Marketing Plan for Apple Incorporation

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**Apple Inc.**

1. **Executive Summary**

Apple Inc. is an information technology company with a wide range of products which include cellphones, computers, tablets, television products and wearable devices. According to Aljafari (2016), “Apple Inc. was established in 1976 as a computer software and hardware company, since then Apple has transitioned into the creation of other technological devices and has established a chain of retail stores to provide their customers with a better buying experience”. Apple products are sold through its retail stores, online sites, and third-party wholesaler and retailers.

Apple’s mission is committed to providing the best innovations and technologies in the world. The company is also committed to protecting the environment, to ensure good health and safety of the company’s employees, customers and the global communities where they are established (Capilla, 2011). However, the company is dealing with image issues after attention was drawn on the unsafe working conditions in some of its factories in china (Chong, 2018). Therefore, this report highlights an important marketing plan that will help Apple resolve its management and marketing issues.

1. **Situation Analysis**

Communication, bill payments and online banking include some of the reasons why the demand for personal computers and mobile phones have increased over the years. For Apple to continue taking advantage of this lucrative industry as well as remain competitive, it is very necessary for the company to solve technological issues and continue to invest in Research and Development. Also, consistent advertising could help Apple maintain its position in the market. To increase market share in the technology market, Apple must develop cheaper products for low income consumers.

**2.1 Market Summary**

Apple is popularly known as an innovator in the personal computer and electronics market. Even though Apple experiences great competition from its rivals, the company capitalizes on its core competencies to stay ahead of its competitors. Apple designs and develops its own operating system and hardware unlike like its competitors including Samsung and Motorola, who use Google’s operating system known as Android.

**Target markets**

* Middle and upper-class consumers
* Students
* Professionals in media and design

**2.1.1 Market Demographics**

The profile for the typical Apple customer consists of the following geographic, demographic, and behavioral factors:

**Geographics**

According to Apple’s 10-K financial reports for the year 2018, Apple has good continental presence. The Company operates in the Americas, Europe, Greater China, Japan and Rest of Asia Pacific. With reference to The Americas, this includes both North and South America. With regards to the Europe segment, this includes European countries, as well as India, the Middle East and Africa. Pertaining The Greater China segment, this includes China, Hong Kong and Taiwan. The Rest of Asia Pacific segment includes Australia (Apple, 2018).

**Demographics**

Apple products are not gender restricted, both males and females utilize these products. However, since Apple products are premium-priced, only the middle and upper class can afford to purchase these products. However, both children and adults can use Apple products. Most of the time, children play video games on the iPad and adults normally use the Iphone and Macbook to work and communicate.

**Behavioral Factors**

Apple products are high-end products. Users of Apple products are willing to spend huge amounts of money just to maintain a certain class in society. According to Maslow’s hierarchy needs, being an owner of an Apple product means satisfying one’s esteem need. For instance, in Ghana, a lot of people buy Apple’s products to show-off their wealth. Moreover, Apple’s after-sales service is something to write home about, so users are inclined to stay loyal to the brand.

**2.1.2 Market Needs**

Apple provides its users with a wide range of products in order to satisfy its customer’s technological needs. The company endeavors to achieve the following benefits that are key to its users.

* **Quality**

Apple products are expensive, so customers deserve value for their money. No one is willing to spend so much on a product that is not durable.

* **Well-thought-out designs**

In order to stay relevant in the technology market, product design must be taken into critical consideration. Apple’s well-thought-out designs is a reason why the company is a serious threat to its competitors. Apple’s innovative team has helped the company stay relevant over the years by setting trends in the technology market. The fact that the company changes the design of its product every year gives its users something to look forward to.

* **Customer Service**

Outstanding service is one way to increase or maintain market share in the technology market. The use of after-sales service and customer care can be used to build a loyal customer base.

