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**Apple Watch Brand Project Report**

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# INTRODUCTION

## 

## Company & Brand History

Since its founding in 1976, Apple Inc. has transformed personal computing with its innovative products. Under the current leadership of Tim Cook, Apple has continued to innovate with products such as iPhone, iPad, Mac, and Apple Watch, and services such as Apple Music and Apple TV+ (Levy, 2024). Launched in April 2015, the Apple Watch has gained widespread recognition as a technological marvel. From being an iPhone extension, it developed into a stand-alone gadget with functions that might improve users' everyday lives and health. On September 22, 2023, the most recent model—the Apple Watch Series 9—was made available (Ava Biswas, 2024).

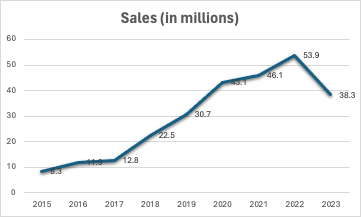
## Industry Overview

When looking at the smartwatch industry, there were some interesting trends discovered. The United States has held the highest market share of more than 44%, with the popularity of the Apple Watch being a strong driving factor. In addition, in this region, smartwatches under the price of $99 have shown a growth rate of 9.8% from 2022 to 2030. Research suggests this growth has been due to economic downturns and global events like COVID-19. Due to this decline, the average selling price of smartwatches also decreased worldwide in 2020. Globally, the smartwatch industry is forecasted to grow at an annual growth rate of 8.2% from 2022 to 2030. This suggests the potential for Apple Watch to increase its sales to encapsulate the growth in the future (Grand View Research, 2024).

## Competitive Analysis

When looking at the smartwatch industry, Samsung and Garnier arose as formidable competitors for the Apple Watch. With various smartwatches under the Galaxy Watch series, distinguished by configurable features and affordable prices, Samsung effectively markets itself to technology and fitness enthusiasts. With its Fenix and Forerunner series, Garmin meets the needs of fitness fanatics by emphasizing durability and fitness tracking. In the dynamic global wristwatch market, each manufacturer offers distinctive advantages that cater to distinct consumer categories. Apple stands out in the competitive smartwatch market thanks to its cutting-edge functionality, creative design, and flawless integration with the Apple ecosystem. Apple's flagship products, which feature cutting-edge health monitoring features and a stylish, high-end design, set the standard for smartwatch technology (Savvides, 2024).

# PROBLEM IDENTIFICATION



Source:(2015-2023)(https://www.businessofapps.com/data/apple-statistics/)

## Declining Apple Watch Sales

Measured in millions of units sold annually, the graph showing the sales performance of the Apple Watch from 2015 to 2023 shows a dynamic market trend. Sales started at over 8.3 million units in 2015. Sales increased significantly the following year, reaching almost 11.5 million units. The following years saw a strong continuation of this growth pattern, which peaked in 2020 at over 43.1 million units. But 2022 brought a significant decline in sales, which came to about 38.3 million units.

## Potential Opportunity in Targeting Older Demographics to Improve Sales

Sales of smartphones and smartwatches have significantly decreased, especially after 2022, when they peaked, indicating that Apple's current sales tactics might be less successful than they were. Our group thinks that Apple Watch's present market segmentation is the cause of the device's declining sales. According to Start.io, Apple's target demographic for its Apple Watch is now people between 18 and 45. This group includes singles, married couples without kids, and parents of young or adolescent children. With roughly 66% of its clientele being female and 34% male, the company caters mainly to female consumers, with millennials and Generation X particularly fond of its offerings. The senior consumer segment, presently underrepresented among Apple's major clients, has much potential. By targeting this segment, we believe Apple can reach a wider audience by adjusting its marketing tactics to appeal to this group of people and boost sales.

# BRANDING CONCEPT

## 

## Ease Into Innovation

Our team proposes that Apple undertake a branding campaign for its Apple Watch titled "Ease into Innovation," targeting Baby Boomers with three main objectives:

1. To assure Baby Boomers that the Apple Watch is a user-friendly device that seamlessly integrates into their routines.
2. To highlight that the Apple Watch is not only for fitness but also offers valuable features that could support their health and safety.
3. To convey that the Apple Watch can help them maintain their independence.

