iPhone Marketing Plan

Course Title and Number

Student Name

Date

Instructor Name

Table of Contents

1. Executive summary
2. Product statement
   1. Overview of the company
   2. Overview of iPhone 7 brand
   3. Thesis statement
3. Situation analysis
4. External environment analysis – PESTEL analysis
5. Competitor analysis – Porter’s five forces analysis
6. SWOT Analysis
   1. Internal strengths
   2. Internal weaknesses
   3. External opportunities
   4. SWOT table
7. Issues analysis
8. Goals and objectives
9. Marketing strategy statements
   1. Target market
   2. Strategy statements
10. Marketing implementation
    1. Action plan – increasing domestic and international sales
    2. Action plan outline
11. Marketing budget
12. References

iPhone Marketing Plan

**Executive Summary**

This marketing plan aims at designing and offering options for reaching the primary strategic objective of Apple – increasing the sales of the new iPhone 7 and improving the company’s position in both the United States and global smartphone market. The significance of this plan is defended with the recent challenges faced by the company. As sales volumes decreased significantly over time and large market share is occupied by either cheaper smartphones or those produced by major rivals such as Samsung, Apple should pay specific attention to advertising its new product and winning back consumers.

In order to have a better understanding of this action plan, it is imperative to realize that Apple operates in a highly competitive business environment that has undergone significant changes. The most troubling trend in this environment is the rise of competitors that offer both cheap and luxury alternatives to iPhone. Some examples of rivals are Xiaomi and Samsung that have vast potential to outperform Apple iPhone 7 and satisfy different needs of consumers. It means that even though iPhone is still one of the most desirable brands in the smartphone market, it should pay significant attention to upgrading its marketing strategy and outplaying competitors.

As for now, the numerical expression of the set objective is to cross the 5% threshold of domestic and international sales compared to the sales outcomes of the previous years. This goal is set in order to guarantee the growth of the company and the increase of its market share in the smartphone sector. To achieve this aim, a comprehensive strategic approach is proposed. The foundation of this approach is a marketing action plan designed for eight months from the release of iPhone 7 to launching the marketing campaign of the subsequent smartphone. This marketing strategy aims at targeting both current iPhone users and those who use either rival products or ordinary cell phones. The primary idea is to draw their attention to the functionality and design of the new product and stimulate their desire to own it.

This marketing action plan is the combination of several strategies. First of all, a focus is made on determining the most effective PR strategy. In case of iPhone, emphasis is placed on releasing product reviews that would highlight the functionality of the device. The second constituent is sales promotion strategy. It is recommended to give preference to below-the-line strategy that is commonly selected for shaping the frame of behavior that would benefit the company. In this case, significant attention will be paid not only to the functionality of iPhone 7 but also intangible advantages such as improving social image of those who prefer iPhones and their uniqueness. One more element of the overall plan is advertising strategy that should remain simple and creative in order to attract consumers’ attention. Moreover, it is advisable to alter the distribution strategy by opening new distribution centers and offering the option of international deliveries. Finally, direct marketing programs for informing users of iPhone 7 functions and ways to increase its productivity is also included in the action plan. The significance of the proposed marketing plan is the fact that it focuses not only on underpinning the functionality of the new design but also intangible benefits, e.g. unveiling creativity and improving social status and image.

**Product Statement**

**Overview of the company**

Apple Inc. is one of the leading companies in the technology industry where it specializes in the production of electronic gadgets. Steve Jobs, Steve Wozniak, and Ronald Wayne incorporated the company in 1975 with its initial product being solely the Apple personal computer kit (Chang, Chen, & Zhou, 2009). At the time, the company’s operations were limited to the United States where it was headquartered. However, after years of producing and selling the personal computer kits, the company expanded its line of products to include more electronic goods such as mobile phones. The expanded line of products facilitated its entry into the global market, and today, it has subsidiaries in different parts all over the globe. Being in the technology industry, the company manufactures and sells mobile and media devices, which have gained much acceptance amongst customers across the globe (Walker, 2007). Besides, the company also markets a variety of software and it provides networking services. The company has built great confidence among its customers due to its strong brand equity, and customers tend to buy the products only because they are Apple branded.

Since its inception, the company has remained innovative, and it has continuously introduced new products into the market at close intervals. The company’s penetration into the Smartphone industry was a major boost to its mission of becoming the global leader in the technology industry. The company’s Smartphones have dominated the mobile phone industry apparently due to their exceptional customer experience. One of the brands that have pushed the company ahead of the rivals is the iPhone Smartphone. Currently, the firm has about six different types of iPhones, all with diverse features (Yang, Chang, H., Chang, P., & Ho, 2014). The company has tipped the possibility of introducing a more improved Smartphone, the iPhone 7, which is expected to take the Smartphone market by storm.

