

Microsoft strategies in marketing and leadership



Almost 27 years Microsoft operates through their windows and technologies in order to satisfied customer. They are provided a advance technology for all users such as for the company, personal users etc. other than that, in 1983, Microsoft has announced the development of windows which is a graphical user interface. At that time, they are creating the windows for IBM pc and the windows are compatible with the computers. However, the product line has changed from a graphical user interface to modern operating system. And now days, the windows corporation has focus on their five business divisions which is offers greatest potential to serve their customer.

According to Microsoft. com (2010), the Microsoft corporation has motivated and inspired every day by how their customer use their software to find creative solutions to business problems, develop breakthroughs ideas, and stay connected to what's most important to the customer. The five business divisions that Microsoft focuses on are Window's and Windows live division, server and tools, online services division, Microsoft business division, and entertainment and devises division. With their five business division, they have different strategies to implement.

First of all, from our research, Microsoft Corporation is using intensive strategies. Intensive strategies is require intensive efforts to improve a company more competitive position with existing product. In other words, intensive strategy is making the company to make more improvement in the existing product. In the intensive strategy, there have three strategies which are market penetration, market development and product development.

However, from our research about Microsoft Corporation is using only two

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strategies from intensive strategies which is market penetration and product development.

According to qfinance. com (2009), market penetration defined as the percentage of potential sales that company has made a measure of the percentage or potential percentage of the market that a product or company is able to capture, expressed in terms of total sales or turnover. Market penetration is often used to measure the level of success a new product or service has achieved. In other words, market penetration seeking an increased market share for present product or services in present market through. Microsoft Corporation is using this strategy because they want to increase their market share for present product. For an example, Microsoft Corporation is using or influence customer by using advertisement and promotion through online. When they are advertise the customer through online, they able to influence the customer to purchase the product, hence indirectly Microsoft Corporation are able to increased their market share. Other than that, according to Elorbany. R (2010), Microsoft Corporation redesigns MSN in order to Bing search market going up. They are hoping by redesign MSN, will help the company increase market share of online search and attracting people to MSN. This means that, Microsoft Corporation are using market penetration strategy to increase their maker share. Besides that, by using this strategy, Microsoft Corporation is able to make market share of competitors declining while the total of Microsoft Corporation industry sales increasing. By using this strategy, not just Microsoft Corporation able to increase market share but also increased their sales.

Product development is seeking increased sales by improving present products or services or developing new ones. In other words, product development strategy is another strategy in intensive strategy that make the company make a new improvement in the existing product and make a new product in order to increased the sales of the company. Moreover, one of reason that Microsoft Corporation is using this strategy is, their mission and their value are to help people and businesses throughout the world realize their potential. Other than that, Microsoft Corporation is also making a improvement on their existing product. For example, Microsoft office is one of product from Microsoft Corporation. This product is exist is to help people and the businesses easier to do their work. Microsoft Office exist since 1992 which is Microsoft office 4. x and Microsoft Corporation make a new improvement year by year and in 2010 Microsoft Corporation came out with new features in the Microsoft office and the software call Microsoft office 2007.

Michael porter's generic strategies

Michael Porter's Generic Strategies adapted from www.marketingteacher.com

Michael Porter's generic strategies is a strategy where the company can implement the strategy as taking actions by create a defendable position is an industry. In general, this strategy can be defensive and offensive towards their industry position. Other than that, the Michael porter's generic strategy is an advantage over the competitors gained by offering the customer greater value, either by provided the lower prices of great features of the product and services. In this strategy, there have three strategies that the

company can implement either implement three of it or one of it. The strategies are cost leadership strategies, differentiation strategies and focus strategies. According to case scenario, Microsoft Corporation is focusing on these two strategies which are cost of leadership and differentiation strategies.

