

LCBB4004 - MARKETING FUNDAMENTALS

Marketing Fundamentals Analysis and Evaluation

Assessment 2

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An essay on overall marketing management of Apple Inc

Introduction

Apple Inc is a multinational technology company that excels in creating consumer electronics from developing their unique hardware and design. It is one of the big four technology companies having generated a huge volume of sales even though it operates mainly in a niche market. The following essay will contain an elaborate discussion on the marketing processes, roles and models adopted by the company and how it impacts their business in the global market. To conclude, the essay will provide an insight on the value chain of the company by methodically discussing the company's stakeholder engagement.

Marketing Process

According to Allurwar et al (2016), one of the key points to be observed while analyzing Apple's marketing strategies is that it never competes with a race-to-the-bottom attitude with their competitors when it comes to pricing because they do not have to. Steve Jobs and the team has produced products that are so loved by consumers because of their simplicity in design, responsiveness to consumer emotions and just the right touch of mystery and buzz to their brand name. Till date, Apple Inc has sold more than 1.5 billion of their products by efficiently promoting their brand. For instance, if the logo of the brand is taken into consideration, it is quite clear that the design is kept simple and chic that delivers the brand message clearly. The logo occupies an apple with a missing chunk and no words written on it as the visuals suffice for it. The company has carefully designed its appeal around a set of core values that build a strong narrative for the customers. Their core values are established around the initial struggles they faced when they began with a start-up.

Palmatier et al (2017) said, their brand glorifies the concept of innovation through creativity and that's the narrative a customer relates to when they buy a product from Apple. Then to make the customers satisfied they provide consistency through their products' performance which becomes possible because of their technological excellence. Then again, to understand and connect with customers, Apple focuses on communicating in the right language by avoiding jargons in their Mac ads. Apple aims to sell the feeling of contentment and happiness of living a simple yet resourceful life by designing its complex products in sheer simplicity. Another driving force for

Apple's growing sales is that it leverages its communities from various professions that want the same outcome from its products. It gathers information on what the consumers want and stay updated to upgrade the products as needed.

Marketing Roles

Isorite (2018) mentioned, Apple's commitment to bringing the best consumer experience is evident in its marketing roles adopted by the team. For instance, the marketing people of the company is said to work together with the engineers and designers in product development to collaboratively form their product vision where their wide range of talents are put together on a singular focus. Current employees of the company share their experience on working in Apple retail stores delightfully on various online platforms describing how teamwork gets prioritized there. They also explain that the staff are trained to interact with the customers with the mindset to turn it into an opportunity for them to instill a sense of community among them so that they remain loyal to the brand. Another example of a marketing role is the role of a video marketing group who are responsible for handling the digital entertainment industry. This group supports the TV shows and movies by guiding them to their debut on Apple TV. They partner up with major TV studios to work cross-functionally across the Apple ecosystem. The Apple team may promote a movie on Apple Music while the movie simultaneously promotes the brand.

Marketing Mix

Product	Promotion	Price	Place
'Bag-less', latest (innovative) technology USP, unique design / colours, hypo allergic filter.	Brand image: futuristic, innovative, advanced technology	Relatively high price as USP adds value.	High street, higher end of mass market.

Figure 1: 4Ps of Apple Inc

According to Bakator et al (2018), the products of Apple are iPhone, iPad, iPod, Mac, Apple watch, Apple TV, digital content, software, accessories and software. Apple's distribution places include retail store locations, website locations for online purchases, authorized sellers and

telecommunication companies. It promotes its products through advertising, personal selling, sales promotion and public relations. The pricing strategy includes premium and freemium strategies where products like iPhones are sold for premium prices and products such as 5-gigabyte iCloud storages are sold for freemium prices.

Marketing Value

Hsu (2018) mentioned, the value chain of Apple Inc starts from the inbound logistics which initiate from procuring raw materials from suppliers all over Asia, specifically China and Japan. Because of its financial clout Apple enjoys high bargaining power in regard of their suppliers. They also set high standards for quality of the materials and their services. Apart from these, Apple has adopted other measures to decrease its inventory requirements to speed up the procurement process. The operations section of their value chain initiates with production which takes place in several countries.