**Overview of the iPhone 7**

According to the Apple’s website, the company is set to launch one of the most recent Smartphones in its list, the iPhone 7, in September 2016 (*iPhone 7 news and updates*, 2016). The new Smartphone is a product of intensive research by the company, and it is expected to be an improvement of the iPhone 6. As it has been the trend over the past decades, the company innovatively adds additional features to the existent Smartphones to increase the customer experience. The company plans to launch three different models of the said Smartphone contemporaneously with the following labels - iPhone 7, iPhone 7 Plus, and iPhone 7 Pro (*iPhone 7 news and updates*, 2016). The three models are expected to retail at different prices depending on the individual features, with the iPhone 7 Pro selling at a premium. Some of the leaked features present on the iPhone 7 include dual lens camera, scratch resistant screens, high-quality camera, virus resistant software, and a smart connector, which allows connected peripherals to share power and data contemporaneously.

**Thesis Statement**

This paper focuses on developing a marketing plan for the latest Apple’s Smartphone, iPhone 7. To achieve the stated objective, the paper analyzes the internal and external environment of the firm with specific reference to the iPhone 7. The analysis of the internal market is achieved through an assessment of the strengths and weaknesses (SWOT) of the brand. On the other hand, the external environment of the firm is assessed using the PESTEL tool that assesses the political, economic, social, technological, environmental, and legal environment of a firm or product. Lastly, the paper analyzes the competition in the industry using the Porter’s Five Forces tool.

**Situation analysis**

**External Environment Analysis – PESTEL Analysis**

**Political.** Apple is an international company, which derives about 52% of its total revenue from foreign countries. In that regard, the political situation in the respective countries of operation may affect the firm’s iPhone 7 sales. The challenge may be complicated by diplomatic rows between the US and any country in which Apple has an established market. Under the World Trade Organization, the member countries are obliged to prevent the violation of copyright rights. However, the concerned country carried the responsibility of enforcing the principles of copyright protection. Therefore, political animosity between the US and other countries may offer an incentive for Apple’s copyright rights infringement. Internal political conflicts may equally affect the iPhone 7’s sales.

**Economic.** Apple’s iPhone 7 is set to retail at a considerably higher price than the previous iPhones owing to the huge investments made in R&D. The highly priced iPhone penetrates the global market against the backdrop of the slowdown in the economy of the developed countries. Therefore, Apple must seek to establish new markets in the developing countries to diversify risks (Trelease, 2008). Besides, the Smartphone sales may be affected from time to time by the economic downturns that are experienced globally during certain times such as the 2008/9 economic meltdown. Currency fluctuations may also be a great challenge for the newly introduced iPhone.

**Social factors**. Apple’s iPhone 7 is designed to fit the lifestyles of the youths who like being associated with classy Smartphones. Apple’s iPhone 7 meets the needs of the youthful customers. Its software allows the installation of mobile game apps that most youths value. Additionally, it has a strong Internet connectivity, which enables the customers to access high-speed Internet and the social media. Therefore, the phone’s features favor the social lifestyles of the majority of people across the globe hence the phone is set to gain much acceptance.

**Technology.** The technological factors are set to present both opportunities and challenges for the iPhone 7. One of the advantages of the technology to iPhone 7 is that it presents an opportunity for the company to market the product at a lower cost through the Internet. The Internet-based marketing will facilitate the reduction of the advertisement costs and allow the collection of the customers’ feedback. Such feedback may be used to seal the gaps in customer satisfaction. However, inasmuch as the technology favors the iPhone 7’s marketability, it also presents challenges. The rapid technological advancements pose a great challenge to the future of the Smartphone as they facilitate the introduction of highly innovative products into the market by the rivals. The absence of barriers to entry and the less emphasis laid on the copyright infringements may favor the rivals hence heightening the competition in the industry.

**Environmental factors.** The environmental pollution may be a great challenge in the future of the iPhone 7 across the globe. The Environmental Pollution Authority (EPA) has linked the Smartphones’ industry to environmental pollution (Mylonas, Dritsas, Tsoumas, & Gritzalis, 2011). This observation may lead to the enactment of strict legislations to control the vice against the backdrop of the climatic changes being experienced across the globe. The company has to guarantee the customers and the authorities in countries of operation that it will control the pollution caused by its products. This goal may be achieved through buying back the used phones at the end of their life cycles.

**Legal factors.** Given that the iPhone 7 is set to sell globally, changes in legislations may affect the company’s sales in the future. Some of the legislations that may greatly affect the company are laws touching on importation and levies (Trelease, 2008). In countries with protectionism laws, the company may be forced to set the prices of the iPhone 7’s high hence making it unattractive to the consumers.

**Competition Analysis – Porter’s Five Forces Analysis**

Substitutes

Supplier bargaining power

Buyer bargaining power

Rivalry:

Blackberry

Samsung

HTC

Threat of new entrants

High

High

Low

Low

Figure 1: Porter’s five forces analysis

**Rivalry – high.** The company faces heightened rivalry from its competitors who include Samsung, Palm, Blackberry, and Sony mobile. The listed companies have their products in the market, which have similar features as those in the iPhone 7. Besides, the firms are big enough to enjoy the economies of scale, which lowers the operations costs leading to competitive pricing (Schultz, Wulf, Zarnekow, & Nguyen, 2011).