First of all, the cost of leadership is about of gaining the competitive advantage. Moreover, by increasing the profit and minimize the cost of production is also give an advantages to the company to earn more profit. Other than that, by increasing the market or the demand of the market is also give the corporation affects to earn more profit. Microsoft Corporation is a worldwide leader in software, services, and the solutions, that help people and business realize their potential. According to Microsoft. com (2010), there is about 108 country in the worldwide is subsidiaries the Microsoft Corporation product and it is also include Malaysia. Hence, the reasons why the Microsoft Corporation is using this cost of leadership strategies because Microsoft Corporation is a leader market of technology besides their competitor Apple. Inc. Microsoft Corporation is able to provide five divisions business to the customer through personal software to customer, software for business organizations, and entertainment for customer such as Xbox games. Other than that, the Microsoft Corporation is able to linkages with suppliers and distributors. Cost of leadership strategies are pursued in conjunction with differentiation strategies. Hence, cost of leadership is together with differentiation strategies.

The differentiation strategies are also one of strategies that the Microsoft Corporation is implementing. The differentiation strategies are involves by <https://assignbuster.com/microsoft-strategies-in-marketing-and-leadership/>

making the product or services are different from the competitors and the product is also attractive from those of their competitors. Other than that, the products are offering by something new in the product, features, unique and valuable. According to Microsoft. com (2010), the Microsoft office has provided Microsoft hardware such as mouse, keyboard, cooling pad for laptop, mobile headset etc. This product is make Microsoft Corporation is different than other competitor beside provided operating software to the all distributors. In order to compete with the biggest competitors Apple. inc, Microsoft Corporation are also provided software for Mac such as Microsoft office Mac. This is one of strategy that Microsoft Corporation has using. With this strategy, Microsoft Corporation is able to make more profit and able to compete with other competitors in this industry.

Merger and acquisitions

According to entrepreneur. com (2010), merger defined as the combination of one or more corporations or other business entities into a single business entity. It is a joining of two or more companies to achieve greater efficiencies of scale and productivity. Besides that, according to entrepreneur. com (2010), acquisitions is define the company or large corporations who capable to purchase of one corporation by another through either the purchase of its shares or the purchase of its assets. Hence, merger and acquisitions are two commonly used ways to pursue the strategies. Microsoft Corporation is using merger and acquisitions strategies to get more competitive advantages for their own company. According to Rigby. B (2010), the company will encourage more technology mergers and acquisitions. From that, we able to see that Microsoft Corporations are implement these strategies to get more

strength for their Corporations. Since 1994 Microsoft Corporation has an acquisitions every year, which mean Microsoft Corporation purchase the smaller company to achieve massive growth literally overnight and increase the market share. According to Microsoft. com, almost every year Microsoft Corporation purchases the smaller company which is since 1994 until 2009. This is a good strategy for Microsoft Corporation in order to be a successful leader in technology advance. Other than that, by using this strategy Microsoft Corporation is able to provide more improvement on capacity utilization which is fully utilize capabilities and to make better use of an existing sales force.

Conclusion

As a conclusion, Microsoft Corporation is a leader in software and technology of computing. They are made a new improvement year by year in order to satisfy their customer. Besides that, Microsoft corporation is also involves with entertainment such as computing mobile, games (Xbox). This is means that, Microsoft Corporation have a variety loyal customer in the worldwide country. We can take an example in Malaysia. Most of computer, laptop is using windows one of product from Microsoft Corporation. Windows is able to provide new features, and it is a unique product to customer and the businesses. Other than that, government of Malaysia is also using ' windows' product for their operating system. Moreover, one of the strategies that Microsoft Corporation implement is they are using mergers and acquisition with other company in order to increase the market share and in order to improve on their product and service to the customer. Furthermore, market penetration is giving a big impact to the company such as by improve the

product, the Microsoft are able to increase the market share and the economic scale. Hence, strategy is important to every company, not just to Microsoft Corporation but to all the company that runs the business with their objective to maximize the profit and fulfill customers' needs and wants.

Quantitative Strategic Planning Matrix

Introduction

Quantitative Strategic Planning Matrix (QSPM) is a very useful tool in formulating strategies. It is an analytical tool which can generate useful information regarding the strategies that a company plans to implement. Strategic management of a company always uses Quantitative Strategic Planning Matrix (QSPM) as a tool in strategic planning or strategic management process. In this process, there are three main stages which are strategy formulation, strategy implementation, and strategy evaluation. Quantitative Strategic Planning Matrix (QSPM) is always fits into the first stage which is the strategy formulation. In strategy formulation, there are three steps that will come into which are the input stages, the matching stages and the decision stages. All these stages are using different strategic management tools and Quantitative Strategic Planning Matrix (QSPM) will be used at the decision stages which is the last stage of strategy formulation.

