

Assessment-2
Marketing Fundamentals analysis and evaluation

Student name : Denisa-Roxana Stoica

Student ID : 2211503

Module name : Marketing Fundamentals

Module code : LCBB4004

Lecturer name : Tushara Balendran

Date of submission : 13/01/2023

Table of Contents

Introduction.....	3
Concept of marketing.....	4
Stages of marketing.....	5
Macro environmental factors	6
Porter's five forces model.....	9
SWOT analysis	11
STP analysis.....	13
Marketing Mix	14
Conclusion and recommendations	15
References.....	16

Introduction

The business environment requires some internal and external factors that have significant impacts or consequences on business operations (Baines et al., 2014). This report is based on such business environmental analysis, especially the impacts of Covid-19 on the continual operations of organizations, such as Apple Inc. during the pandemic situation. As the marketing manager of this business, an analysis of the business environment will be envisaged regarding the impacts of the pandemic situation and for this, different academic theories and industrial examples will be considered for elaborating the discussion. This analysis will include different tools for exploring the external or macro environments, internal or microenvironments, and competitive edge of the market. Besides, different marketing strategies, like STP analysis, Ansoff marketing matrix, etc. will be used.

Concept of marketing

Marketing is one of the major functions of the business that does make the business not only indulge in selling goods and services but also deal with several activities, like distribution, advertising, promoting, etc. (Armstrong et al., 2017). Alternatively said, it is a philosophy that helps put customers at the heart of the business, produce and offer distinctive value for the customers. Besides, this can also help make appropriate decisions based on the effect of the customer and it is a way of looking at the business and what it does from the outside while being inside. Its basic concepts suggest that it starts with finding the needs of the customers and based on the needs, they manufacture products and utility satisfaction, exchange value, build up relationships, conduct financial transactions, and other relative marketing functions.

Stages of marketing

The phases of marketing include production concept, product concept, selling concept, and marketing concept. That is why in this case, the major phases in the marketing process include situational analysis, objectives, strategies, implementation, and control.

Situational analysis

This kind of phase of marketing indicates or defines where the business is today in terms of its product, market, customer, and competition. Apple Inc. is now a well-known reputed business that is multinational business and its origin country is the USA. Steve Jobs was the founder of this business. This public business in the consumer electronics or software services industry has almost 394.33 billion USD by the end of April 2022 (Hiley, 2022). Tim Cook is now the current CEO of this business. Its targeted customers are global customers who have higher earnings and the ability to purchase luxurious and premium items, especially for managers, students, executives, and so on.

Objectives and strategies

Apple Inc. aims at informing targeted customers globally about modern technology and creating groundbreaking products. This business has made an image for itself that has become a trendsetter in the market with every one of its products introducing something new and exciting to the world. This business also looks for ways of expanding its nationwide chain of stores internationally (Meyer, 2019).

Its strategies include diversification strategy and premium pricing strategies. Global business expansion is the part of this business that focuses on exploring the different markets and local competitors. Online services insist on presenting and utilizing social media platforms and digital marketing tools, like blogging, email marketing, and website design.

Implementation and control

The headquarter of Apple Inc. is in California, USA but it has been serving customers worldwide. The hierarchical structure is followed by Apple Inc. Though the CEO, named Tim Cook does not directly lead or monitor the lower-level employee, they emphasized a decentralized decision-making process throughout the business. Global business chain stores are controlled by regional managers who take an appropriate organizational decisions.

Macro environmental factors

The macro environment is an external business environment that requires several external factors that can bring opportunities for the business or threaten the existence of the business. For analyzing such an external or macro-environment, PESTEL analysis is going to be utilized. PESTEL analysis tool consists of some major factors, like, political, economic, social, technological factors, and so on.

P	E	S	T	E	L
Political	Economic	Social	Technological	Environmental	Legal
• Government stability • Tax Policy • Regulation • Infrastructure	• Economic growth • Inflation • Monetary policy • Employment rates	• Income distribution • Demography • Education • Lifestyle factors	• International influences • Tech transfer • R&D initiatives • Communication chanel	• Environmental restrictions • Climate change • Energy savings • Workforce health	• Regional laws • Court system • Health & safety • Law enforcement

Figure 1: PESTEL analysis

Source: (Clow & Baack, 2022)

Political: Government stability is one of the major issues in this segment because this kind of stability in the political environment of a particular country help businesses to conduct their business functions smoothly. Due to the impacts of Covid-19, government stability does not remain in a stable position because it has been affecting the organizational functions and their performances significantly. In the UK, the government has arranged incentives for protecting the SMEs of the countries but multinational companies, like Apple Inc., need to face lots of trade barriers due to several external factors (Thomas, 2022). Among them, Brexit is the major concerning issue that has raised lots of uncertainties for the non-British or businesses originating in EU member countries. Like, trade restrictions in the form of tariffs, import quotas, new trade policies, tax policies, etc. can affect the business productivity and profitability in a particular market.

