

MARKETING FUNDAMENTALS

UWTSD

Critical analysis and evaluation of Apple's Marketing

Zoya Danailova – ID 1815751

Lecturer Tushara Balendran

TABLE OF CONTENTS

TASK 1A	1
Introduction.....	1
Processes and stages of Marketing and role of marketing mix.....	1
Porter’s five force Analysis.....	2
SWOT Analysis.....	4
Segmentation, Targeting and Positioning.....	5
Marketing Mix	6
Role of marketing in creating values for customers.....	6
Stakeholder Engagement and their impact upon marketing activities of an organization.....	9
Task 1 B.....	10
Reflection on communication tool used by Apple.....	10
Conclusion.....	11
Recommendation.....	11
References	12

TASK 1A

Critical analysis and evaluation of Apple's marketing

Introduction

The purpose of this essay is to get information on how to strike the right balance between efficiency and effectiveness in a company's marketing concept. Through critical analysis and evaluation of the marketing and marketing mix, with the help of SWOT analysis and Porter's Five Forces we will get the desired answers. It is also important to consider the customer value as well as the needs and benefits of stakeholders. The analysis uses a practical example of the company Apple INC as a brand that works hard to create and impart value in everything it does.

Processes and stages of Marketing and role of marketing mix

Marketing can be defined as a way through which business promote or sell their products or favors with the help of market study and advertisement.(Singh, 2019). Marketing also helps organizations to maintain relationship between organizations and customers. Apple is one of the biggest traders of all time. Evidence of this is the award great marketer from the CMO 2017 as the winner for the tenth consecutive year for marketing achievements.(Forbec,2018)

Mission statement of Apple:

According Tim Cook, Apple's current CEO, the main Mission Statement of Apple is to bring best user experience to their customers by focusing on bringing innovation within hardware, software and rest all of the other services of the organization. This stated is as the organisation's



mission statement and indicated it in the 2018 annual Apple's report. (Apple, 2018)

Vision Apple vision statement is "We believe that we are on the face of the earth to make great products and that's not changing. "The way company sees the future, its long term objectives and ideas and usually is a statement

that would reach out employees and customers. Apple strives to be a leader in design, product development, focus on innovation and excel as an organization.(Mission Statement Academy,2020)

Objectives:

Apple's main goal is to produce products and services that provide customer satisfaction and enjoyment. Not only that they offer the most innovative products, but they also give the customers feel that they enter a different world. They use various methods and sensory techniques to deliver that special sense. The client is so immersed in the brand, that it has to have their latest products. They are aware of the qualities of their products and they want to reward themselves with that luxurious item.(Kulkarni,2018)

Strategies:

One of most significant feature of the marketing strategy of Apple is, that actually it is very simple. Products have clean lines, simple names and the strategy is that this simplicity makes them easy to use and understandable. Apple's style is quite minimalistic. As Steve Jobs said, "The way we're running the company, the product design, the advertising, it all comes down to this: Let's make it simple. Really simple." (Forbec,2018)

Porter's five force Analysis

Porters five force model helps in analysing forces that shape an industry and also helps them to determine their strengths and weakens. One of the main advantages of this model is that it helps organizations to analyse their current competition within the market. But it has one disadvantage as will i.e. it assumes a perfect classic market.(Porter,1979)



- *Threat of New Entrants*: Influence of Forces – Low. Apple successfully develops its brand name, cost of items differentiation, and also they have target consumers with high salary range. Advantages are: Apple is unique brand, highlighting the market demand and increasing competitive advantage. Disadvantages: products have high cost and difficult to maintain long term perceived unique.
- *Bargaining power of buyers or customers*: Influence of Forces – Low, because Apple is focused on niche market with especial demand. The company uses product differentiation strategy (highly demanding). And also the have target consumers who accent on quality. Advantages: Through focus on niche market Apple moves efficient and effective and also generate higher profits as customer satisfaction achieved. Disadvantages: suffer a great loss when market failure and not much sales and profit generated.



- *Bargaining power of suppliers*: Influence of Forces is moderate. Apple has strong vertical integration, product differentiation strategy, buying in large bulk. Advantages: great products

coming out, lower production cost and raising sales. With their strong vertical integrated coordinate activities in supply chain. Disadvantages: Fight against other competitors

- *Threat of substitute Products or services:* Influence of Forces is moderate, because Apple built image as innovator, attention on quality and also they produce ‘own’ substitutes. Advantages: reflect non price competition and reflect high performance. Disadvantages: increase cost of production and possible for losing market share.
- *Rivalry of competitors. Influence of Forces is moderate,* because Apple is high brand recognition and reputation, expand market share, enhance probability and also the company is an industry leader. Advantages: maximize consumer satisfaction and trustiness and raising financial returns. Disadvantages: possible to lose market share and profit, ineffective and inefficiency in product.