According to Mogensen (2018), China is their main point of production where most of the samples are assembled and therefore most of their products bear the tags of made in China. The company has also made contractual arrangements with the Indian government to start manufacturing there shortly. The reason for Apple to choose Asian countries for production is because labor costs are lower there which results in lower manufacturing costs for the company. Apple is showing much concern for climate change and therefore taking steps to reduce chemical and toxic waste. It is also using recyclable products in the factories at large. Some of the production costs are being reduced by outsourcing them to foreign countries where costs are low. The outbound logistics of Apple cover a very large distribution channel consisting of both direct and indirect channels.

Their product placements start from retail stores to online stores where the company has managed distribution of the products quite meticulously. The brand has focused on being consistent in delivering value by improving the distribution channel and increased the number and locations of the stores. To keep up with the environment protection movement, it has turned to green packaging and eliminating waste.

Wester (2018) said, the marketing activities that increase Apple's sales reassure quality, design and technological innovation to their customers. Any new product launch of the brand makes headlines in various global and online news portals. Even though the products are highly publicized in the social medias, Apple still spends towards marketing their products. The primary

focus on them gaining massive brand loyalty stems from the use of imagination and creativity in their advertising. The company uses both traditional and newer forms of marketing such as TV commercials, online ads and printed media. Apple is not just about selling the best possible products, in addition to that, it provides comprehensive after sale support to its customers. The products come typically with a one-year warranty and 90 days complementary support. There is also an online help store available for the customers for any inquiry about their products. The customers can get their damaged products repaired at a local Apple authorized service provider.

Chen et al (2016) said, the brand spends heavily on research and development as they are known for their technological innovation. There is also a pressure of sustaining competitive advantage that bounds them to focus on R&D. The company spent 10 billion dollars on R&D in 2016 and 11.6 billion dollars in 2017. A dramatic change took place regarding R&D in 2014 when the company decided to raise their spending by higher than 5 billion. The reasons for this push were growing product range, expanding nature of Apple's services and increased attention towards technological development.

Zhang (2017) mentioned, one of the key components of Apple's value chain management is human resource management, which they take very seriously. They focus on both hiring and paying well. However, the patterns of hiring have changed from Jobs to Cook's timeline in the company. Tim Cook has increased inclusion and diversity in the workforce which brought about global reputation for the company. Apple also maintains understanding relationships with its suppliers for ensuring that they provide safe working conditions for the workers. The overall internal and external factors shaped Apple's infrastructure into a diverse one. However, it went through a major cultural shift in the office in recent times.

Stakeholder Engagement

Since Apple is one of the big four technological giant companies, the target market and segmentation of the brand is quite different from the ordinary. It operates in a niche market because it has been successful in addressing the requirements by its consumer very efficiently as well as delivering the desired performance.

IMPORTANCE INFLUENCE	High / Medium	Low / Not known
	A These stakeholders are the most important ones for the project. The implementing organization must consider their interests and expectations in order to ensure effective coalition and support for the project.	B These stakeholders are a source of significant risk. They need careful monitoring and management.
	C These stakeholders should be adequately informed about the development of the project, to protect their interest, but they only require limited monitoring and management.	D These stakeholders are of low priority. They require limited monitoring and management.

Figure 2: Stakeholder's Matrix Model

Lo Dolce et al (2016) exclaimed, the stakeholders of the Apple Inc company can be analyzed through a matrix model where they can be categorized according to two factors, influence and importance. Apple's success was possible partly because of how well they managed their stakeholders and corporate social responsibilities. Various stakeholder groups impose responsibilities on the firm that transcend into CSR activities that improve its performance. However, the stakeholders influence customer perception and sales revenue that affect the company's business. So, Apple considers these factors and puts the stakeholders' priorities in its policies and strategies. For example, Apple's green packaging and waste reduction measures were taken as a result of the stakeholders' rising concern for the environment. Apple adopts a holistic approach while addressing these issues as the stakeholder groups compel it to improve its standards and it delivers simultaneously.