## Target Segment: Baby Boomers

The "Ease Into Innovation" campaign will target Baby Boomers born between 1946 and 1964. This demographic includes retirees with high disposable income who spend most of their time alone, as highlighted by their high rates of childlessness and divorce. They value health and wellness and cherish their independence, preferring to manage tasks alone. While they may have reservations about new technology, they are open to adopting it with proper demonstrations that clearly illustrate how it can enhance their daily lives (Young & Tinker, 2017).

## Campaign Goal 1: User-Friendly

Our team believes Baby Boomers must perceive the Apple Watch as user-friendly because acceptance hinges on ease of use. These consumers are generally more hesitant to adopt new technologies than their younger counterparts due to fears of incorrect usage or failure to utilize the technology to its full potential (ScienceDaily, 2013). This anxiety often keeps them within the comfort zone of familiar technology, deterring them from trying innovations like the Apple Watch (Zhang, 2023). "Ease Into Innovation" is designed to demonstrate that the Apple Watch has a minimal learning curve.

## Campaign Goal 2: Health and Safety

Our team aims to showcase that the Apple Watch's utility extends beyond fitness to encompass health and safety features critical for older seniors. For instance, the Apple Watch can detect falls and send SOS alerts to designated contacts – a pivotal feature, as falls constitute the leading cause of fatal and nonfatal injuries in older adults (The National Council on Aging, 2023). The campaign emphasizes the many functionalities of the Apple Watch that can ensure users' health and safety.

## Campaign Goal 3: A Sense of Independence

Lastly, we aim to reassure Baby Boomers that the Apple Watch will bolster its independence. Maintaining independence is integral to the well-being of older adults, as losing it can lead to depression, frustration, and potentially harmful behaviors like substance abuse (EMP Living, 2022). Our campaign will highlight how the multifunctional yet accessible features of the Apple Watch reduce the need to rely on others, allowing users to accomplish various tasks independently.

## Overall Campaign Concept

The overarching message of the "Ease Into Innovation" campaign is to dispel the myth that the Apple Watch is overly complex and solely for fitness enthusiasts. Instead, we aim to illuminate its straightforward functionality and robust health and safety features that cater to the needs of older adults. The campaign underscores the watch's role in fostering users' independence, demonstrating that it is an accessible, life-enhancing tool for a generation that values self-reliance as much as longevity.

# BRANDING CAMPAIGN

Our team will run a multifaceted marketing campaign, "Ease Into Innovation,” leveraging digital advertisements across Google Search, Facebook, YouTube, and extensively distributed mail flyers. We have chosen these methods because they are most popular with Baby Boomers.

## Creative Brief for Apple Watch

| Brand | Apple |
| --- | --- |
| Why are we advertising? | Apple Watch |
| Who is the target audience? | Older demographics (Baby Boomers) who live alone and/or have health issues.  Older demographics who are looking to increase opportunities for independence. |
| What motivates the target audience? | Seeking help in maintaining health issues, helping older adults be independent, fitness-related goals, and tendency to forget things. |
| What do they currently think of the Brand? | They might think the Apple watch is too complex to use.  Apple Watch does not have any features relevant or useful to them. |
| What do we want them to feel about the brand? | Apple Watch will help them keep their independence and embrace healthier lifestyles. |
| Positioning Statement | Apple Watch - Your innovative health and safety partner for an independent lifestyle. |
| What does the creative work need to do? | * Educate: on how to use the product and features of the product that are useful to the target audience * Promote independence * Focus on medical features of the Apple Watch that will be helpful to these older generations. * Decrease stigma around the complexity of the product |
| Get | Older people with a desire to lead healthier and independent lives |
| To | Embrace the improved lifestyle that the Apple Watch can provide |
| By | Giving them a view of what life with the Apple Watch can be. |

## Advertising Method 1: Search Engine Optimization

Search engine optimization is crucial for this campaign, as it effectively reaches Baby Boomers who often use Google for information and purchasing decisions. The Apple Watch brand and product will feature prominently at the top of search results by optimizing our presence. Targeted keywords include “fitness watch for older adults,” “easy-to-use smartwatch for seniors,” and “fitness tracking for seniors.”

