

Marketing Fundamentals

CRITICAL ANALYSIS AND EVALUATION OF APPLE INC

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Task 1A

Introduction

The information technology company (usually a tech company) is a type of business enterprise that focuses primarily on developing technological products or providing technology services. Apple Inc., Samsung, Alphabet Inc., Facebook, Intel, Microsoft, and are the seven largest and most innovative technology companies.

This essay contains a review and an evaluation of Apple. Through this essay, marketing processes and steps will be critically discussed, including the role of the marketing mix and the value it creates for its customers. Besides, the role of stakeholders in this business will also be explored. Finally, it will discuss some of the communication methods that the company uses for marketing.

Company overview

Apple Inc. - An American company headquartered in Cupertino, California, which is engaged in the design, development, and sale of consumer electronics, computers, and laptops. The company's products include a range of Macintosh, iPod, iPhone, and iPad computers. Apple software includes Mac OS X, iTunes, the Life multimedia browser, with multimedia and design software; and the right iWork software. In August 2011, Apple was the largest capitalized company in the world and, therefore, the largest technology company in the world, before Microsoft.

1. Processes and Stages of Marketing Including The Role of The Marketing Mix

David Meerman Scott defined marketing as:

"Marketing understands the customers well. Then making the best products, services, and information available to them helps solve their problems."

Apple mission

To give the customers the best user experience with the latest hardware, software, and services.

Situational analysis

There are many factors associated with Apple to succeed in business. The selling of iPhone gadgets broke the record in China. They have created products that are relevant to people around the world so that members of the global community use the iPhone, even if they are of high quality. Its main competitor is Samsung, which, as you know, is a major manufacturer of smartphones and other technological solutions. Hence, the Samsung Galaxy S series is the most important product that rivals the iPhone (Khan et al., 2015).

Besides, Apple Inc. has invested significant funds in researching and evaluating new ideas. Typically, their gadgets are more advanced than their competitors; is a good platform for the iPhone 7 to get the best deal. Therefore, he has brought his clients around the world.

Apple strategy

Differentiation strategy

The company is said to derive an opportunity to diversify which is often associated with a premium price as an added value to customers. Diversity often gives consumers the incentive to choose what is right and then choose from their other products (Lordkipanidze., 2019).

Apple's competitive advantage

An important factor is the competitive advantage of the ability of companies to create new products with the same operating systems, software, and applications. This reduces the risk and cost of producing the products, allowing the company to create a new product and stay one step ahead of the competition (Yoffie et al., 2018).

Market implementation and control

Kotler argued that Successful marketing is the use of marketing strategy based on the success of a five-factor process: organizational structure, decision-related events, payroll strategy, human resources, and corporate culture in an integrated strategy that aligns with business processes. However, they control by measuring their performance through phone sales, customer feedback, and critics (Annual Report, 2018).

Apple Segmentation, Targeting, and Positioning

A common set of values shared with Apple's consumer segment includes valuing the design, quality, and functionality of the technological products and services above their prices. Apple's highly used mono-segment type of positioning that is attractive to the needs and requirements of a single segment of consumers.

