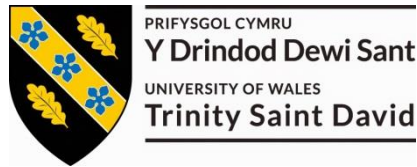


Marketing Management



Marketing Management Assignment

“It has recently been recognised that ‘to maximize customer satisfaction, companies have long emphasized touchpoints. But doing so can divert attention from the more important issue: the customer’s end-to-end journey,’ (Neher et al, March 2016). With this quotation in mind and following on from your presentation, you have been tasked with critically appraising how your chosen organisation can create innovative marketing strategies for raising awareness of the brand as well as managing and evaluating the customer journey across a variety of communication channels to ensure current and future stakeholders’ expectations are fulfilled. Support practical examples with appropriate theory”.

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Introduction.

Environment is changing day by day due to globalisation and technology development ,consequently,the market place is changing considerably.Nowdays,the continuous increase in information technology,brand awareness,digitalisation make the business environment greatly competitive and challenging .In order to survive in this aggressive environment,companies need to make the difference in their market place by developing the proper strategies .Developing effective and efficient marketing strategies companies can create a competitive advantage.One of the marketing strategies that companies are using a lot to increase customer satisfaction and to create the differentiated value is customer touchpoints.Touchpoints include every time and each way that customers contact with the brand before,during and after buying or experiencing the product.However,focusing only on touchhpoints is not beneficial if all of these touchpoints are not fulfilled in accordance with customer expectations.In order to be more effective companies should emphasize End to End Journey customer experience.End to End journey is a wider barometer to measure customer satisfaction.It includes all the interactions between the company and its customers during their relationships.It includes not only the touchpoints but furthermore,such as interactions between the brand and the clients as well as the environment in which these interactions take place.This report will discuss these issues for a company in particular.It will start with a brief history,competitors,marketing strategy and then analysing touchpoints and end to end journey.There will be in consideration competitive and future challenges that the company may face.The chosen company is Apple.Apple was founded 42 years ago by Steve Jobs in 1976 by producing their first computer.Steve Jobs was not the only contributor of apple foundation.Steve jobs and Wozniak joined their efforts together helped by another important contributor like Ron Wayne.The first computer was primitive with a typewriter like keyboard and it could be connected with a TV screen. The first apple computer was sold \$500.The name apple was decided by jobs after returnnging from an apple farm.Since then he started with the first strategy when he chosed this name for some reasons.According to him this name was spirited,funny and not intimidated.This was the beginning of a long story full of other inventions starting with pc,laptops,iphones,apple watches and other apple equipments and applications.The first apple advert was displayed in 1984 when apple presented Macintosh PC during the Super Bowl available at https://www.youtube.com/watch?time_continue=39&v=2zfqw8nhUwA .In 1986 the apple slogan was “***The power to be your best***”The campaign was very successful despite some criticisms about a failure to take apple computers specifically rather than only in general.In 1980s IBM was dominating the computer market which was seen as its major rival and this rivalvry relationship last until 2014 when Apple and IBM created a strong partnership.In 1989 Apple announced the first portable pc followed by the first pc with colour display in 1990.One of the most successful ad campaigns of apple was called “***Think different***” which consisted on advertisements in magazines and newspapers that included images of prominent thinkers like Muahmed Ali,Albert Einstein,Bob Dylan,Gandhi next to the phrase Think Different.In 200 it launched its G4 cube computer but after one year it failed to success and it ended the production of this computer.However its unique design of G4 cube is in New York

