



Prifysgol Cymru
Y Drindod Dewi Sant
University of Wales
Trinity Saint David

Assignment 2

Subject Code: LCMB7001

Lecturer: Tushara Balendran

Course: MBA

Semester: Term 1

Student Name: Parth Kapadiya

Student Number: 2228187

Marketing management

Assignment 2

Table of Contents

Introduction	2
Background	2
External Analysis	3
PESTLE	3
Porter's Five Force Analysis	6
SWOT Analysis	8
Segmentation, Targeting and Positioning	10
Marketing Mix	12
Ansoff Matrix	13
Recommendations	14
Conclusion	15
References	16

Introduction

Marketing management is process of Planning, organising, implementing, and controlling marketing efforts in order to meet organisational goals and objectives. In order to effectively market and sell goods or services, plans and tactics must take into account market trends, client needs, and preferences (Baber et.al. 2020). Any business' success depends on effective marketing management, which helps to identify target markets, build brand awareness, and long-term relationships with customers. The below report includes Apple's marketing strategy for the global market are provided in the report below. Also, with the use of internal and external analysis of the organisation is included, along with suggestions for the future.

Background

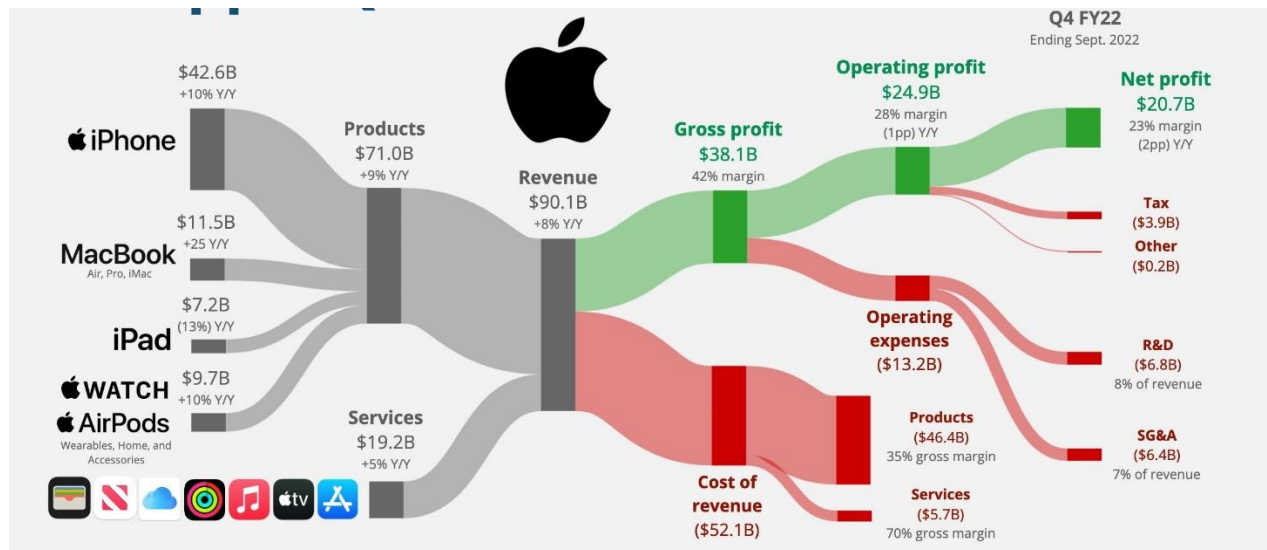
Apple Computer, Inc. was founded on April 1, 1976, by two college dropouts with a mission to revolutionise the world of computing: Steve Jobs and Steve Wozniak. Their goal was to develop computers that could be readily integrated into homes and businesses. The journey began in Jobs' garage with the construction of the Apple I, a basic computer sold without a monitor, keyboard, or case, though these components were added in 1977. The introduction of the Apple II, which featured the first-ever colour graphics, genuinely revolutionised the industry. In 1980, the year in which Apple went public, sales surged from \$7.8 million in 1978 to \$117 million (Richardson, 2023).

The success of the iPhone signalled a turning point for Apple, catapulting the company into a new era of dominance. The company's product portfolio grew to include the iPad tablet and Apple Watch. In recognition of its expanded portfolio and influence beyond computers, the corporation dropped "Computer" from its name and became "Apple Inc."

Apple also introduced the Apple Card, Apple News, Apple Arcade, and Apple TV+ for streaming original content as part of its service innovation (Richardson, 2023). The death of Steve Jobs in 2011 left a vacuum, but his legacy endured under the direction of Tim Cook. Apple's prominence reached unprecedented heights, with the company becoming

the first to be valued at \$1 trillion in 2018 and doubling that valuation in just two years (Richardson, 2023).