- **SWOT Analysis**

SWOT analysis is a micro environment analysis model which helps organizations to analyse their strengths, weaknesses, opportunities, and threats (Kodama, 2018). The main advantage of SWOT analysis is that it helps in addressing main issues faced by the business as well as also helps them to get to know their strengths. But it has some disadvantages as well such as: it lacks hierarchy that leads to problem.

Strengths	Weaknesses
It is one of the most valued technology organisations that provides variety of technological products and services with excellent quality to their customers. They also provide most innovative products to their customers in order to fulfil their needs.	One of their major weaknesses is that it provides high cost products and services to their customers. Another weakness of Apple is that its products are incompatible with other software.
Opportunities	Threats
They can expand their distribution network in order to generate higher sales and revenue.	Aggressive competition from Samsung. Threat of imitation. Coronavirus is out break from

Apple can to increase the development of new product lines. They can also focus on adopting green technology.

China is one of the main threats for them as they are highly dependent upon China for manufacturing of their products (Peng, 2018).



Segmentation, Targeting and Positioning

Segmentation: Apple segmentation includes demographical, geographical, behaviour and psychographic bases. Apple focuses on demographic segmentation. They focus on all the customers of age group between 18-40 years of age as these age group people are the one that like usage of technology. The company is classified as a first-class brand that offers high quality products with advanced features and capabilities, and accordingly the consumer segment includes wealthy people who can afford to pay the price. Apple is also a leader in innovation and therefore has four main segments - education, government, SME and businesses. Based on the service industry, the company forms teams for each of them. Geographic segmentation – The company established their business all over the world like USA, South America, Europe, Japan and Australia. And also they have own retail stores and own website. (Forbes,2018).

Targeting: Apple has three target groups: one that loves music and target them with the help of iTunes and iPods. Second group are professionals and target them with the help of products like

MacBook, iPhones etc. Last, group is crowd that likes to use Apple products like TV, iWatch, iBook's and many more. For this they target teenagers, businessman, students and adults (Chen and Ann, 2016). The company uses a differentiated strategy and this comes from the design of the product. Apple products have different styles, functions and eloquence and stand out from their competitors. Known to all iPod, iPad and iPhone products have a distinctive iconic package of vision and features.(Hanks, 2018)

Positioning: Being world's number one brand they have topmost mind positioning. They position by product characteristics, positioning of users or applications, positioning by product class and positioning by competitors.

Marketing Mix (4P's)

Marketing mix is a tool that helps in understanding what products and services can offer and how it can become successful. 4P's of marketing mix are: Price, Product, Promotion, and Place. These features help for the marketing planning and performance. (Kotler,2005)

Product: Apple has large variety of products as per the needs and requirements of their customers. All the products of Apple are divided on the basis of their customers utilizations like iPhone, iPad, Apple TV and many more. Apple uses branding strategies- that focus of the costumer's emotions(design product), the Apple consumer experience(access to Apple Retail), Halo effect of Apple(through iPhone, iPad, iTunes, Halo effect in its Apple Mac product strategy, Halo to Speak-Siri(the introduction Apps Store in Mac OS) and Apple iCloud(uses on all devices of Apple). Umbrella branding is used to combine similar products into one brand. In this way, they are easily recognizable. A typical example of this is Apple. The Apple brand means trust and loyalty. The advantage here is that when aging a new product it comes out cheap, because the brand is already known. (Marketing91,2019)

Price: Apple uses premium pricing strategy for sales of their products and services. Apple provides various kinds of exclusive services or features with excellent quality that are present within Apple products only because of which they charge premium price from their customers.

Place: Places that are involved in distribution strategy are: Apple uses direct and indirect distribution channels. Direct channels -Apple Store location, authorized sellers, telecommunication companies and Company-owned website and online stores for desktop and

mobile. Indirect channel are other distribution like IBM and Cisco, and also Apple used indirect sales in China as well where the company had huge sales. (Tansim, 2018).

Promotion: Apple uses various promotional tactics in order to promote their products and services such as advertising, sales promotion, personal selling and public relations.