This tool can determine the importance of each strategy and at the same time can decide among feasible alternative strategies. This is because the strategies will be weighted according to their external and internal factor.

The best thing about Quantitative Strategic Planning Matrix (QSPM) is that sets of strategies can be examined sequentially or simultaneously. This means that by using this tool, the company can save a lot of time and

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making fast decision yet accurate. Other than that, by using QSPM, it is less likely that key factors will be overlooked or weighted inappropriately. Key factors such as the opportunities and threats can be weighted properly and all the factors can be compared accordingly. In order to develop QSPM, intuitive judgment is required. Thus, it is important to know the overall condition of the industry and the company itself. A lot of researches have to be done in order to know the key factors of the business.

There are six steps of developing Quantitative Strategic Planning Matrix (QSPM). The six steps are:

1. Make a list of the firm's key external opportunities/threats and internal strengths/weaknesses in the left column of the QSPM.
2. Assign weights to each key external and internal factor.
3. Examine the Stage 2 matrices and identify alternative strategies that the organization should consider implementing.
4. Determine the Attractiveness Scores (AS).
5. Compute the total AS.
6. Compute the sum Total AS.

Six steps of developing Quantitative Strategic Planning Matrix (QSPM).

Future Strategies for Microsoft and Methodologies used to Evaluate Strategies

Based on task one in the previous page, there are three strategies which we have suggested for Microsoft to implement. The strategies are intensive strategies, Michael Porter's Generic Strategies and merger or acquisition strategies.

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In intensive strategy, there are three related strategies are market penetration, market development and product development. The definition of these strategies has been explained in the previous tasks. After we have done some research regarding Microsoft and information technology industry, we think that Microsoft should implement product development strategy for the future strategy of the company. This is because, they have lot opportunities in the market that they can capture. Other than product development strategy, Microsoft also has done market penetration strategy where this company increasing their market shares by implementing this strategy. Both these strategies will be evaluated in QSPM in order to know how important they are to be used in future.

In Michael Porter's Generic strategy, there are two types of strategies that Microsoft used. The strategies are cost leadership strategy and differentiation strategy. These two strategies are interrelated where cost leadership strategies pursued in conjunction with differentiation. The important of these strategies also will be evaluated in the QSPM.

In merger or acquisition strategy, Microsoft has been successfully merger several large company to be their own. One of them is Yahoo which according to Burrows (2009), ever since Microsoft made its \$45 billion bid for Yahoo in early 2008, it was clear the software giant was serious about taking on arch-rival Google in the lucrative internet search business, and now, after years of talks with yahoo, it seems Microsoft has achieved its goal. This is a big achievement of Microsoft and they manage to expand their market share in information technology industry. We think that, this strategy is very good

for Microsoft to implement in future in order for them to continue be the market leader of information technology industry.

So, in order to choose one strategy that very important for Microsoft to implement, we will evaluate all the key factors of each strategy in Quantitative Strategic Planning Matrix (QSPM). QSPM utilizes key internal and external information of the business. These factors are usually identified in the previous stage of the strategic planning process. External Factor Evaluation Matrix (EFEM) and Internal Factor Evaluation Matrix (IFEM) are the example of tools used in the previous stage of the strategic planning.

The above Quantitative Strategic Planning Matrix (QSPM) has been development accordingly with appropriate weight and attractiveness score. Weights that have been used are representing the importance of the key factors to the implementation of the strategies. The more weight placed the more important the factor to the implementation of the strategies. On the other hand attractiveness score is a score to show the attractiveness of the factors. The score of 1 to 4 is placed which indicate the more score is place the more attractive the strategies to be implemented. Or in other words, attractiveness score of 1, 2, 3, or 4 is used to tell about each strategy's attractiveness given the respective external or internal factor, where 4 is the best and 1 is the less attractive.