## Advertising Method 2: Facebook Ads

Facebook ads are essential given that nearly half of the older seniors in the United States actively use Facebook (Hamingson, 2024). The platform's diverse advertising capabilities allow for precise targeting based on demographics, interests, and behaviors. Allocating a portion of our budget to Facebook will enable us to reach our demographic in their most frequented online space effectively. A draft of our social media copy is shown in Exhibit B.

## Advertising Method 3: YouTube Ads

According to Lee Wilson from Search Engine Journal, one in three Boomers use YouTube to learn about products or services. The platform's appeal to an older audience for entertainment and educational content presents a significant opportunity for our ads to engage and inform. We propose a revamp of their previous Apple Watch campaign. The “Dear Apple” campaign for Apple Watch was a marketing initiative that showcased the personal stories and experiences of Apple Watch users and how it transformed their lives (Hardwick, 2020). We will overhaul this campaign with a focus on sharing the testimonials of older adults using the Apple Watch and the usefulness of its features in their health and fitness journeys. These ads can be cross-posted on multiple platforms like Facebook and YouTube. An example of what our campaign creative will look like can be seen in Exhibit A.

## Advertising Method 4: Informational Flyer

We will also mass-mailed informational flyers across the United States using addresses sourced from databases. Wilson states, “Barriers in place (aversion to change, misconceptions about the safety of the internet, wanting to have the offline conversational experience) frequently prevent them [seniors] from taking action.” With our flyer distribution, our campaign will effectively integrate online and offline user journeys. These flyers will inform the target demographic of the useful features of the watch and how to use them, aiming to decrease the perceived complexity of the product. We designed a sample of the informational flyer in Exhibit C. The flyer will highlight the Apple Watch's useful features that are relevant to the older generation, such as heart rate detection, medication reminders, and fitness goals.

## Media Campaign Budget

Our budget for the “Ease Into Innovation” campaign is estimated at $7,495,000. The prices for our advertising spend are as follows.

| Platform | Sold in Increments Of: | Cost Per: | Production Costs: | Agency fee as % of Media: |
| --- | --- | --- | --- | --- |
| Facebook Ads | CPM | $8.60 | $5,000.00 | 15% |
| YouTube Ads | CPM | $8.00 | $5,000.00 | 15% |
| Google Search Ads | CPM | $38.40 | $5,000.00 | 15% |
| Flyers | CPM | $1,000.00 | $5,000.00 | 15% |

**Price to run 100 million impressions Facebook Ad**

| Cost Per Ad | $8.60 |
| --- | --- |
| Number of impressions (100,000,000/1,000) | 100,000 |
| Media Cost | $860,000.00 |
| Agency Fee (15%) | $129,000.00 |
| Production Cost | $5,000.00 |
| Total Cost | $994,000.00 |

**Price to distribute one million flyers**

| Cost Per Flyer | $1,000.00 |
| --- | --- |
| Number of Flyers (1,000,000/1,000) | 1,000 |
| Media Cost | $1,000,000.00 |
| Agency Fee (15%) | $150,000.00 |
| Production Cost | $5,000.00 |
| Total Cost | $1,155,000.00 |

Source: *https://www.conquestgraphics.com/blog/conquest-graphics/2022/11/14/how-much-it-(truly)-costs-to-mail-1000-flyers-how-to-get-discounts*