Economic: Economic growth is one of the major issues that affect business performance. Apple Inc. is such a business that always focuses on those geographical segmentations having lucrative economic growth and such economic growth always attracts potential investors across the globe. Since the end of 2018, the inflation rate in the UK kept rising and the war between Ukraine and Russia has given flame to the rate. In this case, the inflation rate keeps rising across the world. Countries, like the USA, Canada, the UK, and other countries on different continents have been suffering from the rise of the inflation rate. This inflation rate indicates an increase in the price level of all sorts of products (Wearden, 2022). The post-pandemic situation was accelerating the business functions and their profitability and the businesses started reviving and overcoming the negative effects of Covid-19. But now consumers' purchasing power has been affected greatly. Increasing the inflation rate helps businesses to hire employees at lower because the rising inflation rate has been lowering the value of currency value, like dollars, pounds, etc. Monetary policy is such sort of policy that is determined by the central banks. In this case, the interest rate is lowered for protecting the businesses.

Social: Apple produces high-quality products and the targeted customers are those who have higher earnings and affordability to purchase the products. That is why income distribution is such a critical issue for businesses to focus on the targeted customers. In the consumer electronics industry, many people have the desire for using high-quality products, and for this, they agree to pay more. Besides, people are fond of paying for high-quality electronic items (Hiley, 2022). Young generations across the globe are quite energetic but they are fond of electronic items that can give them pleasure and comfort. People's lifestyles in the upper class are surrounded by brand preferences and businesses have been utilizing their brand image for holding a significant market portion for a longer period.

Technological: Globalization is one of the most effective technological factors for businesses. By utilizing this concept, nowadays many businesses can come out from the local competition and become global players. Due to globalization, technology can be now transferred Apple Inc. has a dominant position in the UK though it is a US-based company. Technological advancement has helped businesses to bring new features or new items either for existing or new customers (Orhan et al., 2021). Accuracy, efficiency, and effectiveness of the products and services can be ensured through the utilization of technological advancement. Large economic scale is now possible for businesses because businesses are utilizing much modern equipment and machinery for producing

more products that can sell to a large number of customers. diversification requires a unique process or system of producing products that can have higher market demand. Apple Inc. has always prioritized and indulged in investing in the research and development of its existing products. By investing in research and development, these kinds of technology-based businesses can modify the products considering the market demand.

Environmental: Environmental pollution is a major concern for businesses nowadays. In this case, each country has its distinct environmental acts but global standards always insist on following the same acts or rules and regulations so that businesses can lower the level of emitting carbon in the atmosphere and protect the environment significantly. Corporate Social Responsibilities (CSR) are also one kind of environmental factor that has a positive impact on the brand image (Clow & Baack, 2022). Besides, CSR can be used as a promotional tool for promoting the business. Health and safety issues are also part of the business because a business ensuring these effectively can earn a reputation in the market that also supports maintaining industrial standards t the end of the day.

Legal: Each country has distinct legislative issues but more or less all kinds of laws are quite the same that make the business operate their business functions ethically and morally. As a multinational business, Apple Inc. is bound to follow regional laws. In the UK, it needs to envisage national minimum wage acts, employment acts, health and safety act, environmental acts, accounting standards for preparing the financial report, etc. (Thomas, 2022). But the Brexit issue has been generating lots of uncertainties whether there may be import quotas or tariffs. The court system in the UK is quite strict which makes the business pay corporate tax timely and follow ethical or legal obligations strictly.

Porter's five forces model

This tool is an external analysis tool that is applied for identifying the competitive edge of a business, like Apple Inc. in the market. This model introduces five major and they are related to the new entrants, suppliers, customers, substitutes, and competitors.