**2.1.3 Market trends**

Apple can stand out in the electronics market if they take advantage of the technology currently trending in the market. Lately, drones have become a gadget everyone wants to own. Since Apple is known for its good video and camera quality, they can capitalize on that and manufacture drones for their customers. By doing this, Apple puts itself another step ahead from its main competitors, Samsung and Microsoft. In other words, the company will generate more revenue by introducing drones to its users.

**2.1.4 Market Growth**

According to Chandra (2017), “while the main revenue driver for Apple has been the iPhone, forming 63% of their total revenues, increased competition and an increasingly saturating smartphone market has driven Apple to diversify into segments like wearables (Apple Watch), Machine Learning (Perception, Turi and Tuplejump acquisitions), Energy (Apple Energy, LLC – wholly owned subsidiary) and mobility ($1Bn investment in Didi Chuxingii) and to increase focus on accessories and services”. Although the smartphone market is a lucrative one, it is very crowded with competitors, making the market unattractive to enter. Innovation is key to survive in such a saturated market.

**2.2 SWOT Analysis**

The following SWOT analysis shows the major strengths and weaknesses of the company and outlines the opportunities and threats facing Apple.

**2.2.1 Strengths**

* **Innovative**: Innovation is one of Apple’s core competencies and this is what gives the company competitive advantage over its rivals. Apple is always ahead of the game with its designs, operating systems and hardware. Apple is constantly enhancing the features of its products to keep its users satisfied.
* **Quality**: Apple products are made of quality materials in order to give users value for their money. Moreover, Apple products are the only products in the market that cannot be attacked by viruses. The operating system is built to be resistant to viruses.
* **Easy to use**: One of the main reasons why people buy Apple products is that fact it is easy to use. No training is required to operate Apple devices.
* **Brand Awareness**: Apple is one of the most popular brands in the world. The company’s consistent marketing and advertising is one of the reasons why the brand is known by many.

**2.2.2 Weaknesses**

* **Price of products:** Apple products a premium-priced which makes it difficult for low income consumers to buy the company’s products.
* **Brand Reputation:** Apple’s brand reputation has been negatively affected due to the news about the unsafe working conditions in some factories in China.

**2.2.3 Opportunities**

* **Increasing Demand:** The demand for smartphones and personal computers increases year after year because these devices have become an intrinsic part of people’s lifestyles. Everyone wants to be able to communicate and have information at their fingertips.
* **Economies of scale:** Apple can take advantage of decreased product costs through economies of scale. Profits from economies of scale can be used for research and development.

**2.2.4 Threats**

**Increased competition:** The fact that the electronics market is a lucrative one, many companies crowding this market.

**Pricing Pressure:** Apple products are expensive relative to its competitors’ products. Therefore, at some point in time, Apple may be forced to cut down prices in order to stay competitive and survive in the market.

**2.3 Competition**

Competition in the technology sector is very high. According to Maverick (2018), “Apple is in direct competition with companies such as Google, the Hewlett-Packard Company, Samsung Electronics Co. Ltd. and Amazon”. Just like Apple, these competitors invest huge sums of money on Research and Development as well as marketing. Maverick (2018) also states that, “one thing that makes the industry so highly competitive is the relatively low switching cost”. Switching from one brand to another does not require significant investment. In other words, customers are not financially restricted to a brand in the market.

Michael Porter’s five forces can be used to analyze competition in the technology market. With regards to competitive rivalry, the level of competition among the major companies that compete directly with Apple in the technology sector is high.

With reference to threat of newentrants, the high cost of establishing a company within the industry and the additional high cost of establishing a brand name makes it difficult to enter the market.

Moreover, the bargaining power of buyers in this market is strong because of low

switching costs. It is easy for consumers to switch to different brands if they feel unsatisfied with a company’s product. This strengthens the bargaining power of buyers.

In addition, the bargaining power of suppliers in this market is a relatively low due to the high number of potential suppliers. Companies can easily switch suppliers because of the high number of potential suppliers.

With reference to the threat of substitute products, since the market it crowded with competitors, there is a high threat of substitute products. .