**Price to run 100 million impressions Google Search Ad**

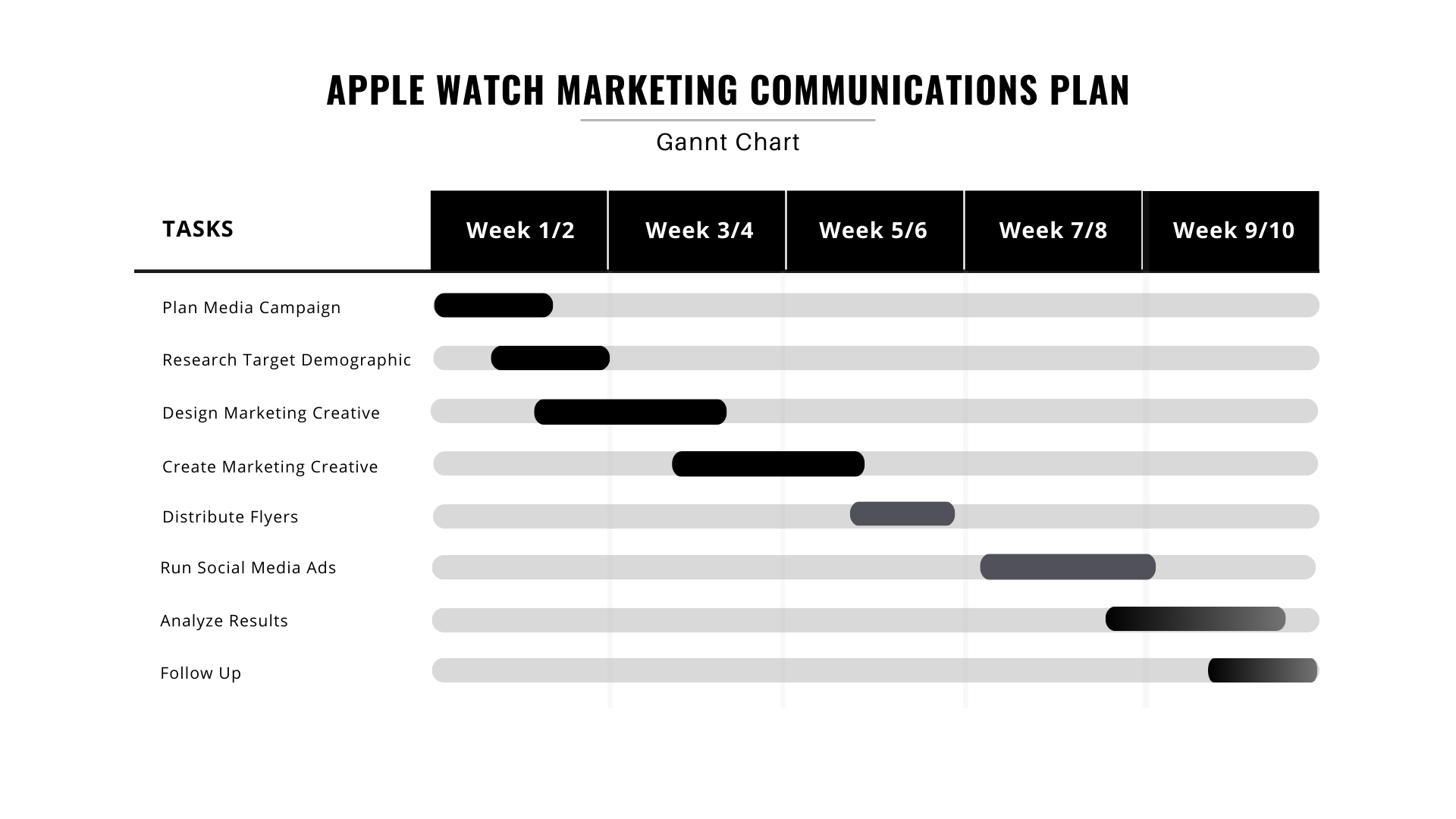
| Cost Per Ad | $38.40 |
| --- | --- |
| Number of impressions (100,000,000/1,000) | 100,000 |
| Media Cost | $3,840,000.00 |
| Agency Fee (15%) | $576,000.00 |
| Production Cost | $5,000.00 |
| Total Cost | $4,421,000.00 |

**Price to run 100 million impressions 30-second YouTube Ad**

| Cost Per Ad | $8.00 |
| --- | --- |
| Number of impressions (100,000,000/1,000) | 100,000 |
| Media Cost | $800,000.00 |
| Agency Fee (15%) | $120,000.00 |
| Production Cost | $5,000.00 |
| Total Cost | $925,000.00 |

Price based on the statistic: “YouTube ads are measured in CPM (cost per thousand), and most businesses pay a CPM of between $4 to $10 (Local IQ, 2023).” Agency fees and media costs are the same as producing a television ad.