The following image shows the revenue of Apple for the fourth quarter of 2022:



Source: <https://www.appeconomyinsights.com/p/apple-warrens-favorite>

Mission statement

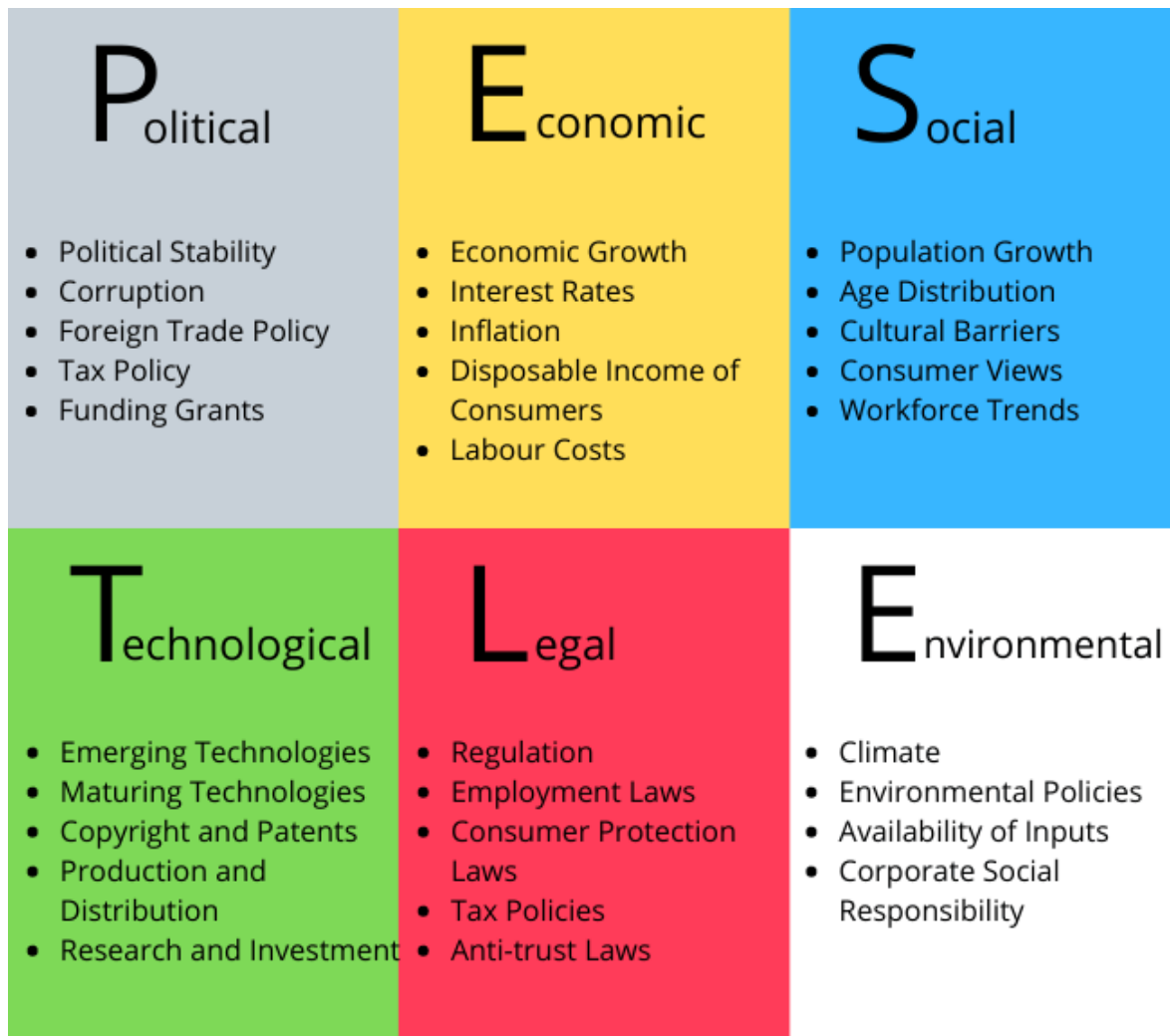
"Apple creates OS X, iLife, iWork, and professional software in addition to Macs, the best personal computers in the world (Apple, 2022). Apple, with its iPods and iTunes online store, is at the forefront of the digital music revolution (Nast, 2020). With the ground of iPhone and App Store, Apple has transformed the mobile phone, and the iPad is defining the future of mobile media and computer devices.

External Analysis

PESTLE

The external macro-environmental elements that can have an impact on a company's operations are analysed using the PESTLE analysis tool (Dudovskiy, 2019b). Below is the explanation of PESTLE analysis of Apple, along with an evaluation of how favourable or unfavourable each aspect is for the business.

