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ADVERTISING

In Campaign Wars, Apple Still Has Microsoft's Number

By [BRAD STONE](#)

TWENTY-FIVE years ago, [Apple](#) hurled a legendary marketing sledgehammer at [I.B.M.](#) personal computers that ran [Microsoft](#) software. During the 1984 [Super Bowl](#), Apple ran a television ad that depicted those machines as instruments of Big Brotherish conformity. The ad was shown just once, but people still talk about it.

Today, Apple is still producing ads that hammer away at computers that run Microsoft's software. But this time, Apple's pounding is constant, even as Microsoft has been weakened by product stumbles and a series of ads that fell flat with the public.

While other technology companies curtail their ad budgets to ride out what appears to be an intense and protracted recession, Apple, based in Cupertino, Calif., said in its most recent earnings report that it actually increased marketing and advertising during the last three months of 2008, compared with the same period a year ago.

That has made Apple the second-most prolific technology advertiser, behind only Microsoft. During the first nine months of 2008, Apple's ad spending vaulted to \$133 million, surpassing [Hewlett-Packard](#) and I.B.M. — companies with three times Apple's annual sales — according to the tracking firm TNS Media Intelligence. During the same period, Microsoft spent \$191 million.

Apple's ads promote what you can do with an [iPhone](#) or [iPod](#), or show the comedian John Hodgman as a schlubby PC guy being outfoxed by the actor Justin Long as hip Mac guy.

There is good reason for Apple's chief executive, [Steven P. Jobs](#), and its longtime ad agency, TBWA/Chiat/Day, to be drawing these pointed contrasts: Microsoft, Apple's longtime nemesis, is more vulnerable than it has been in years.

Microsoft's current operating system, Windows Vista, is a well-known disappointment. And the replacement, Windows 7, will not be ready for regular users for at least six months, analysts say. Last month, Microsoft reported poor financial results and said it would lay off as many as 5,000 employees.

"Apple is trying to take as much advantage as they can during this period where there is a lot of confusion on the Windows side," said Tim Bajarin, president of Creative Strategies and a longtime Apple watcher. "It wants to bring people into its retail stores and to contrast it to what they

already know.”

Microsoft, for its part, said that Apple gave the attack ads a short rest late last year after Microsoft unveiled its counterattack. Microsoft’s campaign, devised by the agency Crispin, Porter & Bogusky, initially featured the comedian [Jerry Seinfeld](#) and Microsoft’s co-founder, [Bill Gates](#), and then a diverse collection of normal people proudly proclaiming, “I am a PC.”

“I think we confused them a little bit by embracing the stigma they put on our brand and then taking it in a different direction,” said David Webster, a general manager at Microsoft.

An Apple spokesman declined to comment about either company’s advertising.

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So far, Apple seems to be winning the fight. The Macintosh gained more than 2 percentage points of market share in the last year and now controls nearly 10 percent of the overall market for personal computers, according to the research firm Net Applications.

Apple’s ads have also fared better than Microsoft’s in the war for consumers’ hearts. In the last two months, Brand Keys, a market research company based in New York, queried 400 Apple and Microsoft users and measured their perceptions of Apple’s and Microsoft’s brand equity before and after seeing examples of the companies’ advertising.

Among the ads the firm showed were “Bean Counter,” an Apple spot that poked fun at Microsoft’s spending money on advertising instead of fixing product flaws. Brand Keys also surveyed responses to Microsoft’s first Seinfeld commercial, “Shoe Circus,” and the first “I am a PC” spot.

“Off the Air,” an ad that promised Apple stores would help customers switch from Windows to Apple’s Mac platform, was highly successful in lifting the brand equity that Apple users felt around the concept of “innovation, design and added value” — a factor that drives loyalty. The spot also improved PC users’ perception of Macs for their “trouble-free performance, service and support.”

On the other hand, Microsoft’s “Shoe Circus,” in which Mr. Seinfeld helped Mr. Gates buy shoes, failed miserably with consumers. After seeing the ad, both Apple and Microsoft users had a more negative perception of Microsoft in the areas of innovation, technology, trouble-free design, and warranty and pricing. “When you see an ad perform this poorly,” said Amy Shea, the executive vice president at Brand Keys who conducted the research, “you’ve got a real problem.”

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The news was not all bad for Microsoft, though. “I am a PC” — the egalitarian response to Apple that Microsoft has settled on for its ongoing campaign — has worked well to lift PC users’ perception of the brand as technologically and environmentally advanced.

The message of the survey, Ms. Shea said, is that companies should play to their strengths, which in Microsoft's case is the sheer ubiquity of its software around the world.

"Everyone who has a PC feels that they are very plugged in and that the world speaks almost one language," she said. "Microsoft's ability to tell that story visually by going around the world made that ad successful and positioned them as green and even cool."

Apple, for its part, has played to its reputation as a hip, creative company, personified by Mr. Long's straight-man performance as Mac Guy. The ads also fit with Apple's 25-year history as a company willing to draw colorful juxtapositions against its larger, more powerful rivals.

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