a true brand or just a grammatical modifier, such as appending 'Lite' to a product. Perhaps branding strategy was confused with product strategy. For example, within Microsoft, 'Express' stands for the less robust, free version of a product. Think SQL Server Express, Outlook Express or Search Server Express. This has been consistently applied over a long period and as a result, the target markets of these products all understand that 'Express' means a free version of an existing Microsoft product. However, no one would confuse 'Express' with a brand.

The decision by Microsoft to discontinue the Windows Live brand yields a much more cohesive experience for everyone. After all, the purpose of a brand is to create and unite a community around a common experience, attribute or emotion. If a brand adds to, rather than reduces, customer confusion, it is time to rethink its usefulness.

LESSONS LEARNED

Alignment between corporate, product, and brand strategy is imperative

Without this coordination, confusion among end users, purchase influencers, and even internal departments will have a negative impact on brand equity and product adoption. Consumers do not like confusing choices and will avoid situations which make them feel unintelligent.

Define exactly where the brand fits into the brand architecture

Understanding where the new brand fits into the organisation's overall scheme will help avoid brand creep as well as unfocused and incompatible branding efforts. If the desire is to spread the brand across different products or categories, make sure it makes sense to do so from the customer's perspective, and that the new brand imparts the same meaning no matter where it is placed.

Know the elasticity of your brands

If introducing a brand extension or modifier, understand the elasticity of the main brand. How much permission exists from the core brand audience to stretch the brand to cover other products or services? What are the possible impacts of brand dilution?

Build the brand from the outside in, not inside out

Keep in mind the effects that changes to core brands will have on end users. This will help ensure consistency about what the new brand represents. Consumers like clear, distinct choices. After all, that is the main purpose of a brand. This echoes the first lesson above, but bears repeating. An adjunct to this is to avoid hubris. Do not assume that users are so enamoured of the brand they will follow it anywhere. As the *New York Times* commented: 'Microsoft acts as if its customers have a strong affection for all things Windows. For the last seven years, it has tried to make Windows the anchor brand for software that is not an operating system'.[11]

This leads to the final lesson: educate, and don't stop educating, customers about what the new brand means to them.

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