The following image shows the key factors that could influence each of the PESTLE aspects:



Source: <https://activator.bg/2021/11/24/pestle/>

- **Political:** Apple has operations in a number of nations throughout the world, and it is impacted by the political climate in each of these nations. Apple has a global footprint and can profit from stable governments in the nations where it conducts business (Apple, 2022). For instance, despite the COVID-19 epidemic and political turmoil in some of its main markets, such as the US and China, Apple posted good financial performance in 2020 (Dudovskiy, 2019). However, Changes in governmental regulations and policies, such as tariffs, taxes, and data privacy

legislation, have a detrimental impact on Apple's business operations and profitability. For instance, the US government put tariffs in 2018 on the importation of specific Chinese goods, including Apple devices, which caused Apple's stock price to drop (Dudovskiy, 2019).

- **Economic:** The financial success of Apple is impacted by the state of the economies in the nations where it does business. A well-established business like Apple can survive in economic down fall due to its strong brand recognition and devoted customer base. For instance, Apple's sales increased despite the 2008 global financial crisis, and in 2012 the business surpassed all others in terms of market valuation (Lee, et.al 2019). However, the amount of money it takes to make a product, how much people are willing to pay for it, and how much money they have to spend can all be influenced by changes in interest rates, inflation, and exchange rates. These changes can affect how much money Apple makes. For example, in 2015, when the value of the US dollar went up compared to other currencies, it had a bad effect on Apple's sales growth.
- **Social:** Apple is renowned for its cutting-edge and fashionable goods that appeal to a variety of age groups and demographics (Apple, 2022). Apple is really good at designing and coming up with new ideas, which makes them better than other companies and attracts many different types of customers. For example, the iPhone 11 was the most popular smartphone in the whole world in 2020, and their AirPods were in charge of almost a third of the market for wireless earbuds worldwide. However, if Apple does not focus on consumer trends and preferences while developing its products, such as the rising desire for eco-friendly goods, it may face difficulties. For instance, Greenpeace named Apple the most ecologically friendly IT business in 2019 while simultaneously urging the corporation to take additional steps to lessen its carbon.
- **Technological:** Apple leads technical innovation and makes significant investments in R&D. With its R&D spending, Apple is able to continue to be recognised as a leader in technology and create marketable new goods and services (Apple, 2022). For instance, Apple unveiled its M1 chip in 2021, which performs and uses less energy than earlier chips, as well as its Air Tag tracking

system. However, Technology developments like the emergence of artificial intelligence and the Internet of Things can put Apple in competition and upset its current product lines. For instance, Alexa from Amazon and Assistant from Google, compete with Siri from Apple.

- **Environmental:** Apple made a commitment to reduce its influence on the environment, and it runs on renewable energy sources (Apple, 2023). Apple's dedication to sustainability can improve its standing with customers and draw in those who care about the environment. For instance, Apple declared in 2020 that all of its facilities worldwide are powered by renewable energy, and the company hopes to achieve carbon neutrality throughout its entire supply chain by 2030 (Michael and Abbas, 2020). However, Apple's operations and supply chain may be at risk from unforeseen environmental catastrophes like natural disasters or changes in environmental policies. For example, the 2011 Japanese earthquake and tsunami impacted Apple's overall growth (Michael and Abbas, 2020).
- **Legal:** Intellectual property rules are a significant legal consideration for Apple. Changes in the laws and regulations governing intellectual property could have a substantial influence on the business of a company that largely relies on its patents and trademarks. Laws governing data security and privacy are also crucial to Apple. The legal factor has unfavourable impact on the Apple (Michael and Abbas, 2020).

Porter's Five Force Analysis

Porter's Five Forces Analysis is a framework developed by Michael Porter, a renowned business strategist, and it is used to assess the competitive forces within an industry or market (Harvard Business School, 2022). This analysis helps businesses understand the dynamics of their industry, identify potential threats, and develop strategies to maintain or improve their competitive position.

Threat of new entrants: LOW

It is not very likely that new competitors can challenge Apple because it is hard for new companies to join the market and become competitive. Apple has a lot of customers and

people know their brand well. Also, starting a new tech business is difficult because it takes a lot of money to research, develop, make, and sell new products. Apple is the second biggest seller of smartphones in the world, after Samsung. In 2020, they had about 15% of the market (Maverick, 2022).

Bargaining power of suppliers: MEDIUM

The purchasing power of Apple's suppliers is medium. Large, effective businesses that sell parts and components to numerous other technological companies include Foxconn, one of Apple's suppliers. They now have a powerful negotiating position with Apple to discuss terms and costs. Additionally, a limited number of suppliers control certain of the components used in Apple's devices, like as memory chips, giving them even more negotiating power. In 2020, Apple had 242 suppliers spread over 36 countries, according to the company's report on supplier responsibility (Podolny and Hansen, 2020).