**Suppliers bargaining power – low.** Apple is a big company with subsidiaries in many countries across the globe. Additionally, the company’s products have wide acceptance among the customers, which facilitates high turnover (Trelease, 2008). Therefore, the company can procure the raw materials in bulk to enjoy purchase discounts. Moreover, competition among suppliers increases the company’s choice.

**Availability of substitutes – moderate.** Reputable companies, which take advantage of the technology advancement to create powerful phones, dominate the Smartphone industry. Therefore, the customers have a wide variety to choose from during purchase. However, Apple’s iPhone 7 is considered more powerful than the rivals’ Smartphones owing to its additional features.

**Buyers’ bargaining power – high.** The buyers’ bargaining power is high owing to the availability of substitutes. The customers have a wide choice to choose from based on the quality and the prices of the products (Burrows, 2010). Hence, iPhone 7 may encounter resistance from customers if the prices are overly high.

**Threat of new entrants – low.** Currently, the Smartphone market seems saturated owing to its domination by big firms such as Apple, Samsung, Palm, and Blackberry. The firms control about 90% of the market and they are big enough to benefit from the economies of scale (Walker, 2007). Therefore, a new entrant may be suppressed before it establishes a profitable market share.

**SWOT Analysis**

**Internal Strengths**

The Apple Company has capable marketing and advertising abilities. Apple has invested highly in advertising their products with an estimated budget of 1.8 billion US dollars in 2015, compared to 933 million US dollars in 2011 (Rasheed, Nawaz, & Abbas, 2014). While this budget is not as high as its competitors, its catch is in its effective use. Typically, the company’s marketing expenses started to escalate in 2010 when it launched the iPad and iPhone in the market. However, the company spends very diligently in advertising, making sure that their expense does not exceed 1% of the total sales they make (Rasheed et al., 2014). For instance, in 2015, Apple Company spent 0.77% of their total sales income on marketing, as compared to 1.86% spent by Samsung in marketing. This implies that the company is keen on maximizing returns for money, ensuring an excellent expense vs. revenues balance.

Apple Company enjoys a high consumer brand loyalty evident from it valuation growth in 2014. According to research by Interbrand and Forbes, Apple is the world’s valuable brand at 145.3 billion and 170.3 billion (Rasheed et al., 2014). It is by its customers’ loyalty that Apple is the most dominant brand in the world.

The company boasts of a strong financial performance making about 182.7 billion US dollars and net earnings of 39.5 billion. This position signifies a 7% increase in the company’s earnings compared to the previous year, with the United States contributing 38% of the sales and the global market responsible for the remaining 62% (Rasheed et al., 2014). The financial capacity of the company allows it to engage in research and development, meaning that this is the main promoter of its innovativeness and superiority in the market, in matters design (Khan, Alam, M., & Alam, S., 2015).

Amidst high competition, Apple has managed to remain relevant owing to its excellent innovation and design capabilities. Apple is known for their innovation skill following the introduction of the IPhone (Jinjin, 2013). After this, the company has endeavored to introduce a superior iPhone product every consecutive year. Each new iPhone carries a superior design with significant hardware and software improvements. Presently, the company has introduced a new operating system in messages, including a host of emojis like the Donald Duck laughing sticker and Door Dash, which enables users to order lunch without deviating from chat (Stern, 2016). Also, Apple seeks to break this cycle and only make subtle changes to its iPhone models. Among the key design changes that the company seeks to implement is the removal of the headset plug, make the phones water resistant, make the lightning connector a double duty application for both charging and headphone use, among others (Wakabayashi, 2015).

**Internal Weaknesses**

Extravagant pricing of the company products limits its market share. Most of the company’s products cost relatively higher as compared to those of competitors. For instance, the 16GB iPhone 6 retails for 649 dollars or 536 Euros; its 64GB handset retails at 619 Euros or 749 Dollars and 699 Euros or 849 Dollars for their 128GB. On the other hand, Samsung, also a direct competitor to the company charges 510 Euros or 670 US Dollars for the 128GB micro-SD card phone, which is far cheaper than Apple’s phone of the same capacity by 190 Euros or 280 Dollars.

A key weakness of the company is their over-reliance on one product, the iPhone. Even though the company has a range of other products like the Ipad, their main source of income is generated by iPhone sales. In fact, this product constitutes about two-thirds of the company’s total sales (Wakabayashi, 2015). For instance, about 70% of the company’s incomes arise from the sale of iPhone as from 2007. This has a repercussion on the company’s total sales meaning that when the iPhone sales dwindle, the total revenues also fall. For example, the company’s total fall in quarterly profits is attributed to the IPhone’s first major slump since its introduction in 2007. Even though the smaller IPhone SE that was launched in March has had strong sales, this cannot be compared to the sales of the large screen iPhones of the same models.

Faulty software issues are forcing consumers to reconsider Apple products. The apple company has been so keen on releasing new software back to back that it has compromised on the quality of these applications. One such application is the Apple iOS 9.3 software (Gibbs, 2016). Ideally, most iPads and iPhone users have since been affected by numerous bugs causing their devices to lock or crash following the launch of this new software. For most users, they were required to enter their Apple IDs which most people had since forgotten. In effect, most devices became unstable and inaccessible Gibbs (2016). Such inconveniences arising from the company’s poor quality checks and test runs only mean that most of their loyal customers are slowly looking for other reliable alternatives.

