

How the Android Ecosystem Threatens the iPhone

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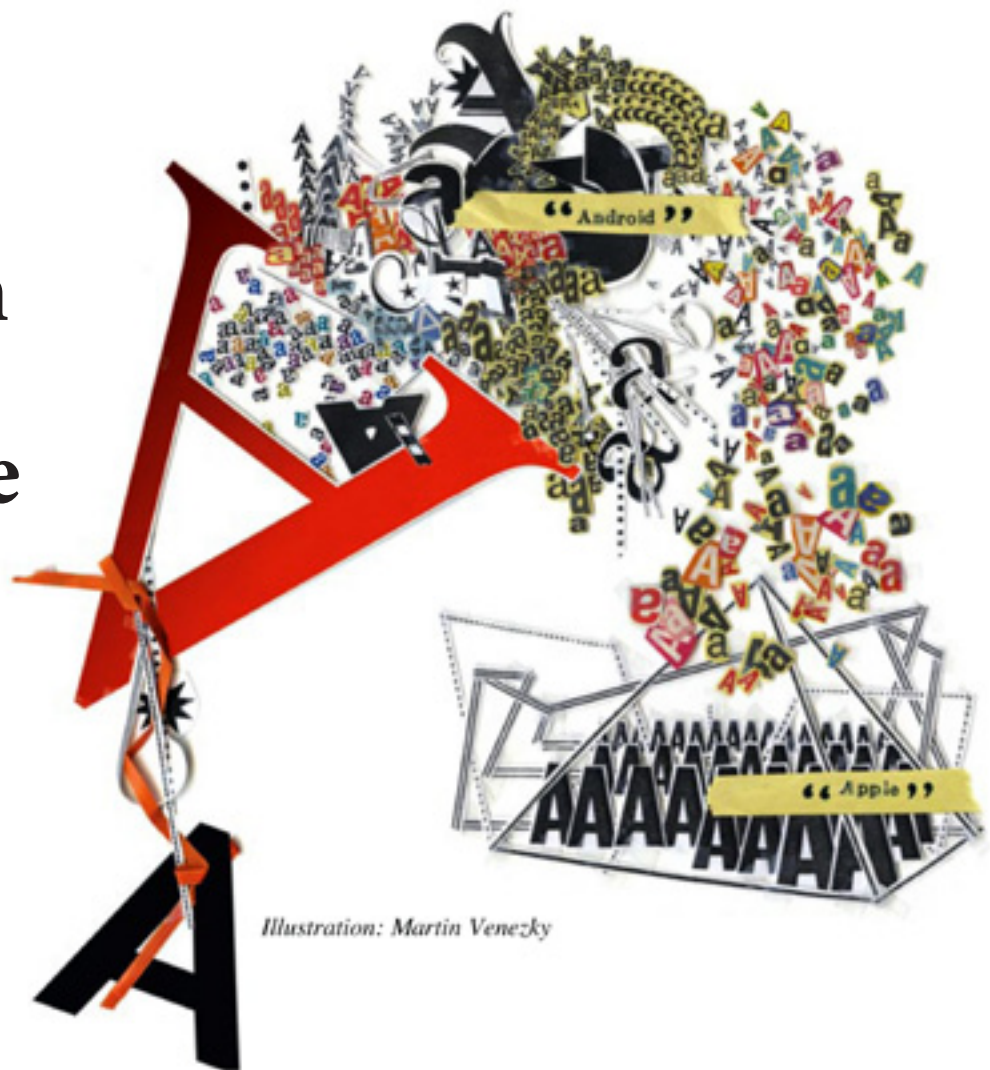


Illustration: Martin Venezky

The implications of canceling the project were huge. Another dud, right on the heels of the disappointing G1, might cement the public's perception of Android as a flop. Executives at Verizon, who had agreed to serve as the phone's exclusive carrier, would look inept. They were still taking heat for passing on the iPhone. Apple had gone to AT&T instead, signing an exclusive deal and bringing the carrier millions of new customers. And a failure would likely mean the end of Motorola, the company that invented the cell phone. "There was a lot riding on it," Rubin says. "I was betting my career on it."

A sense of doom pervaded the whole summer. Google engineers worried the phone wouldn't sell but still found themselves working weekends and holidays to develop the software. Jha spoke almost every day with John Stratton, Verizon Communications' chief marketing officer at the time, trying to figure out a way to tweak the design without having to reengineer all the electronic components. Meanwhile, they were facing a November deadline.

And the phone still didn't have a name. McCann, Verizon's longtime ad agency, had come up with a list of possibilities—including Dynamite—that few liked. As late as Labor Day, the phone still went by its codename, Shoals. Feeling cornered, Stratton reached out to McGarry Bowen, a young ad agency known for its unconventional approach. "We told them they had a week," said someone who was involved in the discussions. "A few days later, cofounder Gordon Bowen comes back and says, 'What do you think when I say *Droid*?'"

In retrospect, what the agency had done was simple: It turned the phone's menacing looks into its biggest asset by marketing it as an anti-iPhone. The iPhone was smooth and refined, so they would pitch the Droid as rough and ready for work. The iPhone's electronics and software were inaccessible, so they'd market the phone's hackability. "If there had been a phone in the movie *Black Hawk Down*, it would have looked like the Droid," Bowen told the executives.

A few weeks later, in early October 2009, Verizon and its new agency presented the Droid campaign to a group of 200 Android staffers. One ad featured stealth bombers dropping phones on a farm, in the woods, and by the side of a road. Another attacked the iPhone as a "digitally clueless beauty pageant queen." A third listed all the things the Droid could do that the iPhone couldn't. When they were over, the room erupted in applause. The Android team had been demoralized, but "when they decided they were going to do this full-on attack on the iPhone—that we were going to war—we got really excited," says an Android employee.

Apparently you didn't have to work at Google to love the campaign. When the Droid launched, on schedule, it was a tremendous hit, outpacing sales of the original iPhone in its first three months. Motorola started to make an amazing turnaround; today, thanks to the Droid, it is profitable again. Verizon started winning more new subscribers. It also improved its bargaining position with Apple. Less than two years later, when the two companies introduced the Verizon iPhone, the carrier managed to get a better deal from Apple than AT&T had.