Bargaining power of buyers: LOW

The purchasing power of Apple is low, Due to Apple's strong brand reputation, devoted customer base, and distinctive products, customers have less leverage when negotiating prices. Furthermore, Apple's products are expensive, which may make customers less price-sensitive. The average selling price of an iPhone in the fourth quarter of 2020 was \$873 (Podolny and Hansen, 2020).

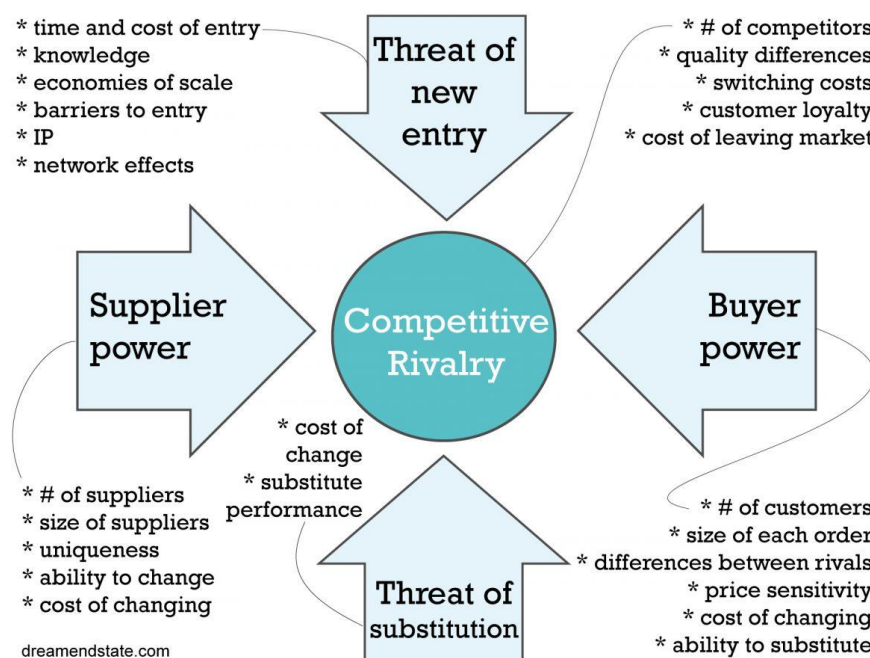
Threat of substitutes: MEDIUM

Threat of Substitutes for Apple is medium. Though Apple's products are unique from the competition and have a solid reputation, there are a lot of alternatives on the market, including smartphones and tablets from Huawei, Samsung, and other rivals. Moreover, compared to competing items, Apple's prices are frequently higher, which may deter some customers from purchasing them. Samsung was the biggest smartphone vendor globally in 2020, with a 19.2% market share of the global smartphone industry (Podolny and Hansen, 2020).

Rivalry among existing competitors: HIGH

The rivalry among existing competitors for Apple is high. The technology sector is fiercely competitive, and Apple faces off against a number of well-known competitors including Huawei, Samsung, and Google. Moreover, in order to stay one step ahead of their rivals, these firms are very innovative and make significant investments in R&D. Samsung has a 19.2% market share of the worldwide smartphone market in 2020, while Huawei held a 14.6% market share (Podolny and Hansen, 2020). Apple's iOS operating system and Google's Android operating system are rivals (Podolny and Hansen, 2020).

The following image shows the framework:



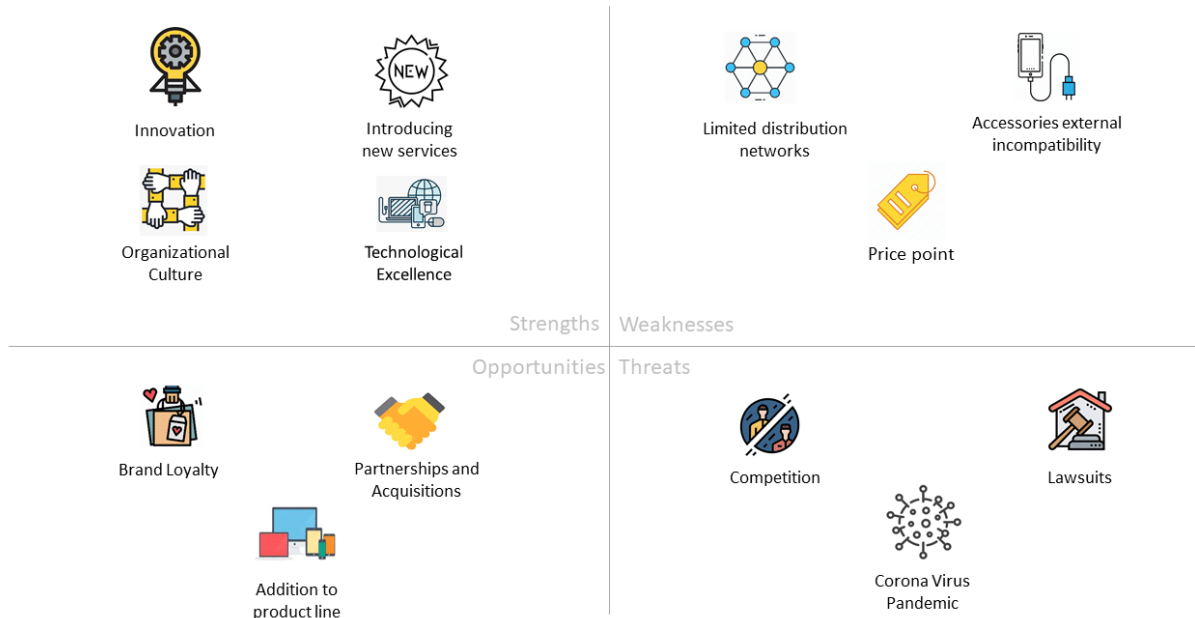
Source: <https://www.dreamendstate.com/2021/01/08/porters-5-forces-who-has-the-upper-hand-and-why/>

SWOT Analysis

SWOT analysis is a tool for strategic planning that evaluates a company's internal strengths and weaknesses, as well as its external opportunities and threats (Gürel and Tat, 2017). Opportunities and threats are external factors, representing potential avenues for growth and obstacles in the external environment, whereas strengths and weaknesses are internal factors, comprising the organization's advantageous characteristics and limitations. By systematically evaluating these four dimensions, businesses and

organisations can develop informed strategies that leverage strengths, resolve weaknesses, capitalise on opportunities, and mitigate threats, ultimately guiding their decision-making and goal attainment processes.

An illustrative version of the SWOT analysis for Apple is given below for reference:



Source: <https://www.superheuristics.com/swot-analysis-of-apple/>

Strength	Weakness
- Innovative products and designs. - high profit margins, - strong financial position with a sizable cash reserve, - strong supply chain management - Strong brand recognition and customer loyalty.	- Dependence on a small number of essential products, such as the iPhone; - high product costs in comparison to rivals; - few possibilities for product customisation
Opportunity	Threat
- Growth in developing markets - Diversification into new product categories, like wearable technology and healthcare technology	- Strong rivalry in the technological sector - Quick changes in customer preferences and technology - Dependence on important suppliers like Foxconn.

- Partnerships and acquisitions to increase the range of available products (Razak, et.al 2020) - Increasing demand for environmental efforts and green technology	More government regulations and court battles
---	---

Segmentation, Targeting and Positioning

Segmentation, Targeting, and Positioning (STP) are crucial components of a comprehensive marketing strategy. Segmentation is the process of dividing a diverse market into smaller, distinct segments on the basis of shared characteristics or requirements. Targeting is the process of selecting the segments that best correlate with a business's resources and goals. Positioning entails establishing a distinct and compelling image for a product or service in the minds of the selected target audience by emphasising its unique benefits and value proposition (Camilleri, 2017). By employing STP effectively, businesses can tailor their marketing efforts to reach the right consumers with the right message, thereby increasing their market competitiveness and customer satisfaction.

Market segmentation

Apple divides the market into many categories based on criteria including age, income, lifestyle, and personality attributes. It does this through a combination of demographic and psychographic segmentation. For instance, Apple targets younger consumers with its entry-level iPhone SE and iPod products, while older, wealthier consumers are the target audience for its higher-end items like the iPhone Pro and MacBook Pro (Razak, et.al 2020).

Targeting

Apple caters to a small, specialised market of buyers who are willing to pay a premium for superior goods with distinctive designs and user experiences. Apple appeals to those who are creative, tech-savvy, and who prioritise quality and performance over cost (Razak, et.al 2020).

Positioning

Apple presents the business that provides excellent services, cutting-edge, and user-friendly products that gain its target customers. The distinctive design and user experience of Apple's products, as well as their exceptional performance, quality, and reliability, are highlighted in the company's brand message and advertising. Customers that care about sustainability and data privacy are drawn to Apple's positioning as a socially conscious business that supports privacy and sustainability (Razak, et.al 2020).

