Will Apple Outlast Microsoft?

By Richard Martin

November 15, 2007: Microsoft may be Apple's 800-pound gorilla, but Apple's got something Microsoft will never have: fanatical loyalty. So, in this battle for the hearts and minds of computer users everywhere, who's got the edge? The smart money's on Apple, writes *CIOUpdate* columnist Richard Martin of Alcera Consulting.

"Oh wow! Mom. Dad. You got us an iMac. Coooool! And we've been asking for one for soooo long." (sub-text: … even though we've had a PC for years now.)

"I've been thinking of getting a Mac, but we've got Windows at work so I don't really think I have much of a choice. I'll have to get a PC." (sub-text: … even though I really, really want a Mac!)

These two imaginary quotes encapsulate the differences between Apple and Microsoft. Let's face it. The Apple commercials showed us that PC guy is a nerd, but that Apple guy is just too cool to be walking on earth. The Apple commercials showed us jiggling dancing girls and boys in silhouette living the high-life with their way cool iPods. Microsoft gets four-color full-page spreads in *Fortune* and *Business Week* to tell us that they have "solutions", whatever those nerdy things are.

Let's face it. Apple is cooler than Microsoft. That, I believe, explains the successful yet highly divergent paths both companies have taken, basically since their inception back in the smoke-filled days of the late seventies. But now that both have achieved dominance in their respective niches, it may be time to examine both business models a little more closely.

In the Long Run

It is my contention that Apple is setting itself up for long-term success and even that rarest of things, corporate longevity. In short, I believe that Apple—with due regard to the authors of *Built to Last*, James Collins and Jerry Porras—just may be "built to last." Microsoft, on the other hand, has many characteristics which leave it vulnerable to attacks and threats from all sides. Don't get me wrong, I have nothing against Microsoft and I just can't get all the fuss about the Mac, but a dispassionate look at the business models and strategies has much to reveal about their differing potentials for success over the long term.

What really sets Apple and Microsoft apart? Is it the quality or type of technology? Is it the marketing and hype? Is it business strategy? The answer is none of the above. What sets these two giants apart is nothing other than customer experience.

Apple is the ultimate brand machine. Not just in computers, but also in iPods, which are just cute looking MP3 players, and now mobile phones/PDAs. Because that's what an iPhone is after all. It's a phone. Remember? It's not a phaser that you can set to stun and you can't call Scotty to beam you up.

What are people buying when they buy an Apple device? Is it quality? Is it technology? Is it ease of use? Most people would say all of these. However, I believe the real thing they are buying is fun and coolness. They are indulging their true nature, which is to be creative; wildly and unboundedly creative, creativity untempered by the boring exigencies of work and daily drudgery.

Even the corporate logo instantiates this idea of indulging one's passions. What is the Apple other than the fruit of the Tree of Knowledge? When you take a bite out of the Apple, you enter the Garden of Eden, where work is play and pain is pleasure. The bitten apple is what the French call un péché mignon, a little sinful treat.

Apple vs. Microsoft

So. You're Apple's competition. How do you compete against that? Do you tell customers your computer is more stable (which it probably isn't)? Do you tell them your device is sleeker and more modern looking (hey, Apple's is made in a hollowed aluminum casing lovingly carved by a laser beam)?

The truth is that Apple has a strong brand, probably the strongest one in the entire technology field. Moreover, because Apple doesn't strive to be everything to everyone, it can afford to position itself in such a way as to make its market dominance essentially unassailable. Whenever a company achieves such brand recognition, it has to work extremely hard to screw itself up. Even then, die-hard fans will fight for the brand more than the company.

Does anyone remember the New Coke? Who got Coca Cola to reintroduce the good old Classic Coke? Answer: All of the millions of die hard Coke drinkers. Thus, Coca Cola's brand is so strong, and its following so loyal—dare I say fanatical?—that it continues to be successful despite itself. It's the customers that have saved, and continue to save, Coca Cola as a business entity.

I believe Apple is on the cusp of that same level of branding, if it hasn't already achieved it. Simply put, Apple could probably make a lot of marketing mistakes and screw itself up silly, and it will still be around in a hundred years.

Now what about Microsoft? There are Anything But Windows (ABW) movements. There is plenty of state-sponsored litigation against it. There is plenty of private litigation against it. I'm sure someone will cite me an example of litigation somewhere against Apple or of a satanic cabal of Mac haters in Iowa, but the reality is that people love to hate Microsoft.

People also love to doubt Bill Gates' sincerity in his transformation from IT robber-baron who eats baby computer manufacturers for breakfast to a modern-day reincarnation of Andrew Carnegie. As for Steve Jobs, people just view him as a brilliant, if quirky, CEO.

I know this is going to sound like heresy, but I will say it anyway. Microsoft has a weak brand image. In some quarters, it even has a negative brand image. There, I said it. Sure, there are niches where Microsoft does reign close to supreme. The Xbox is one product that comes to mind. But in most cases, the fact that people are working on systems that are running on Microsoft guts goes a thousand miles over their heads. And so it should.

Users don't feel any particular attachment to the Microsoft software they use. Many of them feel it is forced on them and dream of a more convivial workstation. Personally, I don't see that much of a difference between the two computing paradigms, at least in terms of ergonomics, but I'm a nerd after all.

Many of the Microsoft "solutions" corporate speak for database apps and other such industrial software are competing against IBM's, SAP's, Peoplesoft's, etc. Microsoft may be a big player, perhaps even the biggest player in some niches, but there is competition. Moreover, that competition can convince corporate buyers that their own products are more cost-effective and consequently a better investment than Microsoft's. That kind of calculus is rare if simply non-existent in Apple's chosen niches. In fact, Apple studiously avoids rational sales pitches and focuses instead on the emotional attachment to its products.

We live in a long-tail world, to use Chris Anderson's phrase. Apple certainly isn't invulnerable to an upstart device maker from way down in the tail. However, it at least has some very strong defenses in the form of strong emotional attachment on the part of users and customers and a consumer-oriented business model that seeks to please people as people, and not as workers.

Microsoft, on the other hand, is extremely vulnerable to competitive pressures by any number of upstart device or software producers. When combined with the potential subversiveness of many movements out in the long tail, there is no telling where the attack could come from. It could be a full-scale onslaught by IBM or SAP (or how about GE?). But most likely it will be an unforeseen, and unforeseeable, technology or business model that will strike out of nowhere, stealthily and in the night, like a guerrilla warrior. Or it could be the Googles of the world morphing and adapting quicker, like the blob that ate the mid-Western town in the B movie.

Microsoft has attained its current dominance because it muscled itself into the marketplace and fought all comers. Simply put, Microsoft nuked itself into its current position. But no one wants the nukes anymore. It has to use stealth bombs and hearts and minds warfare. Can it change itself into a kinder gentler monolith?

My money is on Apple, because it acts like a long-tail company, despite its growing size and niche dominance. But who knows what lurks out there in the night, ready to pounce on Microsoft and to offer its customers superior value for less money, quicker, and with much less hassle?

Richard Martin is president of [Alcera Consulting](), a management consulting firm that helps individuals and organizations to thrive in the face of risks, threats and uncertainty.