For example, for product development under intensive strategy, attractiveness score of 4 is given to technological, competitive, management, finance, research and development and computer information systems. This means that these key factors are very attractive factors for the

product development. The present of these factors will contribute to the successful of the product development strategy implementation. On the other hand the attractiveness score of 1 is given to the factor of political and production or operations. This means that political gives less impact on the successful of product development. For information industry, production or operation is less important because the industry is more to service types of business. Thus, production is less needed.

This strategy has the third higher score which is 3. 12. This means that this strategy also has its important to be implemented in future after the product development strategy. The score of 4 is given to the competitive, political, management and finance factors. In order to acquire a company, competitors will always have interest to compete with Microsoft. This is because merger strategy is able to expand the market share of a company. This means that buy acquire a company to be a part of Microsoft property, they will become stronger in the market and they will possess another competitive advantage. The same goes to political. Political is important because in order to merger the company, all procedure must be approved by the government. Management and finance are the most important factors in internal environment because they are responsible to negotiate and managing the activities in the process of merger. Other than that, finance and accounting department of Microsoft will calculate all the costs involve in acquire a particular company.

According to nikkie. co (2009), industry analysts had praised Bill Gates for guiding his company on a path of growth that saw its revenue stream increasing by more than 50 percent per year in an extremely competitive, <https://assignbuster.com/microsoft-strategies-in-marketing-and-leadership/>

even cutthroat, market. In other words, Bill Gates has guiding his company on the right path of growth that saw its revenue stream increasing by more than 50 percent per year. Bill Gates has success to capitalize early and effectively on industry trends. Besides that, his compliance to take risks on such fledgling technologies as Microsoft's CD-ROM based software packages. A fledgling technology has become an industry standard. Moreover, Bill Gates had organized the company structure which is all the company structure all in together on all phases of software products through business cycle from development to distribution.

Furthermore, in 1995 Bill Gates has done and towards in internet area which is creates a search engine through internet. And Bill Gates was success to assess by the actuality that Microsoft Internet Explorer Web browser. Through that, Microsoft's Internet Explorer Web browser has become the industry leader in 2000. In addition, Bill Gates has success in initial a competitive Internet browser. While that, the desktop of database and office-suite has success. By Bill Gates creatures, it has proved that Bill Gates had formed a company quick enough to jump into a market that others were developing. And Bill Gates also able to take as a lead away from the competition.

Furthermore, according to nikkie. com (2009), in 1998 Bill Gates has announced a new point in Microsoft's development that would allow him to focus his energies on strategy and product development. In other words, in 1998, Bill Gates wants to concentrate on his strategy and product development in order to satisfy customer needs. While that, the company funnelled a large amounts of money into improving customer supports and <https://assignbuster.com/microsoft-strategies-in-marketing-and-leadership/>

feedback. Other than that, Bill Gates has planned that he want his company directs work in such areas as intellectual telephones and television, as well as the combination of such new computer input techniques such as speech, vision and handwriting using computers. Even though windows had previously gone through several upgrades.

Theory Y assumptions that management's role is to build up the possible in employees and help them to release that potential towards common goals in the organization. Bill had a vision as a teenager that every business and household should have a computer to make their life easier and effective. The realization of Bill Gates' vision has changed the computing world. Microsoft's vision is "empower people through great software anytime, anyplace, and on any device," (microsoftvision.com,) The leadership style of microsoft is the charismatic style which is a leadership style that usually come from the people that are born with it. This kind of leadership style can usually win the heart of the workers more efficiently because they are good at picking up the moods and concern of both individuals and larger audiences. This type of leadership is effective because when the leader at the top, its takes time to ground his own self and stay close to the operation. When the top management involves the business with employee, not only does he gain the knowledge but he furthers his employees to work double as hard for the company. Being in the trenches builds loyalty and of course real knowledge about how the operation is being run.

The company CEO must understand cultural dynamics to formulate their strategies, to locate production facilities and suppliers worldwide, to design and market culturally appropriate and services as well as to manage cross-

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cultural interaction thorough out the organization. Therefore, based on the roles and responsibilities above, when implementing strategies such as mentioned before - intensive product development - the CEO is very important to become the agent of making the strategy work. Bill Gates and the late Loh Boon Siew is very articulate in conveying their vision to the company mentioned in the Theory X and Theory Y assumptions, and thus that is why the company is able to strive.