**External Opportunities**

Market expansion is a key opportunity for the organization, and a means to increase the company’s sales. There is presently a high demand for iPhones in the Chinese market, more than in the domestic market. In fact, there is a surge of a rise in middle-class people that are fascinated with Apple products. In effect, the region is likely to become one of the biggest market platforms for Apple products like the iPhone, IPads, and Macs. Being that Apple is a global company, most of its future growth is likely to arise from the international markets that have barely been touched at the moment.

Another opportunity is the imminent merger with Did Chuxing Technology Company. Apple has declared that it will invest an approximate of a billion dollars in the Chinese company. This merger offers an opportunity to reach out to the Chinese target market, as the company has probably noticed that doing this alone will be difficult following the numerous legal suits it faces in China. Further, the company’s CEO Tim Cooks is tirelessly visiting the country to ensure goodwill with the government and other key stakeholders. This is to ensure that the company’s desire to tap into the Chinese market will be well received.

The Apple Company is at the center of competitive pressures. In particular, the company is facing a growing threat from companies like Samsung, Nokia and Google as they offer reprisal services and products. For instance, Product releases from Nokia are meant to curb Apple’s smartphone domination. Further, Samsung is offering quite similar products as that of Apple at relatively low prices, with a bid to capture a big market share. Moreover, Huawei, Apple’s Chinese rival is continually gaining ground in the smartphone market. The company is seeking to increase its supply of smartphones to 140 million a 30% increase in the smartphone shipment that was done in 2015. This adds to the competitive pressures that the IPhone is facing as the company sees no need to challenge low price makers of smartphones. In the long run, such brands like Huawei that are successful with fairly priced phones are likely to challenge Apple with premium models. Overall, this is hurting the company’s sales, evidenced by the decline in revenues from 47.5 million in 2015 for Jan-march, to 40.4 million in 2016 for the same period (Wakabayashi, 2015).

Second is the imminent patent limitation in China. Chinese companies are taking advantage of their now maturing patent system seeking to lay claims to patents, even though they are not the first to develop a wide range of technologies. In effect, a small start-up company in China, Shenzhen Baili sought an injunction against Apple seeking to prohibit its sales of iPhone 6 and iPhone 6 plus in Beijing, owing to a patent that seeks to cover smartphone designs (Dou & Wakabayashi, 2016). The injunction was successful and to Apple’s detriment. Such are the challenges that hinder the global expansion of Western companies.

In conclusion, Apple’s strengths and weaknesses emanate from their internal excellences and misdoings. The company’s proper financial management and innovation are the key resources that foster marketing abilities, research and design, as well as innovation. Further, their ability to innovate and design quality products have led to an expansive market base as well as customer loyalty, making Apple the number one global brand. On the other hand, these are the same factors that also contribute to the company’s weaknesses. For instance, faulty software is as a result of the constant innovation. Other issues are like high prices for their products and over-reliance on the company’s main brand, the iPhone. Further, the operations of the company are hindered by threats like competition, patent issues in the global markets and so on. Nonetheless, there are key opportunities for emerging global markets and mergers that the company can tap into to neutralize the apparent threats.

**SWOT Table**

|  |  |
| --- | --- |
| **Strengths**   * Spent 1.8 billion dollars on intensive advertising for their products in 2015 lower than extravagant spending by Samsung, which was higher by 1.8% * Balances expenses vs. incomes diligently, spending only 1% of the income on marketing. * Independent surveys show that the company is a globally valued brand at 170.3 billion, with net earnings of 35.9 billion. * Innovative iPhone design and messaging applications like Door Dash and Donald Duck, unlike customary emojis on Android phones | **Weaknesses**   * High retail prices for their 128GB, retailing at 699 Euros or 849 Dollars unlike Samsung’s 128GB micro-SD card phone, which retails for 190 Euros or 280 Dollars. * Over relies on iPhone for 70% or two-thirds of the total sales which affect overall company performance. * Apple iOS 9.3 software was faulty and of compromised quality. This has affected customer loyalty and Apple products reliability. |
| **Opportunities**   * High demand for smartphones by the middle class in China will increase global sales by 2017. * The strategic alliance with Did Chuxing Technology Company will offer a platform to the Chinese market and increase revenues by 2017. | **Threats**   * Competition from Samsung and Huawei has reduced sales by 7.1 million in the first quarter of 2016**,** from 47.5 million to 40.4 million * Patent limitation in China and injunction Shenzhen Baili limiting the sale of iPhones. This is likely to limit projected market expansion by 2017 in the region. |

**Issues analysis**

Marketing planning is the analysis of the use of marketing resources to achieve corporate goals. The plan contains a list of tactical measures that can improve the position of the company in the intended sections of the market. (Baines, Fill, & Page, 2013). In this paper, several aspects of the marketing plan of the new iPhone such as positioning, value proposition, issues analysis and others will be analyzed to provide an overview of the company’s perspectives.