A detailed version of the STP strategy is given in the following table:

		Apple Target Customer Segments			
Segmentation Types	Segmentation Criteria	Devices (iPhone, iPad etc.)	Services (iTunes store, Apple Pay, iCloud etc.)	Operating System & Software (iOS, iLife etc.)	Accessories (Apple Watch, Apple TV)
Geographic	Region	US and International	US and International	US and International	US and International
	Density	Urban	Urban	Urban	Urban
Demographic	Age	20-45	18-30	20-35	20-35
	Gender	Male and Female	Male and Female	Male and Female	Male and Female
	Life-cycle	Bachelor, Newly Married Couple	Bachelor, Newly Married Couple	Bachelor, Newly Married Couple	Bachelor, Newly Married Couple
	Income	High Earner	High Earner	High Earner	High Earner
	Occupation	Professionals, Managers, Executives, Students	Professionals, Managers, Students	Professionals, Managers, Executives	Professionals, Managers
Behavioural	Loyalty	Hard core loyal, Switchers	Hard core loyal, Switchers	Hard core loyal, Switchers	Hard core loyal, Switchers
	Benefits	Sense of achievement and belonging, Self-expression, Speed of service, advanced features and capabilities	Speed of service, Efficiency	Speed of service, Efficiency	Recreation, Self-Expression
	Personality	Determined, Ambitious	Determined, Ambitious	Determined, Ambitious	Determined, Ambitious
	User Status	Non-users, potential users	Users Non-users, potential users	Users Non-users, potential users	Non-users, potential users
Psychographic	Social Class	Middle and Upper Class	Middle and Upper Class	Middle and Upper Class	Middle and Upper Class
	Lifestyle	Resigned, Aspirer, Succeder, Explorer	Aspirer, Succeder, Explorer	Aspirer, Succeder, Explorer	Aspirer, Explorer

Source: <https://research-methodology.net/apple-segmentation-targeting-and-positioning/>

Marketing Mix

The marketing mix, also known as the 4Ps, is a fundamental marketing concept that outlines the main elements a company must consider when developing its marketing strategy (Minutes, 2015). The 8Ps marketing mix extends the traditional 4Ps marketing mix by adding four new elements: People, Process, Physical Evidence, and Partnerships (Malpani, 2018). In addition to Product, Price, Place (Distribution), and Promotion, these additional dimensions are especially relevant to service-based industries, highlighting the role of employees (People), efficient service processes (Process), tangible cues of service quality (Physical Evidence), and partnerships with other entities (Partnerships). This comprehensive framework assists businesses in developing well-rounded marketing strategies that encompass every aspect of their offerings and customer interactions, ensuring a more holistic approach to satisfying customer requirements and gaining a competitive edge.

- **Product:** Apple sells a variety of cutting-edge and superior goods, including iPhones, iPads, Macs, AirPods, and other accessories. Apple goods stand out from the competition thanks to their distinctive designs, user interfaces, and performance (Satheeshan and Puthusserry, 2022).
- **Price:** Because of superior quality and distinctive features, Apple's goods cost more than those of the majority of its rivals. Apple seeks clients who are prepared to pay a premium for high-quality items with its premium pricing approach (Tien, 2019).
- **Place:** Apple distributes its goods via its own brick-and-mortar stores, online store, and accredited resellers. Customers who seek quality and innovation will find Apple's retail outlets to offer a distinctive shopping experience that merges the brand's design and user experience (Tien, 2019).
- **Promotion:** with the use of advertising, public relations, and event marketing, Apple focuses on developing a strong brand image and generating buzz about its products. The distinctive design and user experience of Apple's products are frequently highlighted in its advertising campaigns, which helps set them apart from rivals (Dudovskiy, 2019).

- **People:** Apple emphasises the importance of its employees in providing superior customer service. Apple Store personnel, known as "Geniuses," are trained to provide customers with technical support and assistance, thereby enhancing the overall customer experience (Apple, 2022).
- **Process:** Apple's process entails a streamlined and user-friendly purchasing experience in both online and brick-and-mortar stores (Apple, 2022). The process includes user-friendly online purchasing, quick checkouts, and efficient customer service at Apple retail locations.
- **Physical Evidence:** In Apple's marketing mix, physical evidence refers to the tangible elements that contribute to the overall consumer experience. This includes the design and layout of Apple Stores, product packaging, and the physical aspect and functionality of Apple products (Apple, 2022).
- **Partnerships:** Apple collaborates with multiple partners to improve its product ecosystem. For instance, Apple collaborates with app developers to populate its App Store, with content providers for services such as Apple TV+, and with third-party accessory manufacturers to offer a vast selection of compatible accessories (Apple, 2022).