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Museum of Modern Art. In 2002 it announced the first developed laptop followed by apple iPads one year later. In 2007 apple launched the first apple iphone and presented it during 2007 Oscars. 2008 brings another invention by apple company which was MacBook Air which is extremely thin and very powerful in the same time. In 2010 apple iPad was available in apple stores. To be distinctive toward its competitors apple created its application called app store in order to promote itself using this application. It was very successful and it was said that in January 2011 there was downloaded about 10 billion apps from the app store. In 2013 it launched an ad called "Misunderstood" which was launched in Christmas time showing a teenage boy too obsessed with its iphone during Christmas holidays. However the result was a creation of a family movie revealed in Christmas time. This advert was very successful and that was the reason marketing department of apple decided to repeat this advert in 2014 in another form. In 2015 apple announced the first apple watch and unfortunately sales was lower than what was predicted. Apple is well known for its innovations in iphones from iphone 3 to iphone X in 2017. It should be said that apple competitors depends on the range of products and applications that apple offers. Some of its competitors are Samsung, Google android which is an application, Microsoft, Nokia, Black Berry etc. This report will discuss for Samsung which is a major competitor in market of tablets, laptops, personal computers and mobile phones. Samsung was founded in 1938 by Lee Byung-chul, initially as a trading company in textiles, insurance, food processing etc. 1960 was a milestone for Samsung because it entered the electronic industry. It is a South Korean company which is positioned in the sixth level of the world brand value. Samsung industry include more than only electronic products. It include Samsung heavy industries, Samsung engineering, Samsung life insurance and Samsung overland. As well as Apple electronic equipments variety, the variety of electronic goods of Samsung is high. About its marketing strategy and other competitive issues there will be discussion during the marketing strategy analysis.



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Marketing strategy.

Marketing segmentation

Marketing segmentation include the process of defining markets according to different groups that are called market segments. Also it includes measuring the respectively needs for these segments, determining the proper strategies to meet these needs, informing and communicating these strategies to the staff who are required to deliver the value propositions. After this step there is needed to estimate the delivered value proposition McDonald, M., Dunbar, I (2010). Meanwhile, Lancaster and Reynolds suggest that segmentation is essential to place customers needs in the company's decision making and segmentation help companies to divide costumers based on total differences in their behaviour into homogene groups with the same demands and preferences. Segmentation process is based on geographic, demographic, behavioural, psychographic, social class criterias etc. In case of Apple segmentation strategy there are evident these groups of segmentations.

Based on psychographic and behavioural: Apple ipad and itunes store is designed especially for people who love music. Also based on these criterias apple offer pc, laptops, Mac Books and other tablets to be used by profesionals and teenagers as well. So in this case there can be said that that apple was inclusive according to age. The third target group is wider and it includes all customers that use apple tv, apple watches, iBooks, apple pay etc.

Pricing strategy

Price is essentials when talking about profitability of the companies. In a short term price may leads to an increase in gross profit of the company but in long term perspective it may cause loss since if this price is not justified by quality (Doyle et al, 2006). When talking about apple it is obvious that apple products can cost twice compared with its competitors' products it should be said that the purpose of apple is not only increasing its profit by increasing prices. A big reason of the high price could be a premium price strategy. This strategy of apple may be witnessed by the fact that in customers' eyes apple products are considered as superior toward its competitors. This happen because human being see expensive things related to high reputation and by buying these expensive products they could feel priviledged witihin their society. Apple products are considered as luxury products, therefore, buyers of apple are ready to pay more for products because this additional payment is justified by their desire to possess the sense of indulgence in their society. Furthermore, high price of apple products is fairly higher than its competitors products since apple use qualitative materials like glass and aluminium to create its products while other androids are made more by plastic components. On the other hand Samsung products are a bit cheaper than apple products while the quality of its products is close to apple devices. High price of apple can be related to consumer behaviour as well. Mc Donalds at al, are of the opinion that consumer behaviour investigate products that customers buy, how they use certain goods and services and how these products impact their everyday life. Consumer behaviour of apple is clearly obvious by an example that happened in 2007. In 2007 apple launched its first iphone pricing from \$499-\$599. Despite this

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high price 170,000 apple iphones were sold in just two first days. Two months after apple reduced the price of these iphones to \$200 , all the early purchasers felt indignant and made a lot of complaints to this company. Apple responded quickly with a \$100 apple credit to apple stores. That was not only a customer dissatisfaction. This is an explanation of many questions related to consumer behaviour. it includes a variety of questions like, why initially these consumers were so ready to buy apple iphones and after reducing the price they reacted negatively?, why the company responded immediately to these complaints by offering \$100 credit to apple stores?, What customer needs were fulfilled by buying that iphone? Etc. The answers of these questions can form what is called consumer behaviour.

The picture below is an illustration of apple price towards its major competitor.