As stated by the SWOT and situational analysis, the organization has a number of issues that they need to considered. It is worth noting that one of the current problems is that the company can no longer rely on the Chinese market, which used to be one of their major marketing decisions. The fall of the Chinese currency exchange rate has led to the fact that the products have become more expensive as they are supplied in dollars. At the same time, prices for the Chinese smartphones including Xiaomi and Lenovo have not changed. The situation has allowed Chinese companies to take the leading position in smartphone shipments to the domestic market while Apple was experiencing losses. Moreover, the further depreciation of the Chinese currency could have a negative impact on the cost of components for the device (Baines et al., 2013). The fall in sales of smartphones has forced manufacturers to reduce their forecasts for supply, although they have actively invested in production capacity in recent years. In particular, providers of large size displays for the iPhone may face an oversupply of components and a serious drop in profits, which encourages the suppliers to increase prices for the constituents in order to reduce risks.

However, the main problem experienced by the company regarding the production of iPhone is the lack of innovation that could convince investors to take a second look at the company as a long-term perspective. The company was unable to achieve significant success with its Apple Music service, which is one of the major auxiliary items of iPhone. Despite the user-friendly interface and an extensive advertising campaign with the participation of famous singers, the application has already lost almost 50% of the domestic customers (Barnes & Blake, 2015). The strength of the brand is still high; nevertheless, the fluctuation in share prices was observed after almost every company presentation. The new iPhone is believed to be the standard device update including a couple of new features, more powerful processor, and a camera with a higher resolution. iPhone has also lost the clarity of positioning since at the moment it is difficult to define whether the smartphone is designed for the mass audience or its primary target market as more specialized. Apart from that the increasing competition from other companies it is one the most crucial issues for the company. In this regard, the company has to determine the positioning of the product on the market, identify key competitors and their advantage, and consider the image of the smartphone.

From the point of view of direct competitors (companies offering identical or similar goods, the danger of such opponents is that customers can easily flock to these companies), they constitute the most serious competition. At present, the direct competitors are Google Inc., Samsung Electronics, Microsoft Corporation, and a number of corporations operating in the Asian market (Barnes & Blake, 2015). The indirect competitors are companies that offer products and services that can replace iPhone. These competitors operate in the market with the same or similar value proposition but offering a different product (Baines et al., 2013). In this regard, Apple should thoroughly analyze and implement the appropriate strategies. NVidia Corporation, Sony Corporation, LG Group, and Alcatel-Lucent represent the indirect competitors. However, suppliers and partners have a significant beneficial impact on the company maintaining its credibility, financial condition, as well as inherently affecting the production process.

As mentioned above, the impact of consumers is reflected in the decrease in their sales volume that is happening in part due to inefficient or improper positioning; thus, resulting in a drop in demand for iPhones. In addition, there is a clear threat of the emergence of new competitors that belong to the same area of interest. On the part of existing companies, there is quite a stiff competition as competing brands develop new techniques and equipment, and these new enterprises will have no difficulty in entering the market without a significant investment, which is not realistic because of the current economic environment (Walters & Jackson, 2013). In terms of the macro environment, the analysis of the external powers is a necessary process that would allow taking control over the external factors that determine the possibility of the company's growth or could be a threat to it.

The threats associated with these factors constitute the social insecurity of the population, lack of favorable economic conditions that would allow customers to furnish a high level of social consumption, a high level of male mortality in the working age. In addition, the emergence of modern technologies and high-performance equipment, the availability of modern technology to competitors and threats associated with these factors are extremely important (Baines et al., 2013). For instance, the availability of unused technologically efficient capacity and skilled personnel, technological advancement, and other; give the competitors the possibility of using modern technology (including information) in order to take a more favorable position on the range of services and the level of costs.

The economic issues are the leading ones that the company may face. A significant slowdown in inflation, the increase in purchasing ability of the currency, the reduced purchasing power and so on are the obstacles the organization is likely to face when trying to accomplish the charge. Moreover, it is essential to consider the factors such as the lack of investment activity for sustainable growth, reduction of the volume of profits, reduced profitability as a result of faster growth in comparison with the volumes of production costs, and higher prices for transportation, taxation imperfections (in particular, the abolition of tax exemptions on profits) (Wilson & Gilligan, 2012). The company must consider a number of environmental issues as well, for example, the production of environmentally unclean goods and contamination. Further, the political factors and stability of the political situation are also crucial. These factors include the inadequate state policy in the field of investment, lack of state attention to supporting businesses in the sphere of information technologies and the profile of the environmental condition. Thus, there is a number of issues that the organization is likely to face when accomplishing the charge; consequently, a detailed analysis of corporate goals and objectives is essential.

**Goals and Objectives**

The company needs to clearly define a set of goals and objectives to regulate the problems described in the analysis of issues. Apple needs to identify the product goals taking into account the desires, needs, and views of the iPhone buyers, which are also essential when formulating the goals for the pricing. It is necessary to clearly define how the company will attract new customers and retain the customer loyalty as well as identify the criterion why buyers will choose iPhone instead of competitors' option, for instance: the price, the number of functions, or something else would guide the customers through a variety of options to choose Apple’s gadget (Wilson & Gilligan, 2012). It goes without saying that the company’s main objective should be considering the customer complaints and correcting the errors that were present in previous versions of iPhone that made the clients reluctant to use iPhone.

