Win Word FY '91 Marketing Plan

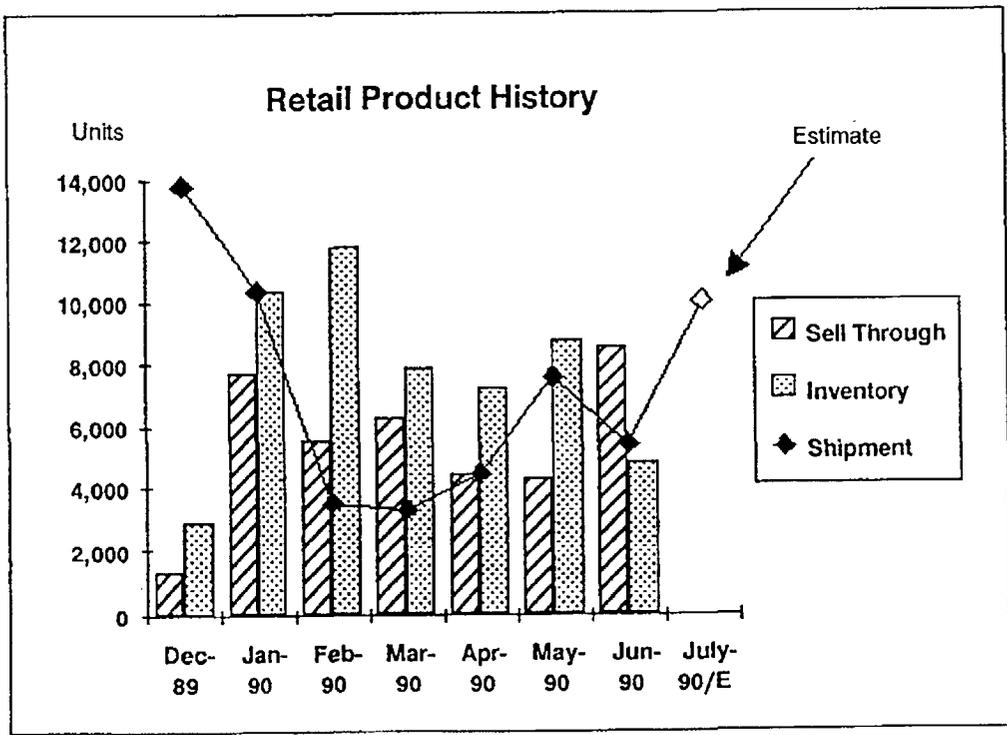## I. Overview

We have a 6 to 9 month period to establish Word for Windows as the domant graphical word processor. WordPerfect will not ship a Windows based product until Q4 FY 91 at the earliest, and Windows 3.0 shipped in May. We will focus on generating pull by implementing programs that have a focus on awareness, trial, and post sales support. Our sales goal for this year is to ship an average of 16,200 retail units/month.
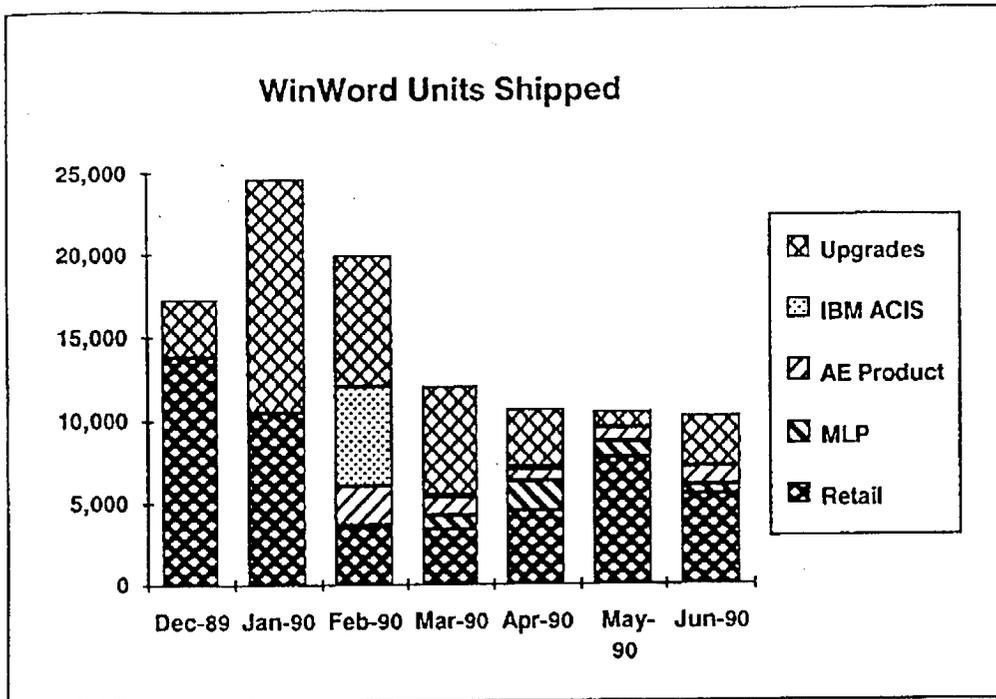
A. Current Sales Situation