Fig.1



Dimensions	124 x 59 x 7.6mm	137 x 70 x 7.9mm
Weight	112g	132g
Screen size	4in	5in
Screen Resolution	640 x 1136 pixels (326ppi)	1080 x 1920 pixels (441ppi)
Camera	8MP (larger 1.5 micron pixels)	13MP
Operating system	iOS 7	Android 4.2 (upgradeable to 4.3)
Price	£549 (16GB)	£549 (16GB)

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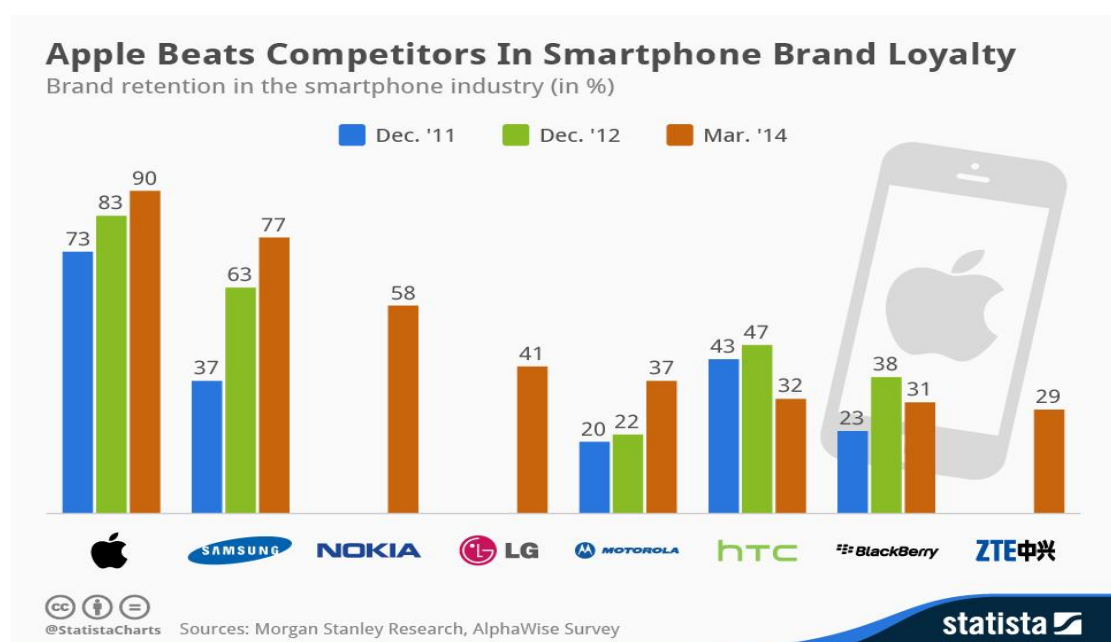


Brand Loyalty.

Brand loyalty indicates the positive attitude that customers have toward a particular brand and their dedication to buy its products. Apple achieved to have a strong image and to positionate its brand in customer head. One of the apple approaches is the way it design

its products. For example every iPhone is a cutting-edge technology. One Apple product is not only a product but it is a portfolio. Apple iPhones are paired with iTunes and App Store. Apple ID is another big innovation that helps Apple users to manage their files, their digital identity etc. Since Apple products are considered as a portfolio by itself, customers are more likely to buy an Apple product than buying some other different products. The strong brand loyalty of Apple was witnessed by a scandal that Apple was included. About two years ago Apple started an unfair practice which consisted on slowing down the performance of older iPhones. According to Jordan McMahon who wrote an article for this scandal Apple said that the reason it was doing so was to compensate for battery degradation rather than pushing its customers to change their smartphones. But, it should be said that Apple could use other different approaches to achieve this purpose rather than damaging its customer trust. But, John Poole which is a developer at Geekbench explained in a blog that in fact it was a change in iOS that caused that slow performance. There are speculations that Apple was doing this thing for many years but this company denied it. However, it did not change significantly the brand loyalty. Every time Apple may have problems in its products customers do not pay attention to these problems but they keep an eye in future inventions that Apple can offer. The picture below describe the brand loyalty of Apple compared with its competitors.

Fig.2



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Touchpoints of Apple

As mentioned into introduction touchpoints are considered as essential for the company brand loyalty and customer satisfaction. Touchpoints include every contact that happen before, during and after purchasing the products or services.