## Marketing Communications Plan: Gannt Chart



Our marketing communications plan is divided into two-week periods over 10 weeks. The first two weeks will be used for media campaign planning and conducting further research on the target demographic. This may include implementing research surveys, creating content calendars, and researching our target market. Subsequently, we will design the marketing creative and begin generating the marketing creatives. Our marketing media will be distributed over weeks five through eight, beginning with our informational flyers to spread campaign awareness. The final two weeks will be dedicated to analyzing results and follow-up post-campaign, where we initiate contact with those who purchased the Apple Watch through this campaign for their feedback.

# CAMPAIGN IMPACT

## Impact of the Branding Campaign

Given our comprehensive branding campaign plan and the challenges identified with targeting older demographics for the Apple Watch, we've developed a detailed forecast of the campaign's impact with a focus on precision. Key Performance Indicators (KPIs) such as market share, sales volume, revenue, and customer engagement will be closely monitored. We anticipate a 10-20% increase in sales volume as the campaign effectively educates and reaches the older demographic about the Apple Watch features tailored to their needs. Additionally, we expect a 3-7% increase in market share among this target demographic within the first year, driven by enhanced perceptions of the product's usability and relevance. For customer engagement, we forecast a 30-50% increase in interactions with online and physical advertising materials, demonstrating a significant boost in engagement rates.

## Pro Forma Financial Reporting

Our proposed marketing campaign for the Apple Watch is projected to have a large financial impact for Apple. With a total marketing investment of $7,495,000, we would need to sell at least 37,475 watches to break even, assuming Apple makes a profit of $365 per unit. Forecasting the sale of 50,000 units, we expect to generate a profit of $10 million, leading to a net profit of $2,505,000 after deducting marketing costs. This results in an ROI of 33.42% on total marketing expenditures. The campaign is anticipated to increase sales volume by 10-20% and enhance market share by 3-7% within the first year, driven by improved product perceptions and increased customer engagement. This strategy boosts immediate profits and positions the Apple Watch favorably within a competitive market segment (Counterpoint Research, 2021).

## Trade-Offs and Strategic Considerations

**Resource Allocation**: Shifting marketing and R&D focus towards features and usability enhancements for older adults might delay innovations intended for the core tech-savvy demographic.

**Product Portfolio Adjustment:** Increased focus on the Apple Fitness+ subscription free for 3 months, and tailored workout programs that cater to various fitness levels and abilities, including options for low-impact exercises and chair-based workouts suitable for older adults.

## Marketing Cost Makeup

* At $994,000, Facebook ad costs account for 13.26% of total costs.
* At $925,000, YouTube ad costs are 12.34% of total costs.
* At $1,155,000, Informational Flyer costs are 15.41% of total costs.
* Lastly, at $4,421,00, Google ads costs are 58.99% of total costs.

**Total Marketing Cost:** $7,495,000

Number of Watches Sold to Break Even: = $7,495,000/$365 = 20,534 watches

To break even on our marketing costs, we would need to sell at least 20,534 watches, considering Apple makes approximately a $365 profit per watch (Counterpoint Research, 2021).

**ROI Calculation:** Our media campaign is forecasted to sell 50,000 units. Selling 50,000 units at $365 per unit will result in a revenue of 18,250,000.

$18,250,000 - $7,495,000 (marketing campaign cost) = $10,755,000 in profit

**ROI on total marketing cost** = $10,755,000/$7,495,000 = 143%

# APPENDIX

## Exhibit A: ‘Dear Apple’ Creative

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## Exhibit B: Facebook Ad Creative

## Exhibit C: Informational Flyer Mock-Up

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