The current sales situation is as follows:
- WinWord sell through is between 6-10,000/month and climbing.
- WinWord sales picked up sharply in July to over 10,000 units
- Corporate sales are beginning to pick up. Many corporations are aware of WinWord and like it. They have just now finished their evaluations.
- We have good distribution so far, but we have a long way to go. WordPerfect is carried in 90% of the top indirect outlets. WinWord is carried in about 55%.

Retail Product History

X 581322
CONFIDENTIAL

WinWord Units Shipped

Legend:
- Upgrades
- IBM ACIS
- AE Product
- MLP
- Retail

(X axis: Dec-89, Jan-90, Feb-90, Mar-90, Apr-90, May-90, Jun-90; Y axis: 0 to 25,000)

B. Competitive Window of Opportunity

Version 1.1, the REAL Windows 3 version, gives us a 6-9 month opportunity to establish WinWord as the number one graphical word processor.
- We shipped ver 1.1 in mid July. The new installation guide and set-up program will lower the PSS calls. Ease of learning, use improvements will not come until ver 2.0.
- Samna came out with a 1.2 release in May which has Win 3.0 support and slightly better tables and customization. However, they will not have a 2.0 release until Q3-Q4, FY 91.
- WordPerfect will not ship a Windows version before Q4 of FY 91. However, this version will probably have the 5.1 feature set.

C. Primary Marketing Problems in FY 91

As we begin the new fiscal year, the biggest marketing problems we have are:

1. WinWord has a low penetration of the Windows (3.0) installed base
   - People buying or upgrading to Windows have a low awareness of WinWord
   - Same group has a low awareness/lack of understanding of benefits of using a Windows based word processor with Windows. Many are currently choosing to use their DOS based word processor under Windows 3.

2. WinWord does not have a clear image as a leader in important audiences: influential and users, the press, resellers, and business users
   - Product reviews have positioned WinWord and Ami Pro as near equals. Reviews have favored Ami Pro on ease of learning and ease of use but they have favored WinWord on power and depth of features. Lack of drawing and a poor equations interface are also cited as weaknesses.
   - A significant number of people who purchase the product do not turn into evangelists because of support or learning issues.
   - Awareness and use of Word for Windows is still low in each of these groups
   - Awareness and use of Windows still low in general business user group

3. Word for Windows doesn't have high penetration in large corporate accounts, both in terms of breath across the F1000 and also depth within individual accounts.

4. WinWord is priced much higher than WordPerfect 5.1 in the retail channel. People do not view WinWord as a good value compared to WordPerfect 5.1.

5. WordPerfect will promote their Windows version over the next 6-9 months
   - Demo at COMDEX
   - Leaks to press, on Compuserv, and at seminars
   - Pre-eval program for corp accounts

6. Samna will promote Ami Professional as easier to learn, friendlier, and more powerful during the next 6-9 months.
   - Leverage of PR awards, reviews
   - Advertising
   - COMDEX demo
   - Co-marketing with distributors

D. Key Objectives

The overall objective for the next 6-9 months is to gain market share. Acquiring market share before WordPerfect ships their Windows product will be much easier (cheaper) than afterwards. We should be very aggressive about gaining share and look at the cost of doing so as a longer term investment.

1. Increase the penetration of Word for Windows in the Windows installed base.
   - Increase the number of people who buy both products at the same time
   - Increase the penetration among the people who already have Windows

2. Establish Word for Windows as the number one word processor in the eyes of important market groups:
   - PC power users, power word processors, and DP/MIS people.
   - retailers: sales people, technical support, and training people.
   - business managers, non-technical corporate decision makers

- writers and editors of industry and general business publications
Number one in the sense that these people would recommend WinWord over 50% of the time as the best solution for their/their people's needs

3. Get at least 50 F500 companies to buy 500+ incremental copies of Word for Windows during FY '91. Convert at least 20 accounts which currently are not using PC Word.

4. Ship an average of 16,200 units/month in FY 91. This will put us 20% over the official forecast and place WinWord as the clear market leader in GUI word processing. This will also give WinWord between 10-15% of the total domestic word processing market.