**2.4 Product Offering**

Apple offers several products to its customers including mobile phones, portable computers and peripheral devices. The list of products are as follows;

* Iphone -This is the company’s line of smartphones
* Ipad -This is the company’s line of tablets.
* Mac - This is the company’s line of desktop and portable personal computers.
* Apple Tv – This is the company’s line of television.
* Apple Watch – This is the company’s line of smartwatches.
* Ipod Touch – This is the company’s line of a digital music and media player.
* Airpods – This is the company’s line of wireless headphones.

**2.5 Keys to Success**

In the electronics market, the key to success is to be innovative. Companies in this market must be able to design products that meet market demand. Apple’s ability to compete successfully depends heavily on new product and technology development, quality and well-thought-out designs. Moreover, in order for Apple to stay successful in this market, it is essential for the company to enhance existing products and invest in research and development to expand the range of its offerings.

**2.6 Critical Issues**

* Repairing bad brand reputation with regards to poor working conditions in china factories.
* Providing cheaper devices for low income consumers
* Monitoring customer satisfaction to ensure great customer service
* Developing new technologies and enhancing existing products.

1. **Marketing Strategy**

Apple is committed to bringing the best user experience to its users through its innovative hardware, software and services (Apple, 2018). The company’s marketing strategy is centered on building a premium brand for consumers in the market. This strategy helps to distinguish the company from competitors in the market. Moreover, according to Kovácsová (2014), Apple is “focused on simplicity in everything they do”. Kovácsová (2014) also states that, simplicity is the most important part of Apple’s marketing strategy and it is the company’s driving force.

**3.1 Mission**

Apple’s mission is committed to providing the best innovations and technologies in the world. The company also strives to protect the environment, to ensure good health and safety of the company’s employees, customers and the global communities where they operate (Capilla, 2011).

**3.2 Marketing objectives**

* Position Apple as a premium brand
* Increase brand value and market share
* Manufacture and sell products directly
* Invest in research and development to come up with new products and technologies
  1. **Financial objectives**

According to Bradshaw (2017), “Apple plans to double the size of its services business within the next four years, turning revenues from the App Store, iCloud and its Music and video services into a nearly $50bn-a-year business by 2021”. Profits from Apple services show a highly positive trend, making the company financially stronger to be able to invest in new products and technologies (Bradshaw, 2017).

* 1. **Target Markets**

Since Apple products are high-end products, customers of the company’s products are usually financially strong and willing to pay more for user experience. Geographically, Apple’s prime target market includes Americas, Europe, Greater China, Japan and Rest of Asia Pacific (Apple, 2018). The following are a list Apple’s target market;

* + Middle and upper income consumers (Usually consumers with a high purchasing power)
  + Customers who enjoy using technology. These include people who take delight in capturing moments.
  + Students
  + Professionals in media and designs
  1. **Positioning**

Apple positions itself as a premium brand by keeping the price of its product and service high in order to encourage favorable perceptions among buyers, based solely on the price. Usually, consumers with high purchasing power are the ones likely to buy Apple products because they are expensive. Some middle and upper income consumers may stop purchasing Apple products if the company makes its products cheaper. In other words, the fact that Apple products are premium-priced is a reason why some users are associated with the brand. With reference to the perceptual map, Apple products fall within the high quality, high price section.

**4.0 Marketing Tactics**

One of Apple’s main objectives is to position itself as a premium brand. The company strives to achieve this objective by using the 4P’s which includes Product, Price, Promotion and Place.

**4.1 Product**

In any type of organization, the product or service offered is the most important aspect of the business. This is because, without a product or service, there will be nothing to promote, price or distribute. Therefore, it is essential for every company to provide the best product or service in order to successful, stand-out and dominate the market.

Apple offers both products and services to customers. With reference to products, the company manufactures phones, computers, tablets, televisions, watches and wireless headphones. The company also develops its own operating system known as the iOS which the products are run on.