The goal for the iPhone sales includes such objectives as potential sales correlation with the past performance or the general expectations of customers. It is necessary to identify the industry-wide challenges and consider the ways to overcome them. For instance, by analyzing the methods to overcome the existing price barrier. Further, one of the most important objectives is to determine the profit target; it will be necessary to calculate the potential profit for the next year based on the expected cost and refer to the reinvestment of the net profit on marketing activities. In addition, one of the problems was the misbalance of quality and price. The organization will benefit from the ability to justify the price thinking at the same time as a perspective buyer. In terms of numbers, the overall goal of the company is to achieve 5% of the market compared to numbers related to US smartphone purchasing of the previous years (Barnes & Blake, 2015).

It should be noted that the adequate description of goals would ensure identifying the target audience and competitors, which used to be one of the issues in the international market given the saturation of the market with various offers (Farrell, 2015). During the analysis, the focus should be paid to key areas such as sales performance or additional functions. The analysis will show that if the volume of sales falls, the lack of price flexibility is present.

As discussed earlier, the section of the business environment of the marketing plan contains information about the customer data (for instance, demographic information and other). Companies need to have a clear idea of their target market in order to organize targeted advertising campaigns appropriate to the age, sex, and other aspects. They will be able to utilize marketing tools more intelligently, and campaigns will be addressed to the desired category of customers (Farrell, 2015). In addition, companies need to describe the category of people that ensure sales. It is necessary to determine the magnitude of the demand for the smartphone and the people that make up the group of consumers (for example, adolescents, young adults, children, men). It will determine the market trend and allow company to remain relevant and to keep in touch with its customers.

**Marketing strategy statements**

**Target market**

The analysis of the target market is the most crucial aspect of a marketing plan. The definition of the target market and a description of how the smartphone will meet the needs of customers to a greater extent than the competitors’ one will help to define customers' expectations. It is also important to identify the market segment that will benefit from the use of the updated smartphone and to determine the ways the company will sell it to this particular targeted audience (Farrell, 2015). Possible sales can be predicted by working closely with the target audience and attracting new customers through a variety of strategies and approaches. Different strategies can be implemented at once or gradually - firstly to form the target audience, and then to cover the rest of the market.

Young adults represent the primary target market. The second category of the target audience is well-off people. Such consumers are difficult to hold, and an integrated environment was developed to support the device. At present, the main pros for using an iPhone are versatility, excellent design, high-quality goods, and the coordination between the constituents and supplementary. The ideal customer has a spectrum of disposable income and owns other goods produced by Apple. The first category of the target market appreciates the design, prestige, and ease of use while the second category opts for the convenience. In terms of numbers, the updated iPhone is to attract 10% more clients compared to the number of users of the previous version (Barnes & Blake, 2015).

Apple is an image company whose advertising is succinct. Their advertisements allow enough visibility though do not overflow. From a consumer perspective, this is the best way to position the product in the desired segment. However, the positioning of the new iPhone has become blurred, and the company should think its positioning strategy through. In general, the core of effective product positioning is in four main conditions (Wilson & Gilligan, 2012). First, it is a distinct realization of the target market and buyers sought by the company. Second, it is determining the benefit for the target client, which will guide the positioning. Third, defining a powerful side of the company that will be the basis for positioning. Fourth, it is the plainness and lucidity of positioning for the aimed sector to be communicated through corresponding means.

However, although iPhone producers have a problem with positioning, its business model is focused on maximizing the value for the consumer segments (business model is built primarily on the creation of innovative, high-quality product and an additional added value/ cost). Whereby the specific customer segments will be able to enjoy all the benefits of their product fully and only secondarily, to minimize costs in order to increase the company's profits.

**Strategy Statements**

Primarily, Apple’s important marketing goal was to spread the influence of its brand and reach significance saturation in the smartphone market. Apple has put up a strong showing in the iPhone trading, and the main objective was to show the iPhone brand as a symbol of innovation, quality, and value. The basis of the marketing strategy was to make iPhone stand out from other smartphones in the market. Among consumers, the following target segments were chosen: firstly, the people with middle and high-income who needed a tool to support their daily activities and work; secondly the undergraduate and graduate students who were in need of a portable multifunctional devices. The company has positioned the device as a multi-purpose tool that would meet the needs of versatile customers in terms of demographics and functionality. However, the analysis showed that the performance of the company fell due to the high market rivalry, unstable conditions in the international market, and exaggerated promises of the company that did not meet the expectations of customers. The company should consider all these aspects when issuing the updated smartphone or the perspective will remain negative.