E. Primary Strategies

1. Increase awareness and consideration of Word for Windows by presenting and positioning WinWord as the default word processor under Windows, as much better than any DOS based word processor.

2. Increase exposure and trial of Word for Windows for target audiences through working model and evaluation copy seeding.

3. Explore selling direct to specific audiences through telesales and direct mail.

4. Explore lowering the price to gain market share in the mail order and storefront reseller channels.

5. Position Word for Windows as an important business tool to business professionals. This will be done mostly by presenting the Win Line as an important business solution.

6. Offer pre- and post-sales support to corporations which standardize on Word for Windows. This will include special PSS support and marketing support programs from our business unit and the corp accounts marketing group in channel marketing.

7. Make Word for Windows a key part of a very strong T3/T1 reseller promotional program with the Win Line.

8. Develop a strong ISV and Consultant program for Word for Windows.

9. Continue to survey target groups to understand attitude, awareness, and how to influence.

F. Product Positioning

We will keep the postioning we used for the product launch:

Microsoft Word for Windows is the graphical word processor that makes in dramatically easier to produce virtually any business document.

X 581325
CONFIDENTIAL

II. FY '91 Marketing Programs

A. Advertising

We will advertise in enthusiasts books, the business press, and in user group newsletters. The advertising will focus on generating awareness of benefits (solutions) and of sales momentum, popularity. Each ad will invite people to call for a working model.
- Fall Momentum Ad in enthusiasts books
- Fall Solutions Ad in enthusiasts books
- Fall Windows Computing and Win Line Ads in business press
- Spring Momentum Ad in enthusiasts books
- Spring Windows Computing and Win Line Ads in business press

For the first time this fall, we will do pre and post measurement of awareness and perceptions of people exposed to our advertising.

B. Public Relations

As discussed in the PR plan Connie and Sarah put together, we will focus on establishing Word for Windows as the leading graphical PC word processor. The main strategies are:
- Reposition WordPerfect as the one-dimentional company struggling to keep up with the latest technology
- Leverage the benefits of the Windows Line and Word Family to further differentiate WinWord from the competition
- Reposition Ami Professional as the easy-to-learn, poor man's publishing tool.
- Increase the usage of WinWord among the press
- Influence all writers to focus on the issues of Graphical word processing in their articles.
- Continue to educate the press about WinWord's depth features and innovative, unique capabilities

We should always remember the first or second most important way people learn about our products is through reviews and articles. Placing an article about WinWord generates as much awareness and interest as many advertisements.
- Leverage WinWord 1.1 announcement in August, press tour in July
- Remain in touch with press contacts, continue to support reviewers
- Database of end users for press to call
- Story development using corporate or ISV customization examples
- Getting major mags to use product

Depending on the situation, we will probably want to do another press tour just before WordPerfect for Windows ships next spring.

C. Win Computing Programs

This program includes advertising and reseller sales and marketing programs. WinWord is heavily represented in each part of this campaign. These programs will help establish awareness in the reseller channel.
- advertising
- seminars
- working model trial program
- reseller training tools
- sales incentives
- distribution

D. Price Reduction

Customers who are price sensitive are choosing WordPerfect 5.1 over WinWord right now. We will explore ways to lower the price in the direct mail and storefront reseller channels. This will be costly, but perhaps necessary to gain share. Jeffr will have to decide.

E. Working Model Program

A key part of our strategy is emphasizing trial through working models. We feel once people use the product, many will buy it. We will distribute the WinWord in the ways listed below. If possible, we will do telemarketing follow-up.
- WinWord advertising
- Win Line advertising
- Windows Computing advertising (?)
- Direct Mail
- Bounce back cards in MS product boxes
- Bundle with hardware

If the resources are available, we will also do pro-active telemarketing to key targets to offer the working model or seeding copies.

F. Direct Mail

In FY '90 we began an extensive direct mail campaign for Win Word, targeting prime prospect for the product (Win, Excel, 386 owners). We offered a free working model and emphasized benefits through trial. If this program is successful, we will continue to do direct mail in FY '91. We may want to expand the list to include the WordPerfect, Multimate, and WordStar reg bases, or parts of them.

The key question is whether we can ever sell full product directly end users. A direct mail program offering WinWord at a steep discount may generate significant market share gains. We will have to get approvals and test this. However, the working model campaign may be quite successful itself.

X 581327
CONFIDENTIAL

With or without a direct offer, telesales follow-up will be important. We will experiment with ways to gain the most market share here. If people we call are big decision makers, perhaps we will just send them a sample copy. We will try and call everyone to whom we send a working model.