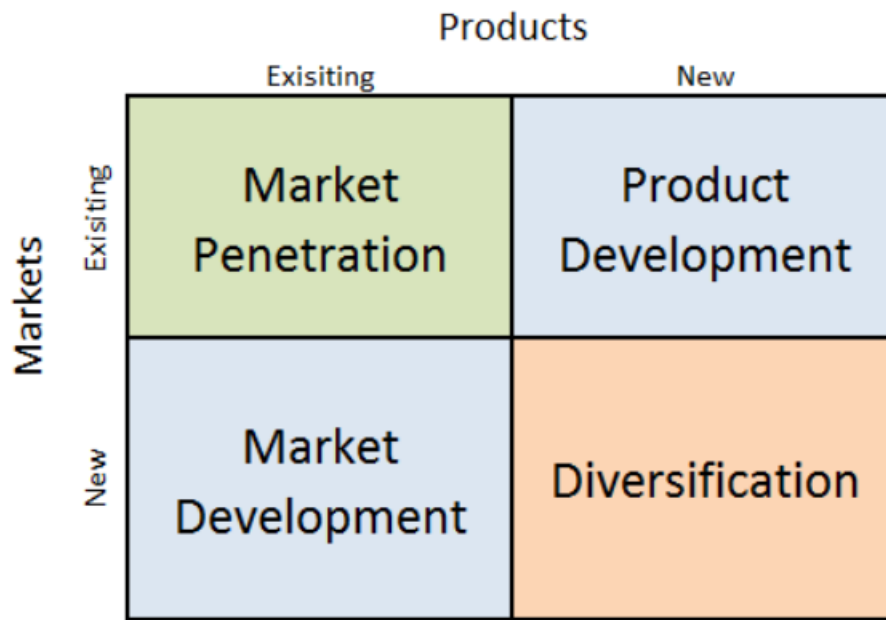
Ansoff Matrix

The Ansoff Matrix is a strategic and effective planning tool that assists organizations to determine their product and market growth strategy (Meldrum and McDonald, 1995). Apple can analyse its strategic direction with the use of Ansoff Matrix, which identifies four potential strategies for apple: market penetration, market development, product development, and diversification.

- **Market penetration:** This refers to selling more of the same product to existing customers,
- **Market development:** this involves selling the same product to new customers.
- **Product development:** This involves developing new products for existing customers.
- **Diversification:** involves developing new products for new markets.

For instance, Apple's launch of the iPhone was an example of product development, while the expansion of the iPhone's market to China was an example of market development.

An image of the Ansoff Matrix is given below:



Source: <https://research-methodology.net/apple-ansoff-matrix-2/>

Recommendations

- **Keep innovating:** Apple is so successful is because the company make products that are unique and give customers a good experience. If Apple wants to grow even more and stay ahead of other companies, they need to keep spending money on researching and developing new things that their customers will like. This way, they can keep up with what people want and need (Tien, 2019).
- **Expand into developing nations:** Although Apple is a well-known brand in many developed nations; there is still a lot of space for expansion in developing nations like India and China. Apple should think about providing more reasonably priced goods that meet the specific demands and tastes of customers in various markets if it wants to enter these markets (Jagielski, 2023).

- **Focus on sustainability:** Consumers are placing more and more importance on this problem, and businesses that prioritise sustainability in their operations are more likely to draw in and keep clients (Gonios, 2020). Apple needs to keep putting effort into environmental projects like employing renewable energy and cutting waste in its manufacturing procedures.
- **Stress the importance of privacy and security:** In the modern digital world, consumers' top worries are privacy and security. Apple has already made steps to emphasise the privacy and security of its products, but it needs to continue to give these concerns top priority and make investments in new features and technology that increase the security of its products (Leswing, 2021).

Conclusion

From the above-mentioned information, it can be concluded that the marketing management is efficient tool that helps to gain better growth and strategic direction towards success of business. Apple has an impactful foundation for future growth, but in order to stay ahead of the competition and keep its position as an effective leader in the technology sector, it must continue to innovate and adapt to shifting market trends and consumer preferences. Apple's marketing strategy is created to appeal to a certain target market that values innovation, quality, and design. By concentrating on these essential components, Apple has developed a strong brand identity and a following of devoted customers who appreciate its goods.

References

Adamkhankasi (2020). *Ansoff Matrix of Apple*. [online] Ansoff Matrix. Available at: <https://ansoffs.com/ansoff-matrix-of-apple/> (Accessed: September 6, 2023).

Apple (2022) *Apple 2022 10-K*. Apple. Available at: <https://investor.apple.com/investor-relations/default.aspx>.

Apple (2023) *Apple Environmental Progress Report 2023*. Apple. Available at: <https://www.apple.com/uk/environment/>.

Baber, R. et al. (2020) "Application of 'masstige' theory and approaches for the marketing of smartphone brands in India," *International Journal of Business and Emerging Markets*, 12(3), p. 296. Available at: <https://doi.org/10.1504/ijbem.2020.109578>.

Camilleri, M.A. (2017) "Market segmentation, targeting and positioning," in *Tourism, hospitality & event management*, pp. 69–83. Available at: https://doi.org/10.1007/978-3-319-49849-2_4.