**Marketing Implementation**

Marketing implementation plan is based on designing a comprehensive action plan that focuses on achieving strategic objectives of the iPhone company. It pays significant attention to increasing both domestic and international sales, especially winning back the Chinese market, which was lost because of the national currency depreciation. It should be noted that primary elements of the marketing mix are products, price, distribution, and promotion (Smith, 2013). However, because Apple’s products and prices are, for the most part, unified and it is impossible to diversify them in different markets, the proposed action plan will be based on a common set of constituents – public relations strategies, direct marketing programs, advertising and distribution strategies, and sales promotion techniques (Baweja, 2015). The rationale for crafting this marketing action is the fact that iPhone 7 sales are lower than expected and are constantly falling (Spence, 2016). Moreover, the very fact that Apple decided to hide statistics of the first weekend sales proves that the company faces significant challenges in reaching sales levels of the previous iPhone models (McMillan, 2016).

**Action Plan – Increasing Domestic and International Sales**

**Goal.** As it was stated above, the primary objective of this marketing action plan is to increase the volumes of both international and domestic sales, as Apple experiences significant problems related to losing customers around the globe and in the United States.

**Target market.** This action plan focuses on both the U.S. and global smartphone markets. Younger adults and well-off people make up target audience of the program. The primary idea is to address three groups of consumers – current iPhone users who upgrade to newer models, regular cell phone users deciding to switch to smartphones, and those preferring smartphones produced by Apple’s rivals such as Samsung (Stevenson, 2016). That said, these three groups of consumers from all over the globe will be targeted by this marketing action plan.

**PR strategy.** There areseveral appropriate PR techniques that can be used in order to achieve the stated objective of this marketing action plan. Now, as the new iPhone is released, there is no need for employing traditional secrecy PR strategy that implies keeping details about the new product in secret until its presentation. Instead, Apple should focus on another commonly used strategy – product reviews. It should reveal attractive details and specificities of iPhone 7 with the emphasis on its functionality and new options that distinguish it from other models and rivals’ smartphones so that users want to purchase it instead of cheaper alternatives. These reviews should be prepared as short videos showing target audience representatives. Moreover, as the iPhone has always been referred to as ‘legendary,’ Apple should make it a keyword of all releases in order to prove that the company is dynamic and every new model is better and more progressive and legendary than the previous ones (Comcowich, 2016). Moreover, Apple is known for sharing videos and pictures made using iPhones. This approach is another type of product reviews that is even more effective because is demonstrates how a smartphone with a revolutionary camera can be used to create beauty.

**Sales promotion strategy.** Below-the-line sales promotion strategy is the most appropriate option for achieving the objectives of the proposed marketing action plan and company’s strategic objectives. The primary idea behind this technique is to shape the frame of consumers’ behavior that would benefit the company, i.e. make users either upgrade to newer models or switch to using iPhone instead of other smartphones or cell phones. This strategy is usually accompanied with the uniqueness of provided services. In case of Apple iPhone, the emphasis should be laid on unique services such as Apple Music or Apple Care. In addition, the focus should be made on some intangible advantages of buying iPhone 7. Usually, Apple products are associated with luxury and prestige as well as a hallmark of superior quality. It means that stress should be made on the exceptionality of an iPhone owner and their belonging to a specific world culture that is best know for appreciation of quality and uniqueness. That said, the idea is to show how buying an iPhone contributes to changing an individual’s lifestyle.

**Advertising strategy.** As for now, Apple’s primary trick in advertising is simplicity. In most cases, commercials are short and show Apple’s designers and developers, highlighting new functions of their products and options for using them. The whole approach is based on sharing perceptions and personal views on company’s goods. These ads are played during releases of new models and are commonly used later. It is recommended to use this technique because it creates the feeling of intimacy between Apple and it users. Moreover, because they are not overburdened with details, consumers subconsciously believe that nothing is hidden from their view. Nevertheless, this type of ads is not the best option for transmitting on TV. That is why there is another alternative – broadcasting short videos either showing people belonging to target audience and options for using iPhones in their everyday lives or some spectacular views caught by iPhones. The idea is to transmit a video or demonstrate a high-resolution picture and state something like ‘see yourself that your new iPhone can unlock your creative potential.’ That said, the emphasis should be made on both simplicity and creativity and using iPhones as tools for making life more colorful.

**Distribution strategy.** As for now, the operation of distribution centers and deliveries of online orders are the foundation of Apple’s distribution strategy (Kriger & Zhovtobryukh, 2016). It is recommended to maintain this approach with a special focus on opening new distribution centers and designing new delivery options. For example, there is a significant drawback of the currently used strategy, as the delivery of official iPhones is possible only in countries with official distribution centers. The basis of this marketing action plan is to offer an option of worldwide delivery so that there is no dependence on distribution centers. Main idea is to point to the fact that it is possible to purchase an official iPhone in any corner of the world and it will be delivered straight from the manufacturer.

**Direct marketing programs.** As for now, most companies have chosen email newsletters as a major tool for direct marketing. This program is as well practiced by Apple in order to draw users’ attention to new products or the latest news. Within the context of this marketing action plan, it is recommended to continue deploying this technique. The idea is to design the system of weekly newsletters that would inform currently existing and potential users of the new iPhone functionality or iPhone-specific applications and ways to use them. The focus should be made on incorporating the goals of all strategies mentioned above and demonstrate how iPhone 7 can be helpful for changing lifestyle, enhancing social skills and communication, and unveiling creativity or carrying out job duties.