G. Corporate Accounts

Sales push team within the OBU

If an account needs technical support during the evaluation or even after standarization, PSS will supply the answers. If PSS needs to consult program management, testing, or development, they will do this. Monica will coordinate when necessary.

Once an account has chosen WinWord, they still need support in converting their installed base of users. We are putting together a program to identify the key people within accounts that we need to support. This support will be technical information, sales and marketing information, and visits. The sales and marketing information may be presentations, newsletters, and demos, ie, what you would need for "department marketing."

Regional Marketing Programs

Just recently, the LA office put on 2 WinWord seminars for corporate account decision makers. About 180 people attended each seminar, and they were quite successful. Based on this, we will work with Channel Marketing and USSMD to develop regional marketing programs aimed at corporate accounts.

Consulting programs

Microsoft is forming a consulting group to service corporate accounts. Many of the big 8 accounting firms already have MIS consulting groups. We will support these groups as part of the ISV/Consultant support program

The LANMAN group is also looking into using consulting firms to market their product(s). We may be able to leverage off of their efforts.

H. User Groups/Word Influentials

User Groups remain a very effective way to influence IEUs. We will work on visiting each major group again in FY 91. This may require some creativity as many groups don't want to see the same product twice in one year. Perhaps a presentation on integration and customization, showing our clear advantage in this area will work.

We will continue the $99/copy program when we visit user groups.

I. Sales Tools

We will continue to develop our sales tools and make sure they reflect the importance of a GUI receptive person understanding the benefits of using WinWord under Windows.
- comparison sheet/brochure showing benefits of using WinWord under Windows vs DOS based word processor under Windows
- improved basic demo script
- demo script showing templates and customization
- guide showing how to create customized dialogue boxes, macros
- updating info for sales binders

We need a pretty hard hitting competitive analysis done on both WordPerfect and Samna. This will be used by PR, sales force, and during presentations we make. From this, we will develop a demo specifically targeted at selling against each product. In addition, we will try to video record a demo of Ami Pro and WordPerfect and distribute to the field, with editorial comments.

J. Third Parties/Developers

Phil Gilberts work has resulted in a number of new wins and some great PR. In working with Phil, we now understand the support requirements and some of the marketing opportunities these 3rd parties can bring. The key objectives for our ISV program are:
- Find more Phil Gilberts and leverage them to penetrate other industry segments
- Develop a low overhead 2nd and 3rd tier developers support program
- Explore co-marketing opportunities, such as joint ads with HP
- Explore PR opportunities
- Work with an outside writer, MS Press to write good tech ref macro book

K. Distribution Programs

We need to increase our distribution depth and breath. WordPerfect is sold in almost twice as many important indirect outlets. There is a Windows Computing program aimed at increasing distribution. We will see how this works and address again in the winter.

L. Customer Research

As the market quickly shifts from DOS to Windows, we need to understand more about our target audiences and our actual customers. The things we will research this year are:
- perceptions of WinWord and competitors
- information sources for purchase decisions
- importance of factors in purchase decisions
- job, industry segmentation
- product usage: features, previous products, concurrent products
- hardware used
- reference manuals used

X 581329
CONFIDENTIAL

M. Conversions

Conversions continue to be a real problem for WinWord users. We will work with program management to make sure the most important conversions are written or improved over the next 6-9 months.

N. Seeding/Samples at major OEMs

We will aggressively seed the IBM, COMPAQ, and Zenith sales force and management groups.

O. Training

Sales Force Training

The training level of both the sales force and the PSS people continues to be below what is required to do an effective job. We will explore doing the following to correct this.
- Refresher videos of WinWord demo skills and new demos
- As Monica first proposed, create a program similar to WordPerfect's in which we offer substantial rewards to people who can demonstrate various levels of product expertise.

Kelly Program

We will aggressively leverage the Kelly program this fall and winter.

End User Training

We will hold the second Word conference in October. This conference will target people who both make purchase decisions and also use the products on a regular basis.

We will explore changing our Class-in-a-box product strategy. We want to have an outside firm develop the materials and then distribute them, free of charge, on disk, to any company who wants them.

P. Legal Market Programs

We will change the emphasis on legal marketing to focus more on gaining market share. Hopefully, we can include law firms in other program we are running to minimize the effort. The programs we can use to gain share are:
- Direct mail
- Working Model, full product seeding
- Seminars
- Public relations work with legal publications

Q. Educational Marketing

We continue to do well in the educational channel. We will focus on leveraging the IBM ACIS and Zenith AE programs this year.

R. COMDEX Plan

Since WordPerfect will undoubtedly show WordPerfect for Windows at fall COMDEX, we will have a plan to counter this.

X 581331
CONFIDENTIAL