Role of marketing in creating values for customers

Marketing concept and ways in which Apple practise this concept

Marketing concept is a kind of philosophy that should be analysed by organizations in order to fulfil needs and requirements of their customers and take appropriate decisions accordingly better than competitors. In order to achieve the target market of the marketing concept, good marketers must choose the best combination of channels for communication, distribution and sale of their offers. (Kotler, 2000) Marketing concept of Apple is based upon simplicity. Apple mostly position and market their products in a much simpler manner. Most of the marketing done by organization is free from things such as: pricing, feature list, expensive special effects etc. Apple produce unique products and they are aware that they are ahead of their competitors. For them pricing is not as important as providing the clients with services that are leading in this field. The customer would appreciate the product itself and he wants paying the extra money. The client is so immersed in the brand, that he has to have their latest products .The are aware of the qualities of their products and they want to reward themselves with that luxurious item.



Branding, advantages of Branding and branding strategy used by Apple

According Kotler brand is the name, word, logo, symbol or design, or a combination thereof, intended to distinguish and differentiate the products or services of one seller or group of sellers from those of the competitors.

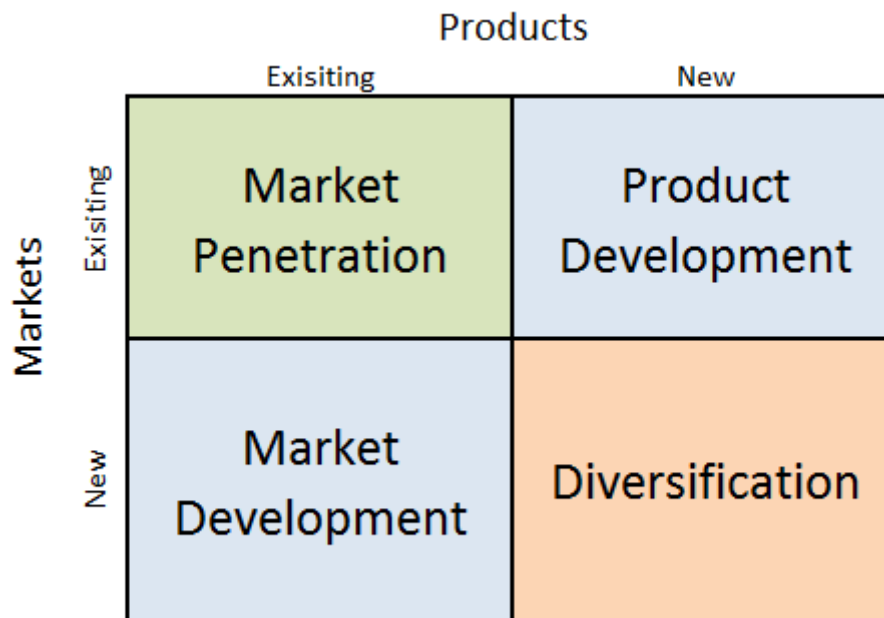
Branding can be defined as a kind of marketing practise which is used by organizations to create their organization's name, design and logo so that they can build an identity of their own and differentiate their products from other organization's products (Wang, 2020). It is slowly becoming one of the main factors which is helping organizations to gain competitive advantage.

Branding helps an organization to stand out in a crowded saturated market. It provides credibility to the organizations. It also helps companies to increase brand loyalty within their customers. The key to Apple's success is its brand, which is distinguished by its elegance and simplicity, while being based on emotion and experience. The iconic Apple brand has a history of a visionary leader and depicts a human touch - from the magnetism of Steve Jobs to the concept that its products are created for the love of technology. The advantages of the branding are that it is known, recognizable, creates a sense of loyalty in the customer, awareness. Apple has achieved this through consistency and discipline.

Branding strategy of Apple focuses on emotions. It focuses on way in which experience of Apple products can enhance their customer's experience. They also focus on branding personality that focuses on lifestyle, imagination, liberty regained, innovation, passion and enhance power of people through personality. With the help of brand personality Apple helps their customers to enhance their lifestyle as well as enhance their overall customer experience.

Ways in which Ansoff matrix Strategy can be used by organization to create values such as product development and diversification

Ansoff matrix Strategy helps in illustrating four strategic options: market penetration, product development, market development and diversification. Apple uses all the four strategies in an integrated manner.



