

SCHOOL OF BUSINESS
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STAYING ON TOP

How does Apple succeed to be the dominant supplier of technologies through its strong segmentation and mixed strategies?

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Abstract

Advanced technologies are reshaping the daily experiences we get to encounter. Rapid development of computers has led us to increase the speed at which we live out lives. In urban environments where everything is acting as an ecosystem, marketing strategies have prevailed over the city populations. What is quite intriguing about this is the increased level of consumption that people are demonstrating. What drives that? Why is the consumption increasing? Marketing strategies are effectively pulling the strings of consumers in the desired directions of specific companies, and this may have reached a point of exhaustion.

This blog aims to provide analysis and understand the process of segmentation through a variety of marketing strategies of a case study company – Apple. It will explore advantages and disadvantages of segmenting a market and how does knowing a company's marketing mix strategies determine segmentation, targeting and positioning. It will use key tools and frameworks to apply analysis.

Introduction

“Most forms of mass marketing are dead. Market segmentation has become the paramount thing for every organisation to do because of the global and fast-changing competitive business environment and change in consumer preferences. More customers want variety and choices of products to purchase and consume” (Kotler, 1989).

Segmentation in marketing

Segmentation in marketing is referring to the identification of various elements in the market to satisfy the need of future customers. This gives the opportunity for a company to comply with the desired demand by the customers environment and to tackle strategies that will support this. Segmentation requires entirely analysed knowledge for the consumers market and the potential contact with future customers that will purchase the product or services (EdrawMind, 2020).

About Apple Inc.

Ever since its beginning in 1977, Apple has been known for a company that uses innovation at the forefront and to this date this has not changed. The IT company is the largest by revenue company in the world and this is due to several factors that Apple ensures are always kept highly maintained.

Main Body

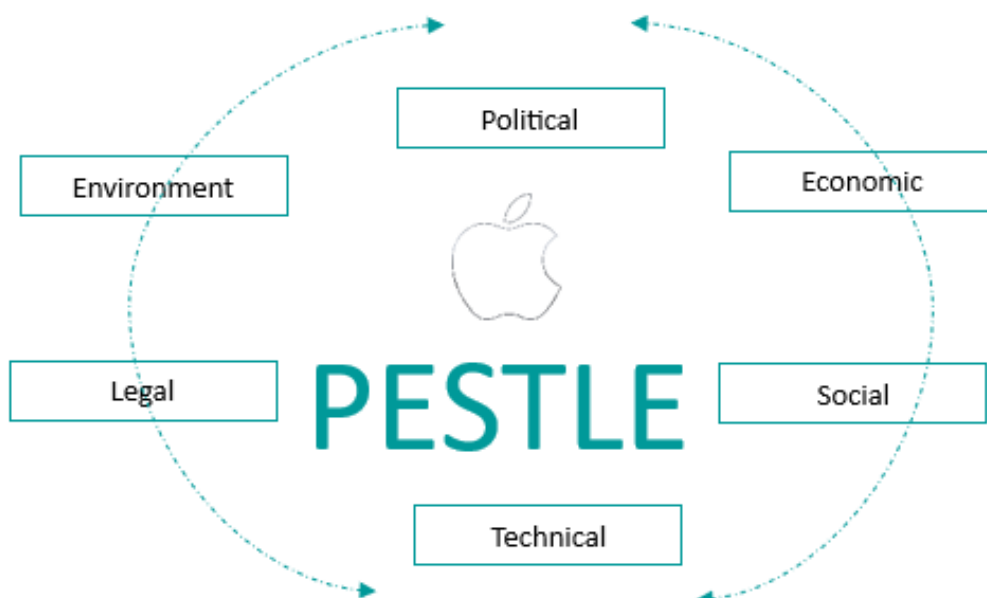
PESTLE Analysis

Entering a market must always be based on informed decisions. This means that an analysis of multiple factors must be undertaken to be aware of potential challenges and problems. This will help to set stronger foundations and could eliminate a high volume of potential unwanted changes later.

“In numerous companies around the world, dedicated, professional marketers are making major contributions to the financial success of their companies. They achieve this through their detailed understanding of the markets they are in, in de-depth insights into the needs of their customers and the development and delivery of carefully targeted value positions. Yet in spit of these shining starts, the future does not look so good for the marketing discipline “(McDonald, 2010).