Porter's five forces analysis

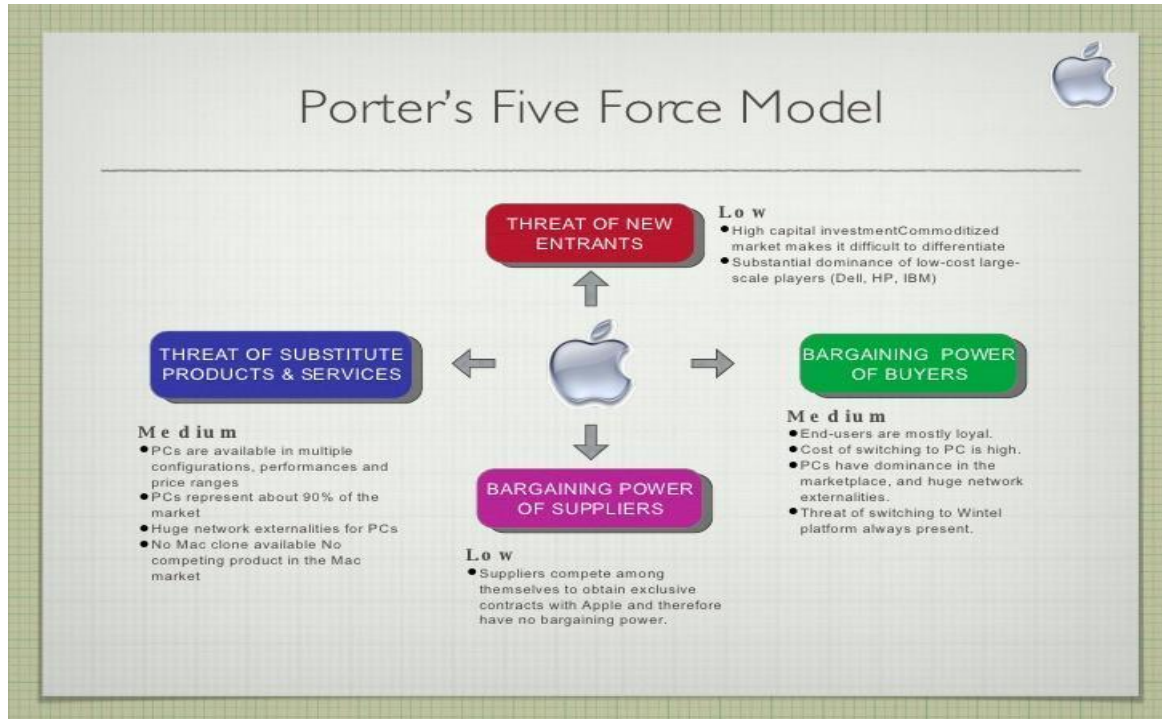


Figure 2: Porter's five forces model

The **threat from new entrants** to the electronics industry is low. Economic growth is a serious obstacle for the industry because that new entrant who is struggling to compete with recognized global brands and could access the payment system due to economies of scale. When new market players appreciate the importance of customers for new products and services. As a result, **the bargaining power of Apple customers** is not less than the industry average and therefore consumers stick with brands and drastically reduce sales. Apple sells its products to many consumers who cannot themselves use their commercial services to lower prices or offend Apple.

Apple began using its **corporate power in supplier relationships** at its peak since 2012, performing retail audits. Consequently, **threats of product substitution** are moderate. (Campbell., 2017).

SWOT analysis of Apple

Advantages and disadvantages of SWOT analysis

The SWOT analysis provides insight into strategic planning and builds organizational strength. Moreover, it maximizes its response to opportunities. It also overcomes organizational threats. Alternatively, SWOT analysis is only one part of planning a business and lack of space leads to problems. Further, too much formation could lead to poor decision-making. Hence, the SWOT analysis could appear to be inadmissible without sufficient information (Badenhausen., 2017).

Strengths: Apple has world-famous products, such as iPhone, iPad and Mac, and services such as Apple, OS X, and iCloud. Although iPhone sales have slowed somewhat, they now account for 22.85% of the world market. The share of the iPhone in the world market is as strong as in the financial markets of multinational technology companies. Interbrand estimates the brand value at \$ 214.5 billion (Badenhausen., 2017).

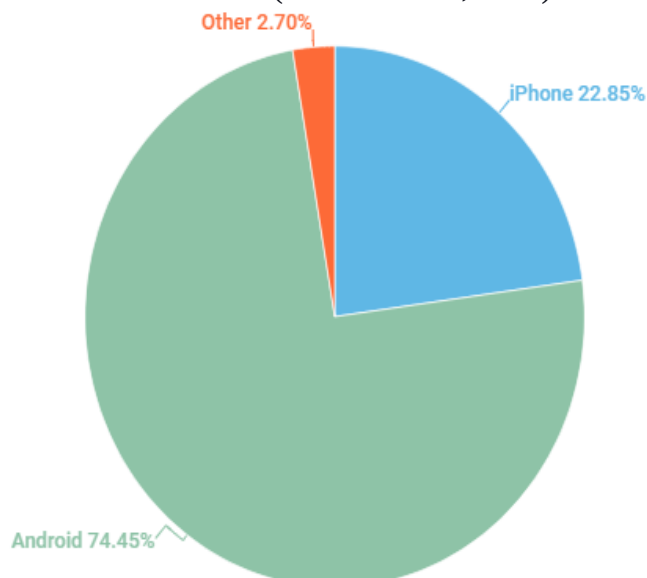


Figure 3. iPhone Global Market Share as of February 2019

However, the gross margin fell to 37.99% in 2018 and remains one of the highest in the industry.



