

Microsoft gives MSN an overdue face-lift

Peter Burrows

Heartened by the reception for new search engine Bing, Microsoft has simplified MSN's home page to play up search with the detail of a local paper.

In the formative days of the Internet economy, Microsoft (MSFT) put a high priority on its Microsoft Network, MSN. Time and again it repositioned the service, morphing it from a dial-up Internet access provider to an entertainment-oriented site and then to a jack-of-all-trades Web portal. Eventually Microsoft turned its attention elsewhere.

Although still large, MSN.com became one of the most uninspired addresses on the Internet. It served as the ramp to the Internet mainly for the sort of PC buyers who never bothered to change their default home page. "The brand MSN has stood for so many things that it's somewhat muddled," says Kevin Lee, CEO of Internet marketing firm Didit.com. "It hasn't really stood for anything."

Now, for the first time in a decade, Microsoft is giving MSN a face-lift. On Nov. 4 some of the millions of users of the MSN home page will see a less cluttered site that for the first time lets users access Twitter and Facebook feeds without having to leave the page. A section called MSN Local Edition provides news of local doings such as concerts, restaurant reviews, and weather and traffic reports which vary based on the user's location. "This is a much needed update to a site that hasn't been given much attention in a long time," says Altimeter Group analyst Jeremiah Owyang.

Bing fuels gains in search share

The biggest change is the increased prominence accorded Microsoft's five-month-old Bing search engine. "Our No. 1 priority is to drive search market share," says Scott Moore, MSN's executive producer in the U.S. Bing represents one of the brightest glimmers of hope for Microsoft's beleaguered, loss-making Internet operation. The search engine has drawn praise for the relevance of its responses and for the inviting National Geographic-style photographs on its home page. Bing also led the way in serving up access to a feed of Twitter status updates known as tweets.

As a result, Microsoft's share of the lucrative search market increased to 9.4% in September, from 8.0% before Bing's introduction, according to comScore (SCOR). "We've made an emotional connection with people that we'd never even hoped for," says Yusuf Mehdi, senior vice-president for Microsoft's online business audience group. "That doesn't happen all the time with Microsoft. We tend to be more functionally driven."

An improved MSN could accelerate the pace of Microsoft's gains in the search market. That's because MSN is gigantic by any measure. The company says 600 million people come to MSN each month, although many do so via Microsoft's HotMail e-mail service or the Windows Messenger instant messaging service. About half of Bing searches originate on the current MSN.com, but a large swath of MSN users still use Google (GOOG) or another search engine. "A large percentage of MSN users have been unaware of Bing," says Greg Sterling, an analyst at Search Engine Land who researches Internet trends. Microsoft can gain a larger slice of the search market through MSN than by other means, such as becoming the default search engine on Facebook, Sterling says. "There is a massive installed base of people that are loyal to the site," he adds.

Social networking tools still lag?

That's not to say that the redesign is anything revolutionary. Analysts say the biggest change is cosmetic. Rather than a bazaar of 33 separate tabs on the home page, there will be five, including news, entertainment, and sports.

To give Bing greater prominence, Microsoft will generate lists of popular topics based on what individual users have been searching for. Even the graphic design of the site takes its cues from the cleaner look and feel of the Bing site.

Moore is an old Microsoft hand who left to lead Yahoo's media operations. The MSN revamp got under way after he returned to Microsoft in January. Over dinner, Moore and Rick Eames, a former Apple (AAPL) designer, decided on the outlines of a simpler, more useful site. While users of Yahoo's MyYahoo site can configure their home page as they wish, the new MSN will automatically display local weather, news, and even winning lottery numbers in the local section. "It's like the local edition of the newspaper—a geographic lens on your life," Moore says.

Another goal was to get more in step with the social networking craze. Here, some analysts say, the company has come up short. While users can see their tweets and Facebook updates from friends, they can't directly access the apps they use on those sites. Yahoo, on the other hand, prominently features such apps.

Microsoft executives say they will respond to other demands in the quarters ahead, including the release of a mobile version in 2010. In the meantime Mehdi says the company is smart to focus on better meeting the needs of the hordes of MSN users who want simplicity. "Yahoo makes you do a lot of work to customize [your home page], but most people don't want to do a lot of work."

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