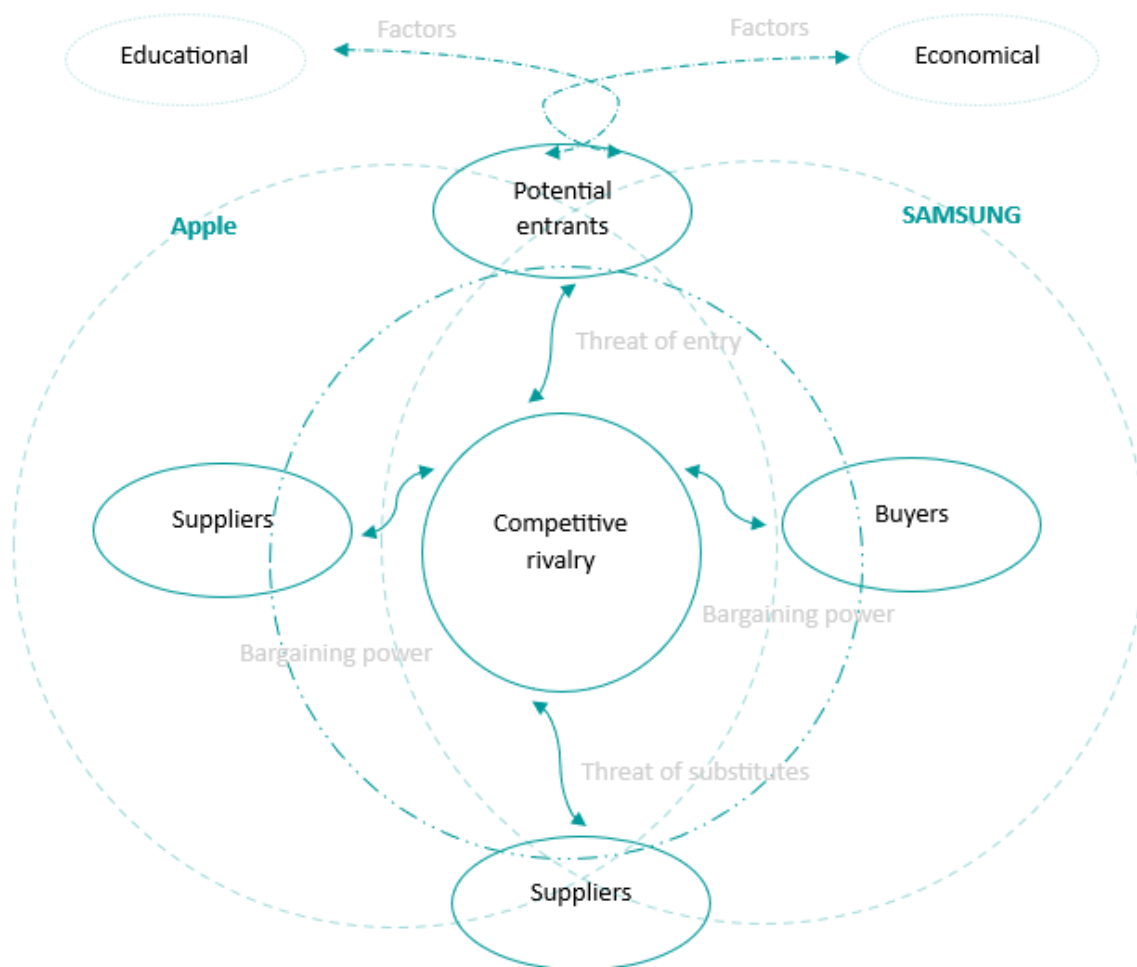
Apple

Apple is a global giant business that delivers in all parts of the world. Such a performance is achieved by being analytical in every decision it is taken. However, it goes further than that as macro businesses environments are a complex ecosystem in which it is a challenge to maintain a constant position. Apple is achieving excellency in this, constantly ensuring that all aspects of the analytical frameworks are satisfied.



Relating the Porter's 5 Forces Model to Apple

Porter Five Forces are directly impacting Apple. The below diagram shows this in more detail. Apple is the leader in the IT industry and are in steady control of how the industry moves and where is it heading to (EdrawMind, 2020). To join this industry, it costs a lot due to its worth being in the billions but is also costly to get the appropriate skills for such industry and young, innovative minds are constantly fetched to establish further growth (EdrawMind, 2020). The number of customers that Apple has is continuously growing and has been set to achieve even further benchmarks based on its partnerships with vast variety of stakeholders. Competitive rivalry such as Samsung are stimulating the tech giant and has formed a certain monopoly that serves a driver for technological advancement. Cost of change – Emerging businesses like Nothing phones and other existing companies like Samsung are offering more affordable similar services that are broader in its segmentation and are posing a certain change of cost and potential risks (EdrawMind, 2020).