- Market penetration: Apple has divided their global operation within five markets. Apple involve in this strategy with high level of efficiency in order to sell their existing products within existing market (Short, 2018). For example, it offers existing iPhones in their stores or on its own website and other media outlets.
- Product development: Apple uses this strategy to sell their newly introduced products within their existing market in order to increase sales of newly introduced products. Apple is developing its market worldwide, entering new markets such as India and Indonesia.(Apple,2018)
- Market development: Apple uses this strategy in order to enter into a new market with its existing products. The company starts with Apple 1, but then always amazes with each new producer like iPhone, iPad, iPod, Apple Watch, Apple TV, Home Pod, iOS, and iCloud. Apple is very persistent in developing new products.(Apple,2018)

- Diversification: Apple is not famous for engaging into this strategy but due to increasing popularity and success of iPhone they are thinking of engaging within this strategy. With the newly introduced Apple Pay and Apple Card. (Apple,2018)

Stakeholder Engagement and their impact upon marketing activities of an organization

Stakeholder can be defined as a party that has an interest within an organization and can either affect their business or can get impacted by an organizations actions, objectives and policies.

Internal Stakeholders: They are the entities within an organization and are involves within internal operations or activities of business. Internal stakeholders of Apple are employees, managers, the board of directors, investors and many more (Pissonnier and et. al., 2016).

External Stakeholders: They are the entities within an organization who does not involve themselves within a business itself but they are the one who care about or get affected by its performance. Main external investors of Apple are: consumers, regulators, investors, suppliers, creditors, shareholders and many more.

Ways in which Apple Communicate with all of their stakeholders and ways in which stakeholders' impact upon marketing activities of the organization

Apple communicate its core business issues with its internal stakeholders like employees using various kinds of methods such as: communicating with weekly reports, partnering with management and communicating daily, receive complaints through a new complaint system, having an Apple team 24*7 on their websites and interviewing their workers daily. They have also updated their communication policies after discovering factory violations which mostly included uncontrolled working hours and age discrimination during recruiting (Hao and et. al., 2018). Introduction of weekly reporting has helped Apple to communicate with their suppliers as well and these methods chosen and applied by Apple has been proven quite successful.

All the stakeholders of an organization like Apple are significantly impact a business especially marketing activities, sales revenue and customer perception. Customers one of the most important stakeholders of Apple and they directly impact marketing activities of the organization as company need to plan their marketing activities in such a manner that it attracts a greater number of customers. Employees are another stakeholder of apple and they impact marketing activities as they are the one who put all of their efforts in order to make marketing activities successful and meet their desired and defined marketing objectives.

TASK 1B

Reflection on communication tool used by Apple

Communication can be defined as a way or an act of conveying meaning or message or information from one entity or group with the help of mutually understood signs, symbols, and semiotic rules. It can also be defined as way of exchanging information by speaking, writing, or using some other medium.

There are various kinds of communication models that can be used to exchange information between two parties. One of the most common communication models is interactional model. This model of communication is mostly used by organizations in order to communicate with their customers through internet, social media websites and many more (Chen and Ann, 2016). It is also known as convergence model. This communication model is used by most of the companies because using this model organization can communicate with large number of customers.

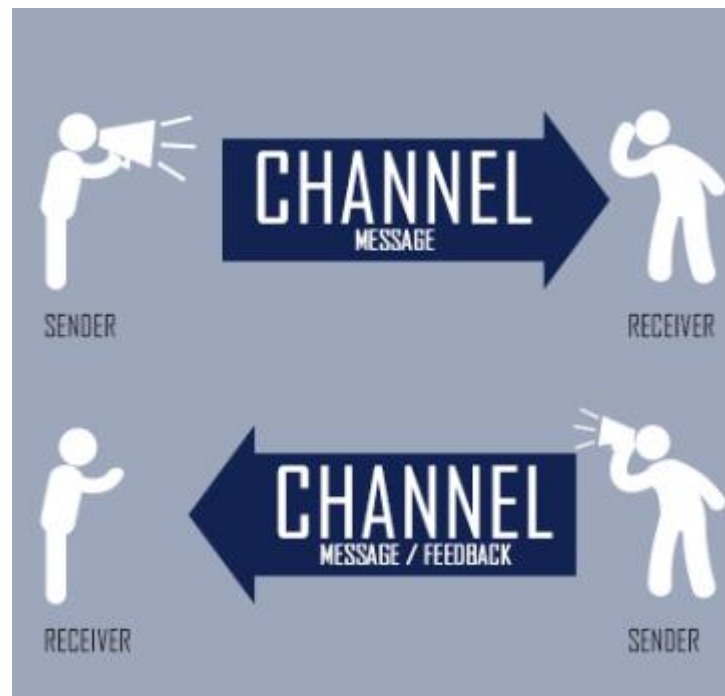


Figure 1 interactional communication model

Integrated marketing communication can be defined as a concept which is used by organizations in order to integrate and coordinate their communication channels in order to deliver consistent and clear messages. It mainly focuses on usage of media by ensuring consistency of the messages. It is important for organizations like Apple to focus on integrated