Figure 4. Apple Inc. gross profit margin chart

A multinational company declared cash availability of \$ 245 billion at the end of the first quarter of 2019, compared to \$ 2,337.1 billion a year ago (Casserly et al., 2019).

Weaknesses: In China, Apple sales have recently started to drop. In particular, in the final days of 2018, iPhone sales in China fell 20% year-over-year, while smartphone sales at Huawei increased 23% during this period. The company regularly updates its products and services (Savov et al., 2016).

Opportunities: Apple will diversify its products by increasing the compatibility of products. It could also make investments in research and development.

Threats: It has a threat to its reputation and intense competition from China and India (Bris, A, 2019).

Analysis of 7pcs of marketing mix of Apple

Pricing

Apple's pricing strategy combines a high pricing plan. Apple Inc. uses geographic pricing involves setting different prices for products (Brown., 2018).

Place

Apple stores are associated with a marketing mix of Apple. The world's largest revenue-generating IT company operates 499 retail stores in 22 countries.

Products

products include iPhone smartphones, iPad tablets, Mac desktop, and portable personal computers and iPod digital music and media players, and other software.

Promotion

In 2016, for advertising business Apple relied on direct marketing support .Net sales through advertising channels represented 29% and 77% of total sales, respectively in 2018 (Marx., 2019). Apple promotes its products through advertising, paying particular attention to the difference between their products and their competitors. Advertising marketing occurs when a product opens for the first time, and print advertising will work throughout the product life cycle (Webb., 2017).

People

Annual Report of 2018 states that Apple has an effective technical support team. Apple promotes values that include the ease and fun of its employees and customers. It is recommended that Apple get a new face of the company, which is capable of attracting Media, as did Steve Job.

Process

It involves how the services are consumed. Customers could buy the products in-store or online.

Physical evidence

Apple uses bright colors, white lead screen, and a very important image. The Apple logo has changed over the years.

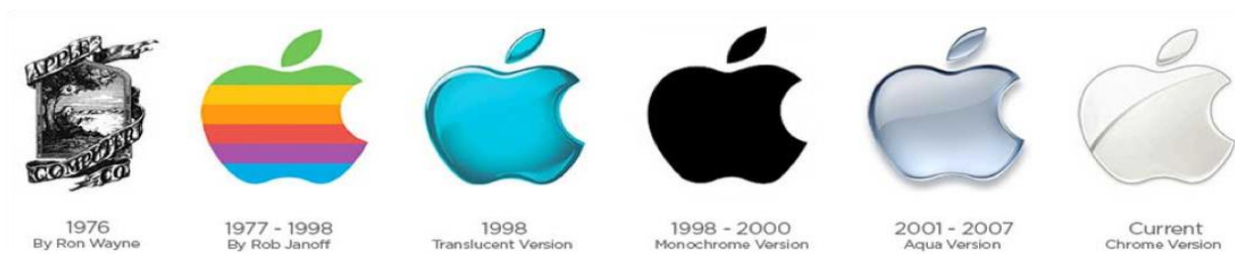


Figure 5. Development of a logo (Image source: Inbok Design,2018)

PESTLE analysis of Apple

Apple PESTLE analysis includes an analysis of the possible causes of these defects at the bottom of the line and long-range growth prospects. The study conducted by Tibken and Owen (2019) analyzed the following macro-environmental factors.

Politics: Apple is greatly dependent on low prices in China. In 2017, the company has steadily increased its defense budget to \$ 6.62 million.