With regards to services, Apple allows customers to purchase and download or stream music and TV shows, rent or purchase movies and download free podcasts. Also, the company Apple owns a cashless payment service known as Apple Pay which is available in certain countries. Apple pay offers an easy, secure and private way to pay. In addition, Apple Care is another service provided by the company. This is a fee-based service to provide users with technical assistance and repairs.

Apple’s product and services are unique, allowing the company to dominate the market. Consistent product and technology development is another reason why the company is successful.

**4.2 Pricing**

Price is another significant factor in the marketing mix strategy. Apple does all it takes to give its users value for their money by offering quality products. Moreover, the success of a company also depends on its pricing policy because this determines the profit or loss for the company.

Apple enjoys a reputable position in the market due to high quality of its products and the innovative nature of the company. This allows Apple to charge high prices for their products. Regardless of how expensive Apple products are, people are willing to buy them. Apple’s premium-pricing strategy generates higher profits for the company as well as increases the brand's value. However, it is possible for Apple to generate higher revenues by manufacturing cheaper versions of their products for low income consumers.

**4.3 Promotion**

Promotion is simply creating awareness of the company’s products and services to customers. Apple promotes its products and services through many channels including relations and personal selling. With regards to personal selling, well mannered, energetic and highly informative sales representatives in Apple stores provide customers with all the necessary information about the company products and services. These sales representatives also persuade potential customers to buy the company’s products.

However, Apple can increase its brand awareness partnering with brand influencers or celebrities. These people have an established audience and can promote the company’s products and services to another level.

**4.4 Place**

The place in marketing mix represents where the company sell its products and offers its services. Apple seeks to make their products available to everyone by utilizing several distribution channels. According to Apple’s Form 10-k, “the Company sells its products worldwide through its retail stores, online stores and direct sales force, as well as through third-party cellular network carriers, wholesalers, retailers and resellers” (Apple, 2018).

However, considering the high demand for Apple products, the company should increase its retail stores, especially in Africa where there are only a few. Moreover, the company can also partner with third-party cellular network carriers in other countries apart from America in order to make the products easily available to customers.