Dudovskiy, J. (2019). *Apple Marketing Mix (Apple 7Ps of Marketing) - Research-Methodology*. [online] Research-Methodology. Available at: <https://research-methodology.net/apple-7ps-of-marketing/>.

Dudovskiy, J. (2019b). *Apple PESTEL Analysis - Research-Methodology*. [online] Research-Methodology. Available at: <https://research-methodology.net/apple-pestel-analysis-4/>.

Gonios, N. (2023) *How Apple Is Transforming Into a Closed Loop Product-As-A-Service Provider*. Available at: <https://www.circulist.com/insight/apple-slow-journey-to-becoming-a-closed-loop-product-as-a-service-provider> (Accessed: September 6, 2023).

Gürel, Ş. and Tat, M. (2017) "SWOT Analysis: A Theoretical Review," *The Journal of International Social Research*, 10(51), pp. 994–1006. Available at: <https://doi.org/10.17719/jisr.2017.1832>.

Harvard Business School (2022) *The Five Forces*. Available at: <https://www.isc.hbs.edu/strategy/business-strategy/Pages/the-five-forces.aspx> (Accessed: September 6, 2023).

Jagielski, D. (2023). *Why Apple's Expansion into India Is a Great Move*. [online] The Motley Fool. Available at: <https://www.fool.com/investing/2023/04/25/why-apple-expansion-into-india-is-a-great-move/#:~:text=While%20its%20growth%20rate%20has,Motley%20Fool's%20board%20of%20directors>. (Accessed: September 6, 2023).

Lee, Z.W.Y. et al. (2019) "Customer engagement through omnichannel retailing: The effects of channel integration quality," *Industrial Marketing Management*, 77, pp. 90–101. Available at: <https://www.sciencedirect.com/science/article/abs/pii/S0019850117306909>

Leswing, K. (2021). *Apple is turning privacy into a business advantage, not just a marketing slogan*. [online] CNBC. Available at: <https://www.cnbc.com/2021/06/07/apple-is-turning-privacy-into-a-business-advantage.html> (Accessed: September 6, 2023).

Malpani, P. (2018) "The 8th P of Marketing is here — Partnerships - Hook, Line and Clincher - Marketing blog from India," *Medium*, 8 June. Available at: <https://hooklineandclincher.in/lo-and-behold-the-8th-p-of-marketing-is-here-partnerships-a3eb1f4ecc7d> (Accessed: September 6, 2023).

Maverick, J.B. (2022). *Analyzing Porter's Five Forces on Apple (AAPL)*. [online] Investopedia. Available at: <https://www.investopedia.com/articles/investing/111015/analyzing-porters-five-forces-apple.asp> (Accessed: September 6, 2023).

Meldrum, M. and McDonald, M. (1995) "The Ansoff Matrix," in *Key Marketing Concepts*, pp. 121–126. Available at: https://doi.org/10.1007/978-1-349-13877-7_24.

Michael, K. and Abbas, R. (2020) "Behind COVID-19 contact trace apps: the Google–Apple partnership," *IEEE Consumer Electronics Magazine*, 9(5), pp. 71–76. Available at: <https://ieeexplore.ieee.org/document/9117186>.

Minutes (2015) *The marketing mix: Master the 4 Ps of marketing*. 50 Minutes.

Clark, L. (2013) "OS X Maverick launches for free, along with iLife and iWork app updates," WIRED UK, 22 October. Available at: <https://www.wired.co.uk/article/os-x-mavericks> (Accessed: September 7, 2023).

Podolny, J.M. and Hansen, M.T., 2020. How Apple is organized for innovation. *Harvard Business Review*, 98(6), pp.86-95.

Razak, M.R.B.A. et al. (2020) "Antecedents and consequence of brand management: empirical study of Apple's brand product," *Journal of Asia Business Studies*, 14(3), pp. 307–322. Available at: <https://www.emerald.com/insight/content/doi/10.1108/JABS-01-2019-0030/full/html>

Richardson, A. (2023) *Research Guides: This month in Business History: The Founding of Apple Computer, Inc.* Available at: <https://guides.loc.gov/this-month-in-business-history/april/apple-computer-founded> (Accessed: September 6, 2023).

Satheesan, A. (2022) "A study on Brand Resonance of Apple iPhone with special reference to Ernakulam district," *Bharat Matha College* [Preprint]. Available at: <http://136.232.36.98:8080/xmlui/handle/123456789/3645>

Tien, N.H. (2019) "International distribution policy comparative analysis between samsung and apple," *International Journal of Research in Marketing Management and Sales*, 1(2), pp. 24–27. Available at: <https://doi.org/10.33545/26633329.2019.v1.i2a.13>.