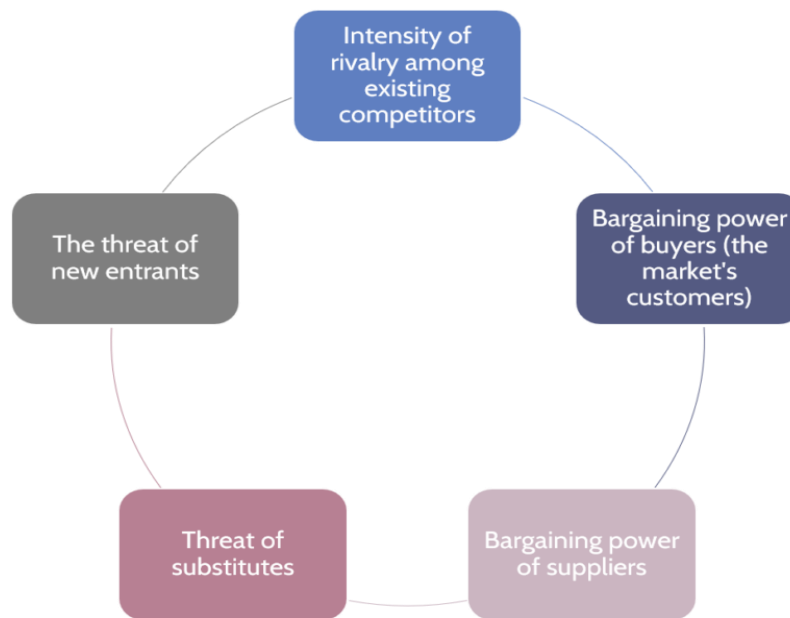


Figure 2: Porter's five forces model

Source: (Baines et al., 2014)

Threats of new entrants: This multinational business has appeared in the market with its high-quality products that require a premium price. People having higher incomes can easily afford them and many people are fond of brand products. That is why this business needs to have high capital investment in the commoditized market. This commoditized market has made it difficult for new startups or entrepreneurs or SMEs to differentiate their products. Even, close competitors, like Samsung, Dell, HP, IBM, etc. are found trying to make copies of their strategies but at lower cost leadership strategy (Greenspan, 2015). Alternatively said, substantial dominance of low-cost and large economic players cannot differentiate. Because high-quality products require some distinct features that are not available or introduced by others. The users need to have distinct application software that can be found in Apple stores only (Orhan et al., 2021). Besides, the design, logo, and relative facilities of the products have made it different from the competitors,

and for this, this business has implemented premium pricing in its products. That is why threats of new entrants are low for Apple Inc.

Bargaining power of suppliers: Suppliers for businesses are those who supply materials to the businesses that can be used for producing goods and services. For supplying materials, they usually compete with each other, especially when there are many competitors in the market. Besides, it is found that the suppliers of Apple Inc. compete with each other in terms of supplying high-quality materials because this business does not compromise in manufacturing its goods and services. In this phase, suppliers compete among themselves to obtain exclusive contracts with Apple and therefore, this business does not need to face any kind of bargaining power from the suppliers.

Bargaining power of customers: In this case, the power is high to medium. Several reasons have been found. Among them, the existing demand is the first issue. Apple Inc. needs to ensure high quality in its products and it is committed to fulfilling the demand. It needs to accomplish economic scale for distributing products globally as well as ensure high-quality in its diversification that makes it different from others (Greenspan, 2015). The bargaining power of buyers is medium to high in this phase where the end-users are mostly loyal and the cost of switching to a PC is quite high. Personal computers dominate the marketplace and have huge network externalities. Besides, threats of switching to other platforms always exist.

Threats of substitutes: Personal computers are available in the market that is brought by HP, Dell, Lenovo, etc. Besides, many world-class android mobile phones are also available in the market that can be bought at a lower cost (Foskett, 2015). Due to the huge network externalities and maximum market share obtained by PCs, threats are quite in this case. There is no Mac clone available that can compete with products in the Mac market.

Rivalry among the competitors: Each business has competitors in the market and the market position and capabilities of operating the business are the major issues in this case. As Apple is a multinational business, it needs to compete with different local competitors. The battle in the competitive market is quite fierce. In the case of Apple's PCs, it has an 8% market share that is behind HP, Dell, and Acer and they have 27%, 25%, and 11.4% market shares respectively (Hiley, 2022). In the case of smartphones, it has a 50% contribution compared to Samsung, Huawei, Motorola, etc. Its tablets are an outright leader in the market.