SWOT Analysis of Apple Marketing

STRENGTHS

- High profits due to products quality
- Easy to establish innovative due to vast amount of funding for development.
- Well-established and respected name within the global market environment
- At the forefront, making it more appealing for collaboration to other companies.

WEAKNESSES

- Strong definition of segmentation, but a certain limitation to targeting new customers
- Not inclusive to all. Increase in target consumers, could it be beneficial?

OPPORTUNITIES

- Increasing the range of products being offered to customers.
- Introducing new features that put other competitors behind.
- Potential increase in segmentation groups

THREATS

- Emerging businesses such as Nothing phones are threatening to offer similar high-quality products for significantly lower price.
- Range of products could be insufficient in near future.
- Company giants are direct competitors.

Main objectives of Apple

Global businesses are not only responsible for the growth of their companies in other geographical locations, but to also ensure the safety of their existing market is maintained. This is achieved through a variety of strategies. How do they keep the customers continuously satisfied with their goods and services (Worthington, 2006)?

- Maximising shareholder value and profit
- Creating innovative and high-quality technology products and services
- Empowering people and enrich their lives through personal computing.
- Providing the best experience to students, educators, creative professionals, and consumers around the world.

Determining Segmentation, Targeting and Positioning for Apple (STP)

Majority of the companies nowadays are using an approach called STP – Segmentation, Targeting and Positioning. This three-step process sets up the scene for exploring the products and services and how their delivery can benefit the overall market and the performance of their own businesses. It further allows companies to customize their approach methods, so they achieve better satisfaction and answer their customers' expectations (Dunbar, 2010).

Segmentation of Apple

Areas	URBAN
Gender	ALL
Age	20-45
Life phase	BACHELORS TO MARRIED BOTH
Earnings	HIGH
Jobs	WORKING PROFESSIONALS, MANAGERS, EXECUTIVE LEVEL

As seen in the diagram above Apple is targeting a specific age, lifestyle and professional occupation which is considered their demographic segmentation that helps them be aware of what their products need to respond to (Simplilearn, 2023). Considering that Apple products are being distributed in 500 stores spread across 25 countries globally another segmentation group based on geographical location is formed. It would have been restrictive if the company was reliant solely on in person retail, and that is why to increase its customers, each Apple device is equipped with an app that offer online shopping from anywhere you are. "Apple also includes behavioural variables of its target market in its marker segment. It consists of the attitudes, usage, responses, and product knowledge" (EdrawMind, 2020).

Targeting of Apple

Businesses with such scale of success like Apple are working based on targeted group of consumers. The targeting for Apple is formed of both middle and upper class users within the society between the ages of 20 and 40 (EdrawMind, 2020). In other words, these are academic and young professionals that are heavily dependent on highly functional and simple-to-use technology. This way Apple ensures it works with consumers that are able to pay higher amount for a valuable tool that has now become an every-day-life necessity for some (EdrawMind, 2020).

Positioning of Apple

An exceptional approach for Apple is the way they have positioned themselves and outstand with an emotional connection with its customers, something that sets them apart in the competitive IT industry (EdrawMind, 2020). "In the same manner, Apple uses its positioning approach based on competition. Since Competition is tight in the technology industry, Apple ensures to continuously invest in R and D

and introduce innovative products and features all the time. It keeps on making unique technologies for the brand and cannot be copied anywhere else. " (EdrawMind, 2020).

Determining the Marketing Mix strategies for Apple

User Experience

Apple's products are offering a degree of simplicity with its easy-to-use interface. It is stylish and compared to Android it could seem more straightforward to some users, hence why the product has gained such popularity and trust in its consumers (Dudovskiy, 2023).

Advertising

What sets Apple apart from standard advertising of products is their personal insight into the user's experience. They know their customers well and due to the niche targeting it is easier for Apple to come up with ideas that they know will be appealing to the consumers (Dudovskiy, 2023). This benefits both sides, but more the key here in their advertising as well as in the design they offer is simplicity. The company advertises its products simply but efficiently and this lets people understand the product through their own perspective. Apple uses storytelling to accomplish this, and they are quite successful (Dudovskiy, 2023)

What does a market consist of?





Conclusion

Delivering product or services consists of many layers and to ensure a business is successful it is crucial to know not only its products but more importantly its customers. Who are they trying to reach with their goods and services will determine the level of quality needed to satisfy customer's needs. A business like Apple that has strong niche of targeted audience benefits for huge success in the selling of their product. They know what is desired by specific segmented groups and they deliver it. It can be concluded that targeting through segmentation achieves higher volume of sales and helps with the refinery of a product offered on the market.



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