**4.5 Marketing Research**

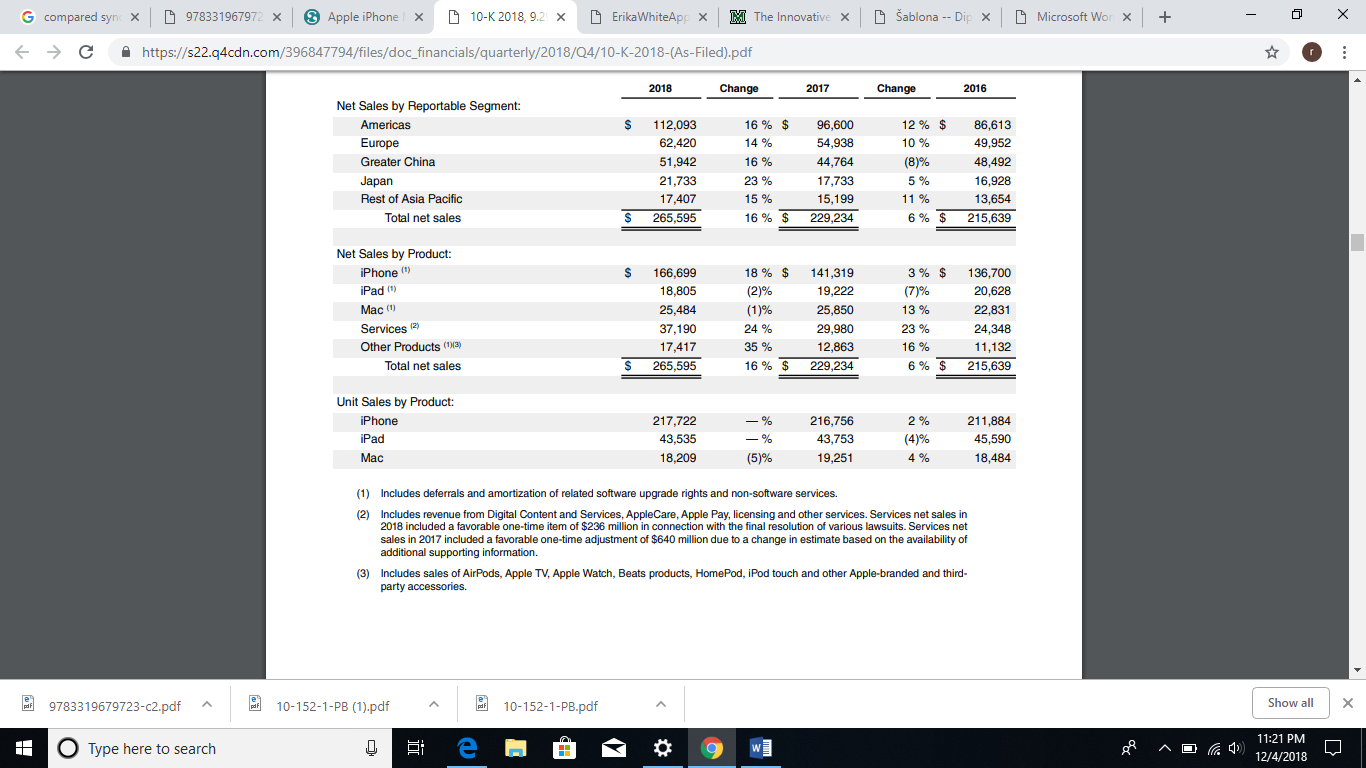
According to Philip W. Schiller, Apple's senior vice president of worldwide marketing, the company does not rely on marketing research. During the Apple versus Samsung patent-infringement court proceedings, Philip Schiller stated that, "We don't use customer surveys, focus groups, or typical things of that nature. That plays no role in the creation of our products" (Lowensohn, 2012). In addition, Lowensohn (2012) states that, “late Apple co-founder Steve Jobs famously denounced market research, saying it's hard for customers to tell you what they want when they have never seen anything remotely like it." Therefore, Apple relies on its innovative nature to satisfy its users and not marketing ressearch.

**5.0 Financials**

This section explains the financial overview of Apple related to marketing activities. According to Apple’s 2018 Form 10-K, net sales increased 16% or $36.4 billion during 2018 compared to 2017, driven by higher net sales of iPhone, Services and Other Products. Moreover, the company’s net sales increased year-over-year in each of the geographic reportable segments. In May 2018, Apple announced a new capital return program of $100 billion and raised its quarterly dividend from $0.63 to $0.73 per share beginning in May 2018. During 2018, the Company spent $73.1 billion to repurchase shares of its common stock and paid dividends and dividend equivalents of $13.7 billion (Apple, 2018).

**5.1 Sales Data**

The following table shows net sales by reportable segment and net sales and unit sales by product for 2018, 2017 and 2016 (dollars in millions and units in thousands) (Apple, 2018):



The data above shows that, overall there has been a positive change in net sales and unit sales from 2016 to 2018.

**6.0 Controls**

The purpose of Apple’s marketing plan is to help guide the company in the right direction. The company must have monthly meetings to discuss the progress of the company. Also, the following areas will be kept under systematic review to track the company’s performance:

* Revenue
* Expenses
* Customer Satisfaction
* New-product development

**6.1 Implementation**

* In case of slow sales, the company can offer discounts to loyal customers
* Increase the number of Apple stores, especially in Africa where there are only a few
* Develop strong relationships with existing and potential customers to maintain or increase customer base
* Provide better working conditions for employees in china.
* Invest in Research and development in order to stay relevant in the market

**6.2 Contingency Planning**

**Difficulties and Risks**

* High competition and rapid technological changes keeps Apple under pressure
* Consistently stimulating customer demand
* Successfully managing frequent product and technology development

**Worst-Case Risks**

* Future operation depends on the Apple's ability to obtain sufficient quantities of the rare metals and other components used in production
* Growth of Apple’s own retail store could discourage third-parties from selling and promoting the company’s product

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