Schott et al (2018), mentioned, the most significant stakeholder group that falls under category 'a' of the Matrix model consist of customers/consumers, Apple's employees, investors and employees of distributors and suppliers. However, the top most prioritized stakeholders are customers which consist of individual as well as organizational buyers of its products. It has higher price points but

it ties together with the brand aesthetics and designs. The employees of the company are second-priority stakeholders and their compensation strategy are ensuring proper compensation and career development opportunities. This segment of the stakeholders is very important because they proactively determine Apple's human resource management capabilities to innovate products. The firm designs its employee compensation packages competitive in the Silicon Valley.

According to Payne (2017), another important type of stakeholder is investors that are directly responsible for determining corporate social responsibilities in the firm. Their biggest concern is to maximize their returns on investments and therefore the company addresses it through financial excellence. The company satisfies the interests of the investors by conducting various CSR activities. The employees of the suppliers and distributors are indirect stakeholders of the firm. The interests of this group of stakeholders are similar to that of the employees of the company, which are to receive proper compensation packages for their efforts towards generating high quality consumable goods. Apple addresses this issue by implementing a supplier code of conduct under which it monitors requirements on employment practices in its supply chain. Apple has a strict policy that allows them to terminate any supplier if they fail to meet required standards of employee conduct. The company ensured in 2014 that about 92% of the suppliers comply with a 60-hour workweek rule.

Conclusion

Apple can be considered one of a versatile genius because of their efficient and effective marketing management. As it conducts business in a niche market with a premium pricing strategy, it is crucial for the firm to deliver values that satisfy the customers. The futuristic company spends less on marketing campaigns and spends more on extensive R&D research. However, that does not reduce the need for marketing management within the organization. The company partners up with various TV networks and Music labels to cross-promote their work which occupies most of their marketing budget. The company also maintains a well-functioning value chain that consists of areas such as inbound and outbound logistics, operations, marketing and sales and services. They efficiently handle their human resource management, technology, procurement and all of these shape the firm's infrastructures.

Part B

Reflective Report

Apple Inc is one of the largest technology company that produces high-end products for a niche consumer segment. While preparing for the essay, I found out that, contrary to the popular opinion, Apple does invest a big sum in its marketing activities. However, their marketing tactics are quite unlike any other tech company because of their unique brand image. They usually engage in cross promotional activities other than traditional marketing campaigns. It was quite fascinating to me to realize how their focus lies on upholding their futuristic yet simple brand image that instills an emotion of innovation and creativity among the users.

I also noticed that the marketing roles of the company focus on team work other than individualism which helps them amalgamate the ideas of the marketing people with the input of the IT people to produce the final result. The sales people are given the freedom to openly communicate with the customers to build life-long loyalty with them. Their biggest marketing challenge is o sustain a massive value chain to ensure quality product and services from their end. I got to learn about how they made policies regarding suppliers and distributors to conduct business smoothly. I understood that even big companies have to nurture the root levels of their operations to sustain the business. I also learned about the marketing mix of the company in terms of how many products and services they provide, how they provide through online and real-life stores, how they promote their products and most importantly, how their premium pricing strategy is enabled by proper marketing. I also learned that the most important stakeholders of the company are the customers upon whom the business of the company depend. It also prioritizes the employees as they are considered to be the second-prioritized stakeholders of the company. I discovered that the employees are given proper compensation and career development plans for the future whereas most of the tech companies do not retain their marketing employees for longer. Employees feel a sense of belongingness there and therefore exert their highest level of potential towards reaching a desired performance.

I noticed another important factor which is that the employees are not given sales commission rather a higher paycheck to keep up the good work regardless of the sales. I think this practice instills a drive among them to work hard so that they work hard enough in accordance with their pay. I understood that the investors and other stakeholders can be satisfied by conducting proper CSR activities and therefore they can mutually benefit from one another. For example, Apple's green packaging and waste reduction measures were taken as a result of the stakeholders' rising concern for the environment. Apple adopts a holistic approach while addressing these issues as the stakeholder groups compel it to improve its standards and it delivers simultaneously. I found it commendable that Apple has a strict policy that allows them to terminate any supplier if they fail to meet required standards of employee conduct.

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