Touchpoints include consumers transactions and interactions with a certain company and its offerings. Companies try to ensure high customer satisfaction through touchpoints. (Mc Kinsey and Company, 2018). Companies develop strategies in order to increase customers satisfaction in their first contact and interaction with their products, consumers services, company's staff, marketing of the company and everything happen during customers relationships with the company.

Fig.3



The picture above is a clear illustration of customers touchpoints. The first touchpoint could be a look on the website of the company. After that consumers may decide to make a phone call to the company asking for informations about a particular product. This would be the second touchpoint and so on. Another clear example of a touchpoint could be as below. If someone decide to have a dinner in the center of London at any restaurant that he/she has not been before. It may happen that they see in front two restaurants and one of them has a big advertisement in its front and the other one does not have any advertisement but only its name. It would be more likely that the customers will pay attention to the first restaurant and the reason could be that advertisement. This is how customer touchpoints play their roles to customer satisfaction, consequently to companies's brand image.

According to apple touchpoints there are some strategic touchpoints that Apple have choosen like:

Information technology is being developed day by day and customer are using online purchasing or online information more and more. In order to respond to this phenomenon Apple created an easy navigated website, easy to find the product variety, easy to find different apple store locations, easy to make an appointment and easy to use other services that this company can offer.

Packaging is a strong strategy that apple use to satisfy its customers. Who cannot be satisfied by its unique packaging of ipod which is made of wonderful colours followed by its special

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and visual animations. Continuing with the way boxes of apple open, the way products are arranged inside the box makes it a special packaging. Furthermore, plastic packback is another special and unique packaging which create and advantage towards its major competitor Samsung whose packaging is more simple.

The way **demo products** are positioned in apple stores make it easy for customers to try the products and the employees that are in these stores support customers in trying products and other information depending on customers requirements.

Everyone may have been any time in apple stores and may have noticed that employees there are very cool, smarter, helpful, always smiling when they help customer etc. This could be an **employee training strategy** of apple in order to manage properly this touchpoint.

If someone visit an apple store an obvious thing that can be noticed is that bags and receipt printer are positionated below the display surface. This could be an action made to avoid mess. **Apple stores are designed** in a special way, full of cheerful lights and all of these factors contribute to a high satisfaction.

End to End journey.

It has been suggested that customer touchpoints are giving to much attention while end to end journey is not giving the respective attention.

'to maximize customer satisfaction, companies have long emphasized touchpoints. But doing so can divert attention from the more important issue: the customer's end-to-end journey,' (Neher et al, March 2016).

Starting from this quote companies should keep an eye on customers total experience. End to end journey customer satisfaction is a wider measure of evaluating customer satisfaction and customer loyalty to the brand. As Mc Kinsey and Company suggest customer end to end journey is made of many things and processes that happen before experiencing or buying the product, during the use of the product and things that happen afterwards. As illustrated in Fig.3 it may be known where the customer journey start but the end is difficult to predict. End to end journey include many relationships created between a customer and a company, hence, it is difficult to develop an appropriate end to end journey strategy. According to an article prepared by Jeannie Walters one of these challenges could be that the way customers experience products may differ from what the company think. It could be said that it helps the company appreciating customer experience but there should not be left behind the fact that experience is not only what customer do after purchasing a certain product.

In case of apple managing and innovating end to end journey is related to:

Customer support experience which is related to the extended warranty that apple offer for its products. When someone buy an apple product they will be equipped with an extended warranty. If something strange happen with their product it can be easily replaced by another

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one from apple stores. Customers just need to make an appointment to discuss their issue and then taking another new one.

The experience of using product. This approach is explained by Chuck Frey in an article to innovation management .se website. He took the example of moving the slide from one screen to another and the example of the special way icons move vibrantly when a user wants to delete one or more apple applications.

Customer support experience could be another innovative approach which consists on making appointments rather than waiting for a long time in queue. This saves time, help customers to manage their time efficiently and what is more important every customer is supported by its personal supporter.

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Conclusion.

Apple is a well known company with a clear vision, positioning the brand in customers mind. It designed the best personal computers in the world, followed by digital music revolution by creating its ipads and itune store and the most innovative phones. It has created an emotional connection with its customers. It continues to be such a huge brand loyalty toward apple and one reason could be because people still think about Steve Jobs. Apple is there because of Steve Jobs.