marketing communication so that all kinds of promotional activities and messages can be integrated and a consistent message can be delivered to the customers (Chen and Ann, 2016). There are various kinds of IMC tools that can be used by organizations such as: advertising, sales promotion, personal selling, public relations, direct marketing and many more. There are various kinds of promotional methods that are used by Apple in order to do promotion of their products and services. Apple uses advertisement, personal selling, sales promotion, public relation and direct marketing for promotion of their products and services and get in touch with their customers in a much better and enhanced manner. These promotional strategies help Apple to promote their products and services and generate awareness among their customers which further helps them to enhance their overall sales and revenue.

Conclusion

Apple's core principles - the heart of the organization - shape the company's values. They manage to offer the most innovative products, conveying a sense of exclusivity. The Apple brand has become a symbol of wealth. At the heart of it all is Steve Jobs and his exceptional marketing strategy. After the analysis, Apple proved how important marketing is for the success of a company.

Recommendation

The recommendation about -Market penetration (Ansoff matrix Strategy) is for Apple to increase partnerships with more distributors to achieve greater market share. Also to save themselves from its competitor Samsung it is advisable to make more aggressive promotions.

REREFENCES

- Apple,(2020), Annual Report 2018, Available at:
<http://www.annualreports.co.uk/Company/apple inc>(accessed on 07.05.2020)
- Apple,(2020) Apple products. Available at: <https://www.apple.com/uk/shop/accessories/all-accessories/made-by-apple> (accessed on 07.05.2020)
- Forbes,(2018) Why Apple is still a great marketer and what you can learn. Available at:
<https://www.forbes.com/sites/christinemorman/2018/01/12/why-apple-is-still-a-great-marketer-and-what-you-can-learn>(accessed on 07.05.2020)
- Mission Statement Academy(2020). Apple mission and vision statement analysis. Available at:
<https://mission-statement.com/apple/> (accessed on 10.05.2020)
- Chen, C.M. and Ann, B.Y., 2016. Efficiencies vs. importance-performance analysis for the leading smartphone brands of Apple, Samsung and HTC. *Total Quality Management & Business Excellence*. 27(3-4). pp.227-249.
- D O'Rourke, A., 2018. *The world apple market*. Routledge.
- Hanks, G.(2018) Apple Differentiation Strategy. Available at: <https://bizfluent.com/info-8734236-apples-competitive- advantage-industry.html>(accessed on 08.05.2020)
- Hao, J., and et. al., 2018. Cooperative membership and farmers' choice of marketing channels—Evidence from apple farmers in Shaanxi and Shandong Provinces, China. *Food policy*. 74. pp.53-64.
- Kodama, M., 2018. Apple versus Sony: strategy transformation by capabilities congruence through asset orchestration: Driving Congruence in Capabilities. In *Sustainable Growth Through Strategic Innovation*. Edward Elgar Publishing.
- Kotler,P.,Armstrong, G.,Cunningham,P.H(2005) Principles of Marketing. Toronto:Pearson Education Canada. Pp 67-70
- Kulkarni,C.(2018),10 Things you need to learn from Apple's marketing. Available at:
<https://www.entrepreneur.com/article> (accessed on 06.05.2020)
- Kotler, Philip. (2000) Marketing Management. Upper Saddle River, New Jersey: Prentice Hall.
- Peng, X., 2018, January. Study on Apple Marketing Model Based on Modern Aksu Region in Xinjiang. In *2017 5th International Education, Economics, Social Science, Arts, Sports and Management Engineering Conference (IEESASM 2017)*. Atlantis Press.
- Pissonnier, S., and et. al., 2016. Factors driving growers' selection and implementation of an apple crop protection strategy at the farm level. *Crop protection*. 88. pp.109-117.
- Porter, M. (1979) "How Competitive Forces Shape Strategy" Harvard Business Review
- Short, C., 2018. *Who is an Apple consumer and what defines them? A qualitative study* (Doctoral dissertation).
- Singh, H., 2019. The apple of your eye: marketing in aesthetics. *Journal of Aesthetic Nursing*. 8(8). pp.406-407.

- Tansim, M., 2018. An Organizational Analysis on Apple. *European Journal of Business and Management*. 10(11).
- Wang, D., 2020. Nutritional Value of Apple Dry Valley Citrate and E-commerce Marketing of Agricultural Products. *Archivos Latinoamericanos de Nutrición*. 70(1).