

From peteh Thu Feb 21 12:45:34 1991
To: billg
Subject: market share of applications
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You raise some good points. Here are my votes on the proposals you raise in your memo as well as some other ideas.

1. I Agree that we should drop the price of Office and promote it aggressively, but I don't agree that it is our most important application. People don't buy "Offices" and for most people it is hard enough to decide to change their SS or WP, much less both at one time. Office is a good product for corporate purchases, but it's too big a bite for most people who are considering a Windows App.
2. Agree. I'm not usually in favor of a lot of awareness-oriented advertising, but I think that in the particular case of Excel 3.0 we could use more business press advertising in general, focussing on the critical acclaim the product has received from 3rd parties like SW Digest and InfoWorld. The reach of the enthusiast press is simply not that great—we need additional exposure to the broad spreadsheet market. The most recent AAU study shows that Lotus' top-of-mind awareness is 59%, Quattro 15%, and Windows Excel 5%. Total unaided awareness is 83%, 41%, and 25%. This study was done in January so doesn't reflect Excel 3.0, but we have a so much ground to make up that biz press ads, particularly when we have such a clear message, make sense.

Adding the \$129 offer to this would be a very powerful way to increase trial. Although not a necessity as we could modify something like the SW Digest ad and get it in the WSJ, doing this in a big way would work better if we extended the \$129 offer for another couple of months.

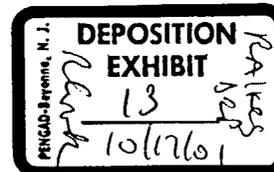
3. Disagree. \$333 won't help, even if the street price drops to \$199. \$199, and for the most important customers another \$99 for Windows, is not a trial price, and trial is what we need. A mouse makes it even greater. I think people understand promotional pricing for a transition and they understand special upgrade pricing. The jury is still out but I believe that we can still maintain a \$495 price point and do these things. \$333 is a tweener—it's too high for trial, cannibalizes \$495 biz, and threatens the long-term category price.
4. Let's try it. I agree that we should make the decision to do this broadly based on empirical data. We should pick 1-2 resellers and work with them on this. I wonder if we could do this via direct mail??

A couple of other ideas to consider. These are excerpted from a draft memo that Mikemap will have a copy of at the retreat. It is in response to your challenge to us recently to be more aggressive and come up with some ways we would propose to spend additional funds.

1. Aggressively pursue telesales follow-up on Direct Mail offer and other programs. We are following-up on the direct mail offers with our telesales group now and will have conversion information next week. My guess is that this will be a straightforward business decision to make.

Another opportunity for Excel-specific telesales follow-up in on the PC World working model. Through 4-weeks there have been more order for Excel working models than there were for Windows 3.0. They are forecasting 90-100K. We should staff up or use outside telesales firms as much as possible to call everyone on this list. (we're going to mail them also.)

2. Do another round of Direct Mail, maybe 2. It took longer than we'd like to get the lists processed etc. Also, there are some purchased lists that seem to be pulling pretty well. We are tight on time to analyze and then re-mail the good ones. In general, the response to date looks very good. Over the next 2-4 weeks we'll have some very useful and actionable data.



3. Develop a long-term upgrade program. I don't think this is particularly controversial, but it will cost some money and we need to get moving on planning it. It will need to be ready to rollout with the shipment of Windows WordPerfect.
4. I like Steveb's idea that we give VERY favorable pricing (free?) to resellers and OEM's who will sell Windows pre-installed. This solves the biggest Windows problems (setup). More importantly, the obvious point that people with Windows are more likely to try Windows Apps. Through the first week, the Windows lists (PP reg list, win reg list, Project reg list etc.) delivered over a 3% response rate for Excel and Word combined. The next best lists are under 1%.

thx Pete

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