On the other hand there are some inevitable future challenges that apple may face.

The market is changing quickly and this leads to an increase in competitive challenges that apple need to respond accurately. As described in 2016 financial annual report of apple the company products and services compete in a high competitive market characterised by aggressive prices, innovation of new products frequently, the short products life cycle, the changing of industry standards etc. All of these factors impact directly on apple sales, profitability, competitive advantage, brand loyalty, customer trust etc.

Global economic conditions are a major factor that impact on apple profitability. A decrease in economy leads to a decrease on apple profitability since apple customers would spend less depending on their budgets. On the other hand, an increase of people welfare could increase apple sales, consequently it leads to an increase on apple profits.

Low quality risk. Apple produces complex hardware and software that can contain manufacturing problems. There are some viruses that can appear and affect these softwares. These viruses cannot be predicted by apple in order to prevent these defects. Also some problems may happen related to product components since apple is supplied from third parties it is impossible to detect all the defects that a component may have.

The company is subject to laws and regulations. Any change in law or regulations may affect negatively in the Company's cost. These changes may consist on changes in areas of labor, advertising, digital content, consumer protection, real estate, billing, ecommerce, promotions, quality of services, telecommunications, mobile communications and media, television, intellectual property ownership and infringement, tax, import and export requirements, anti-corruption, foreign exchange controls and cash repatriation restrictions, data privacy requirements, anti-competition, environmental, health and safety.

International risk operations. Apple is an international company and a big contribution to its revenue is generated from international operations. One of these risks can be foreign exchange rates. Depending how these rates change it affects directly in apple's profitability because sales should be converted in dollars. Another risk is the fact that despite the fact that apple implements policies that are compliance to US its policies may be not compliance to other countries regulations due to the fact that law of one country differs from law of another

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country. So, unintentionally it may be subject of any law violation which create a hue negative publicity for this company.

Recommendations.

Introduction and innovation of new products frequently. One of the big reasons why apple is a well known company is the fact that it launches new products too much frequently. In an environment where technology is developing greatly fast, in an aggressive and competitive environment the only way to survive is innovation. In order to be positioned on top of the rest competitors apple should continue to innovate and introduce new products.

Using digitalisation process to transform customers end to end journey. Instead of building approaches that culminate starting from one or two months later, through digitalisation apple can achieve rapid process of digitalisation by using concurrent design approaches. By using this method multidisciplinary teams conduct high impact processes and journeys, rereleasing designs quickly based on direct customer input. This approach boost stronger designs to succeed faster while weaker designs fail faster.

Link the customer experience with the value. Many companies invest too much on improving customer experience but few companies know exactly how these improvements will generate value to the organisation. In order to build this strong link apple should start with identifying specific customer behaviour that bring a strong value to the company. Secondly, it is needed to link what customer say with what they do. It is common that what customers say in one satisfaction surveys differ from what they do over time. Apple should build a customer level data made of past surveys about customer satisfaction, dedication toward this brand and the willingness to recommend apple products and services.

Analyse these customers data. By analysing these surveys apple could be able to designate customers as satisfied, neutral or dissatisfied over a period of time. In this way apple can develop strategies for each category respectively. For example it may focus on moving dissatisfied customers to neutral ones and so on, so in this way it can estimate its value.

Developing a whole reformulation of the company culture focused on a journey. According to an article from HEFLO EN there are five steps to do it.

1. Understand that the client's journey, in fact, is divided into several days
2. Find out which are the most important journeys for clients
3. Develop better processes for each of them
4. Spread these findings throughout the organization
5. Lastly, generate a culture focused on the continuous improvement of the client's journey

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Focusing on mobile apple iphones more than on apple applications. According to an article written by Kelvin Claveria the time for app boom is over. It suggests that the top 15 publishers of app in the US faced a drop to 20% decrease within only one year. Starting from this phenomenon apple do not necessarily need to create an app in order to increase its profitability, brand loyalty, competitive advantage etc.. Also, apps need time and are costly so apple should be careful if the return far outweighs its costs in terms of profitability, customer satisfaction, brand loyalty and its survival in this changing and unpredictable environment.

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Apple US Official site https://www.apple.com/us_kiosk_127086/shop

Samsung <http://www.samsung.com/uk/>