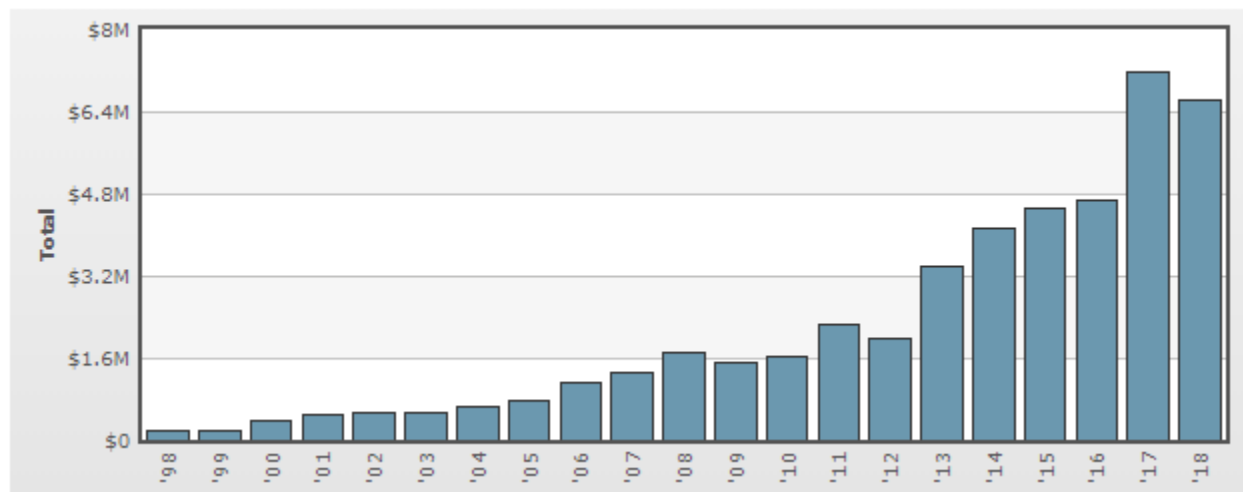


Figure 6: Annual lobbying by Apple Inc.

Economical: wage increases for workers in China have impacted Apple's product prices since most of the units were manufactured in China

Social: Consumers spend less on Apple products as they are cheaper compared to their competitors.

Technological: Apple wants to promote its products often out of its competitors

Legal: Apple has been in several of the leading councils with competitors like HTC, Samsung

Environmental: change in the climate due to global warming could affect Apple's supply chain

2. The Role of Marketing In Creating Value For Customers

The Societal Marketing Concept

The social Marketing concept is the most advanced and Modern-day Advertising Marketing It's Mind Marketing To Believe In Giving Back The Society To Produce Better Products To Help The World Be A Better Place (Business Insider, 2019).

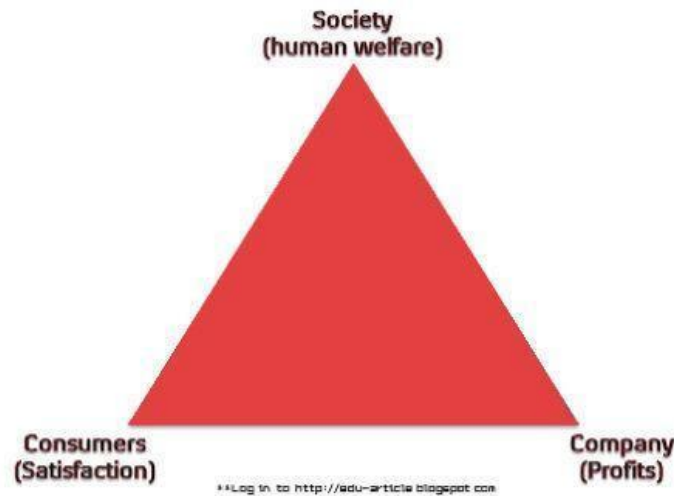


Figure 7: Societal Marketing pyramid

However, many social interactions are made to create a better image of a company in the society compared to its competitors, so as not to be seen as a profitable company only but also seen as a company that protects social values. Therefore, Apple has also taken over social marketing that offers its products in recycled paper boxes to protect trees and paper (Business Insider, 2019).

Definition of brand

Marty Neumeier (well-known author and branding expert) defined the brand as a person's intuitive attitude towards a product, service, or organization.