SWOT analysis

This is an internal analysis that helps explore internal factors of the market so that the strengths and weaknesses can be explored significantly. For conducting this kind of analysis, a SWOT analysis tool can be used. Such as:

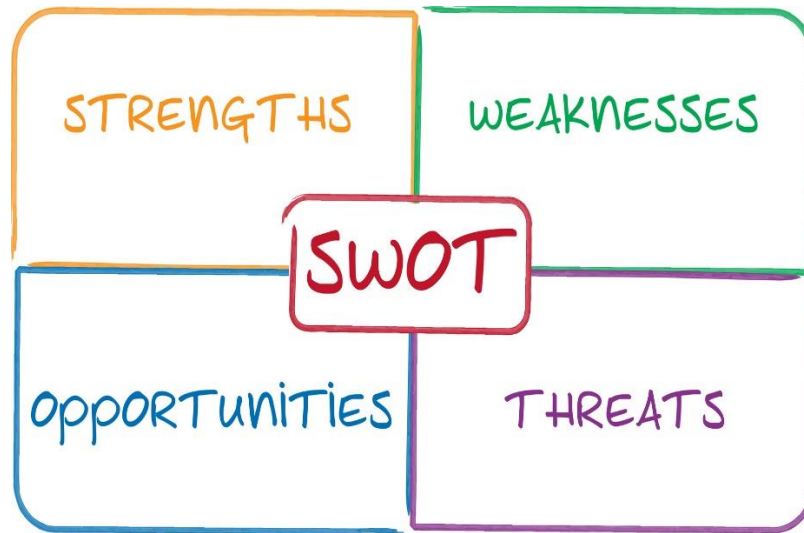


Figure 3: SWOT analysis

Source: (Blythe, 2014)

Strengths: Apple Inc. has a strong brand image and a good reputation in the market for providing quality products. It has strong patent and copyright protection that helps the business protect its property, especially intellectual properties from being stolen from others. A large amount of financial resources is available and for this, it can invest lots of money in the commoditized market. It has also good relationships with the customers, especially with the targeted customers, loyal customers, cash cows, and also with suppliers and distributors (O'Regan, 2015). The employees within the business can work smoothly and have standard facilities or training programs for developing their performances. Though the business is a multinational business, it needs to ensure economies of scale and experience as well as diversification at the same time.

Weaknesses: Its high-priced products have been causing lower adoption rates in the face of lower-cost competitors. Besides, it follows a narrow product line where over 55% of sales are in one product line and that is Apple's iPhone (Hiley, 2022). It has incompatibility with others, for example, Apple does play with devices and operating systems. This is one of the significant weaknesses of the business. It has been competing in non-core markets as this business has grown its services but it cannot compete long-term against giants, like Amazon and Netflix.

Opportunities: Apple is cash rich and could make a significant investment in marketing to boost growth. Its product diversification can be broadened by offering and reducing the reliance on the iPhone. This business can make some strategic acquisitions in Asia to strengthen in such a regional market (O'Regan, 2015). Besides, Apple Watch has been the best-performing product in terms of growth. Apple can build on this with further products related to healthcare including professional products. Augmented and virtual reality have yet to hit the mass market. Apple can utilize its design and innovation skills to manufacture the next generation of smart glasses.

Threats: Covid-19 has disastrous effects that will dramatically affect the sales of goods and services globally. The products of Apple Inc. have been facing chronic competition and for this, it has been losing sales. New disruptive brands are appearing in the market that offers quite similar features at a lower cost (Orhan et al., 2021). Besides, the costs in China keep increasing, especially the labor cost. Recently, it has experienced a \$1 billion penalty for infringing on patents that keep damaging its reputation.

STP analysis

Segmentation: This global business has many regional or geographical stores and for this, it needs to serve the customer worldwide. Its demographic factors insist on specifying the gender, age, lifestyle, and income level of the customers. Both male and female customers whose ages range from 18 to 35+ are the targeted customers. People having higher incomes, self-efficiency, and ambition for luxurious products are also targeted (Nagamia, 2015).

Targeting: Primary and secondary customers are targeted by Apple Inc. Primary customers are the middle-upper income professionals to support them and coordinate with friends and family (Greenspan, 2015). Besides, secondary customers are the customers who are from high school and college, graduate and post-graduate students who need one portable device with themselves.

Positioning: It has placed itself as a premium brand that offers high-quality products in the market. It focuses on ensuring higher quality which helps specify the premium pricing strategy.

Marketing Mix

It is a marketing tool that is used for analyzing marketing issues, like products, prices, promotions, and places of the business. Such as:

Products: It offers high-quality products and a reputed brand image in the market.

Price: It introduces premium pricing for its high-quality products and features that are unique.

Promotion: It prioritizes digital marketing campaigns, celebrity endorsement, traditional marketing, and so on.

