# Why Microsoft Zune Failed: Case File

A well-built music player that arrived five years after the iPod, into a market that had already chosen its default.

## 01 Key dates

**2006**
Zune launches in November, against Apple's iPod

**5 years**
How long the iPod had been on the market by then

**2011**
Zune discontinued; Spotify reaches the US the same year

## 02 Exhibit No. 008

| FIELD | RECORD |
|---|---|
| **Species** | Portable media player |
| **Habitat** | US consumer electronics market |
| **Lifespan** | 2006 to 2011 |
| **Cause of death** | Timing Failure, with ecosystem and positioning contributing |
| **Capital consumed** | Undisclosed (Microsoft-funded consumer hardware division) |
| **Where it ended up** | Services partly folded into Xbox Music and later Groove Music |

## 03 The product against the market

### What Zune got right

- A larger, sharper screen than the iPod of its era
- Zune Pass subscriptions, years before Spotify normalized them
- Wireless song-sharing between devices
- Real Microsoft engineering and marketing resources

### What it was up against

- Five years of iPod sales, in the tens of millions of units
- The default cultural answer to "portable music player"
- Car integrations, docks and cases built for the iPod connector
- iTunes libraries and years of habit

## 04 How it failed

1. **Late entry**
   Zune launched five years after the iPod, into a category with strong network and habit effects.

2. **High switching costs**
   Buyers had sunk money into iPod accessories and iTunes libraries, so Zune had to be dramatically better to win them.

3. **Comparable, short of clearly superior**
   Reviews of the era generally called Zune comparably good. "As good as the iPod" was not enough to move the market.

4. **No ecosystem to lean on**
   In the early years its software and marketplace were disconnected from Windows and Xbox, so Zune built ecosystem gravity from zero.

5. **A subscription too early**
   Zune Pass arrived before broadband penetration and consumer comfort with renting music were ready.

## 05 What survived

**The subscription model**

- Zune Pass is now seen as a precursor to Spotify and streaming subscriptions

**Microsoft's later music services**

- Xbox Music, Groove Music and Spotify on Xbox trace back to Zune's ideas

## 06 The lesson

> *A product has to be better by more than the cost of switching, and five years of habit and accessories is an expensive switching cost to overcome.*

Full guide: **mustardseedmt.com/failure-museum/exhibits/microsoft-zune**

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