Advantages of good branding

The benefits of good branding bring countless rewards. It helps in Winning New Customers and enhancing identity and recognition with new ones. Moreover, it supports and Marketing and advertising goals. Besides, it promotes employees, increases your Company Identity, and builds Value for Money. Hence, good branding promotes business and builds knowledge and integrity. Clients are attracted by Brands to participate and create an environment for the company (Yarow, 2018).

Apple branding strategy

The Apple brand has always been based on emotions stressed by the employee. Since its creation in 1976, Apple has given priority to creating a loyal subscriber community, because Apple has long established itself as something unique; they "think differently". Unlike any other tech company, the essence of their business is their products, not what they bring to the sale. It is, therefore, an emotional strategy that has developed brand loyalty among Apple enthusiasts and has allowed them to move away from the higher prices of their products than their competitors (Martinez et al., 2017).

Ansoff Matrix

Ansoff Matrix helps a company to focus on international technology with its products and its market strategy. Ansoff Matrix has four business options mentioned in figure 7 (Cleberg., 2019).

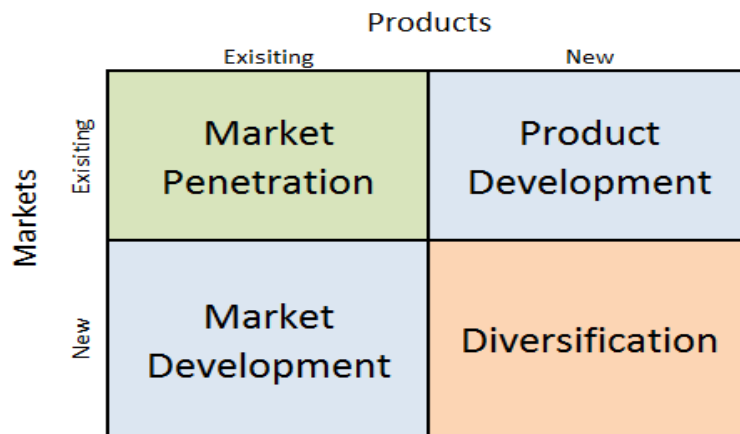


Figure 7: Ansoff Matrix

Market penetration

In the existing Apple market, global operations are divided into five functional segments: America, Europe, Greater China, Japan, and the rest of the Asia-Pacific region, as multinational technology companies have 54 retail stores in 24 countries, including 272 in the United States and 234 elsewhere. Therefore, it penetrates with a high level of efficiency.

Market development

Apple has developed the market as the largest IT company with revenues focuses on developing economies in Asia as markets appear for a long time (Saha., 2019).

Product development

An article by Yarow (2018) reports that Apple has released the new iPad Pro, iPhone SE, and MacBook Air with an improved keyboard. Apple has also doubled the capacity of the Mac mini. This is evident from the fact that Apple design director Jony Ive (CDO) says it's a simple concept

that lets you create amazing products. Apple announced financial results for March 2020, for \$ 14.1 billion.

Diversification

The use of this tool is obvious when developing Apple products. Apple Watch, Apple Pay (mobile payment service and digital wallet), and Apple Card (credit card). It is important to note that Apple started its journey with new technologies and continues to offer new and different products from which they come. (Yarow, 2018).

Relationship marketing strategy of apple

Apple is committed to developing and maintaining customer relationships and increasing loyalty. The goal of using CRM in the retail environment is to foster a long-term relationship between Apple and its customers. Besides, this involves improving the quality of customer service when buying a phone. Instead of focusing on buying a phone from customers, they teach consumers to love and enjoy the benefits of owning an iPhone or iPad. It is, therefore, the basis of Apple's strategy (Zhang et al., 2018).

2. Role of Stakeholder and Their Impact On The Marketing Activities Of An Organization.

Definition of Stakeholders

A stakeholder is anyone with an interest in the actions of the business. (Reed, 2017).

External and internal stakeholders of Apple

Internal stakeholders	External stakeholders
Internal stakeholders include and describe any group of individuals or entities that engage in transactions with Apple, and these include lenders, customers, agents, sellers, and stockholders.	External holders are those who are directly affected by this apple product. This could be a business that buys Apple products, or regional ones that are affected by Apple. They are Apple consumers marketers and everyone who does not directly work for Apple.