Place: It has many retail stores. Besides, lots of third parties indulge in selling its products.



Figure 4: Marketing mixes

Source: (Greenspan, 2015)

Besides, marketing mixes have extension issues. They are:

People: It has skilled employees, hierarchical culture, and provides customer services so that it can provide effective technical support teams (Foskett, 2015).

Process: It has an efficient supply chain management that focuses on the customers first and simplifies products and processes. It also enhances relationships and prioritizes action.

Physical evidence: It has retail stores, an online store, and an app store. This utilizes bright colors, white, and earns phone leads and style is also essential (O'Regan, 2015). Its logo is its identity that has evolved over the years.

Conclusion and recommendations

After completing this report, many issues have been identified. The external factors have been identified via the use of PESTEL analysis, internal factors have been identified via the use of SWOT analysis, and Porter's five forces model helped in exploring the competitive edge of Apple Inc. in the market.

Recommendations

- Apple Inc. should lower the costs of products and maintain the same quality standards,
- It should form joint ventures for its particular product,
- It should strengthen its knowledge management and enhance a greater number of retail stores for easy access,
- It should also continue its investment in research and development.

References

- Armstrong, G. *et al.* (2017) *Principles of Marketing*. 7th . Harlow: Pearson Education Limited.
- Baines , P.L., Fill, C. and Page, K. (2014) *Marketing*. 2nd edn. Oxford.
- Blythe, J. (2014) *Principles & Practice of Marketing*. 3rd edn. Los Angeles: Sage.
- Clow, K.E. and Baack, D. (2022) *Integrated Advertising, Promotion, and Marketing Communications*. 6th edn. Harlow, England: Pearson.
- Foskett, J. (2015) *Pricing strategies - apple inc.*, *prezi.com*. Available at: https://prezi.com/ixod1br_ym2h/pricing-strategies-apple-inc/ (Accessed: November 14, 2022).
- Greenspan, R. (2015) *Apple Inc's Marketing Mix (4P's)*, 10(1), pp. 2–9. Available at: https://doi.org/https://www.academia.edu/24430395/Apple_marketing_mix.
- Hiley, C. (2022) *UK Mobile Phone Statistics 2022*, *Uswitch*. Available at: <https://www.uswitch.com/mobiles/studies/mobile-statistics/#:~:text=UK%20mobile%20phone%20popularity%20statistics&text=By%20July%202022%2C%20Apple%20contributed,Sony%20at%20a%20mere%201.1%25>. (Accessed: November 15, 2022).
- Home Apple Inc. (2022) *Apple*. Apple Inc. Available at: <https://www.apple.com/sitemap/> (Accessed: November 14, 2022).
- Jobber, D. and Ellis-Chadwick, F. (2016) *Principles and practice of Marketing / David Jobber and Fiona Ellis-Chadwick*. 8th edn. -Hill Higher Education: McGraw.
- Meyer, P. (2019) *Apple Inc.'s Generic Strategy & Intensive Growth Strategies*, *Panmore Institute*. Available at: <https://panmore.com/apple-inc-generic-strategy-intensive-growth-strategies> (Accessed: November 14, 2022).
- Nagamia, N.K. (2015) “Apple Inc-A Marketing Analysis Case Study,” *MacEwan University Student eJournal*, 2(1). Available at: <https://doi.org/10.31542/j.muse.216>.
- Orhan, M.A. *et al.* (2021) “Technology distraction at work. impacts on self-regulation and work engagement,” *Journal of Business Research*, 126, pp. 341–349. Available at: <https://doi.org/10.1016/j.jbusres.2020.12.048>.
- O'Regan, G. (2015) “Apple Inc.,” *Pillars of Computing*, pp. 25–30. Available at: https://doi.org/10.1007/978-3-319-21464-1_5.

Thomas, D. (2022) *UK businesses plead for political stability as economic conditions worsen, Subscribe to read | Financial Times*. Financial Times. Available at: <https://www.ft.com/content/212a0a7f-f94b-4695-9a2d-4c1203482a90> (Accessed: November 15, 2022).

Wearden, G. (2022) *Wall Street surges, and the dollar tumble as the US inflation rate drops to 7.7% – as it happened, The Guardian*. Guardian News and Media. Available at: <https://www.theguardian.com/business/live/2022/nov/10/next-ceo-lord-wolfson-brexit-foreign-workers-uk-economy-us-inflation-ftx-bitcoin-business-live> (Accessed: November 15, 2022).