However, Apple is a business with both internal and external stakeholders involved. These partners are very important within the business as they help make the business viable and also help Apple to succeed.

Impact Of Stakeholders on the marketing activities of Apple

The best way that Apple could have a good relationship with its stakeholders is to communicate effectively and to reach them, stakeholders. This is important because if they talk to their stakeholders correctly they will get an outcome.

Besides, stakeholders have a great value to the business. Apple successfully incorporates the free component into processes. For example, a company uses a robust and comprehensive approach to meeting the needs of stakeholders. These stakeholders affect the marketing activities of Apple and compel it to improve, and Apple satisfies their needs (Baldwin et al., 2019).

Customer / Consumer

Apple values customers as stakeholders in handling corporate social responsibility. It is a great consumer interest to have products that are of reasonable price .since, Apple products have higher prices. Therefore, it uses a premium pricing strategy

Employees

Employees directly address Apple's human ability to create useful products. Through competitive market packages in Silicon Valley, the company caters to the needs of its employees (Newkirk, 2018).

Investors

The company deals with investors because of its good financial performance. For example, Apple also has a strong financial position and therefore could manage to avoid debt.

Employees of suppliers and distributors

Their main interest coincides with the needs of Apple employees, such as proper pay and job security, as this group enjoys a traditional work ethic. The company recognizes and sets performance requirements for supply chain firms. Consequently, Apple plans to complete the business with customers who continue to fail or refuse to abide by this code of conduct (McGee et al., 2016).

Task 1B

Communication

The source of transmitting information or elaborating meaning by using the common nature of gestures, languages, and signs shared from one party to another group of people to generate a useful exchange of information is called communication.

The Golden Circle theory of communication

Simon Sinek's Golden Circle idea of how organizations are successfully communicating is why Apple's marketing communications revolve around their audiences. The central idea of the circle is, people don't buy what a company does, and people buy why they do it (Smolicz., 2018).

Model of Communication Description

The model framework elaborates the intention of the sender to transmit any sort of information or message passing through the various modes of channels to have the impact of noise, sense, and gesture to decode which could be understandable by the receiving party.



Figure 8: communication model

Definition of Integrated Marketing Plan

The documentary source containing a detailed marketing plan with a business plan entitled by the corporation and its offering to its users or the end consumers. The model work on the concept that how the offering responds by the recipient or consumers which is based on the demand prevailing in the market refers to that how effective integration done by the organization (Dolata., 2017).

The model is based on consumer preference and driven strategy. The company model of IMC based on its vivid marketing mix and its standings on the consumer-driven business plan. When it is discussed, Apple has the exceptional orientation of the marketing mix and its execution in a proper integrated manner to make sure the message from the mixed model conveyed properly (Wenzel et al., 2018).

Types of promotion techniques

AD print & Media Ads

Proper and extensive use of celebrity in the product endorsement and its tag line creates an image of handling unique perception and revolutionizing devices which create a difference in the perception of the users.

Sales enhancement

Apple is extensively involved in the sales promotion activities by using the different initiatives by considering the boosts in sales by the vendor and it explains Apple's strategy to obtain the business goals. Their sales are not highlighted and dependent on tactics like loyalty programs, rewards points. Only seasonal gifts (only at the time of Christmas) and not having any policy on any other occasion or tenure. However, they focus on the sales discounts on resale only as Apple doesn't have any impacted sales discount policy (Chen et al., 2017).

Apple-Style Sales

The Apple store design management in the shape of the product style and its effectiveness to grab consumer attraction, likewise in Thailand and Chicago.

Conclusion

The only reason for Apple Inc.'s success business plan model depends on operating at the strategy of Think Different or beyond the boundaries. Focusing on the innovation and its capabilities of implementing successful business IMC and mix models, Apple well performed and satisfied its consumer's choice and effectively. The proper IMC execution reverses the risk of failure which could be faced and observed on any innovation.

Recommendations

Apple should come up with a low price product range to cater to the other tiers of the social classes which could enhance the sales boosts share and its accessibility in achieving the higher market share competing for the other brands in the category. This will strengthen its capability on the market offerings.

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