**Who.** In fact, all team members are responsible for the success of this marketing action plan. Nevertheless, there is a position in the company that imposes responsibility for the whole project – chief marketing officer. In case of Apple, the action plan will be controlled and driven by worldwide marketing officer Philipp W. Schiller and communications marketing officer Tot Tyhren.

**Timing.** The timeframe of this action plan is eight months – from autumn 2016 to spring 2017. The rationale for choosing an extended period of operation is the fact that the strategy should draw consumers’ attention to Apple’s products over a long time in order to boost sales up to the presentation of the next generation iPhone. Nevertheless, it should be slowed down before the release of the next model in order to make it attractive. However, at the same time, it should not be closed so that the potential for winning back market share is realized.

**Budget and estimated profitability.** The estimated budget for this marketing action plan is $250 million. This figure is acceptable for Apple because the company spends around $1.5 billion for marketing purposes (Spanier, 2015). However, the previously mentioned amount of money is invested in advertising all Apple products. It means that only a partial sum can be devoted to advertising the new iPhone. Additional details will be provided in the marketing budget section below. As for marketing profitability, it is usually measured in return on sales. In case of Apple, this figure remained relatively stable over time. So, the estimated marketing profitability is 23% with a slight increase compared to the previous years (*Apple Inc.: Profitability analysis,* 2016).

**Measurement.** Because Apple’s primary strategic objective is to increase domestic and international sales, this figure will be used as a measurement of marketing action plan success. Initial success threshold will be established at the level of 5% because this increase is the goal of the whole program. So, in case if sales increase by 5 or more percent, the implementation of the proposed marketing strategy will be considered productive.

**Action Plan Outline**

|  |
| --- |
| **Action Plan – Increasing Domestic and International Sales** |
| **Goal and Objective:** This action plan aims at increasing domestic and international sales. |
| **Target Market:** The smartphone market (both U.S. and international). |
| **Description of the Action Plan:**  PR strategy – product reviews released as short videos, representing functionality of the new iPhone and appealing to emotions.  Sales promotion strategy – below-the-line strategy.  Advertising strategy – simplicity and creativity as the foundation of advertising campaigns.  Distribution strategy – opening more distribution centers and worldwide deliveries.  Direct marketing programs – email newsletters. |
| **Who:**Chief marketing officers – Philipp W. Schiller (vice president of the Apple company responsible for worldwide marketing) and Tor Tyhren (vice president of the Apple company responsible for communications marketing) (*Apple press info,* 2016). |
| **Timing:** Autumn 2016 – spring 2017 |
| **Budget and Estimated Profitability:** Budget –$250 million. Estimated profitability – increase of return on sales to 23%. |
| **Measurement:**The action plan will be considered successful in case if the volumes of domestic and international sales increase by 5% compared to the previous years and market share of the company increases. |

**Marketing Budget**

Estimated budget necessary for bringing the proposed marketing action plan to life is $250 million. The rationale for drawing this figure is the fact that it would cover all expenses connected to marketing purposes and benefit the company by winning more customers. Moreover, it is a common volume of funds invested in drawing customers’ attention to iPhones. Still, with the release of the new iPhone 7, there are some critical facts to mention in order to back up this budget request. First of all, there are some design features that seem unattractive to users so that they are not interested in buying the new legendary smartphone, e.g. Air Pods (Ruddick, 2016). That is why it is imperative to focus on magical experience of using them and opportunities for increasing iPhone productivity. Moreover, there is a particular wave of discontent related to the absence of headphones output in the new iPhone. It means that more attention should be paid to recognizing how this design decision made it better by making a device water resistant and improving quality and clearness of sound, thus making music-related experience even more pleasant. Furthermore, it is necessary to invest in collecting users feedback in order to find out whether there are any other troublesome points so that they can be explained and turned from drawbacks into advantages. However, this goal cannot be achieved without sufficient funding.

To sum up, the primary argument for defending this budget decision is the fact that Apple has faced significant sales challenges and it should find options for proving that the new iPhone is indeed legendary, thus winning hearts of millions of users in the United States as well as around the globe.

References

*Apple Inc.: Profitability analysis.* (2016). Retrieved from https://www.stock-analysis-on.net/NASDAQ/Company/Apple-Inc/Ratios/Profitability

*Apple press info.* (2016). Retrieved from http://www.apple.com/pr/bios/

Baines, P., Fill, C., & Page, K. (2013). *Essentials of marketing*. Oxford, UK: OUP Oxford.

Barnes, C., & Blake, H. (2015). *Value propositions to sales propositions*. Philadelphia, PA: Kogan Page Limited.

Baweja, N. (2015). *International business management for marketing: An ambitious work for academic style know-how for the courseware of international marketing.* New Delhi, India: Naween Baweja.

Burrows, P. (2010, January 15). Apple vs. Google. *Bloomberg.* Retrieved from http://www.bloomberg.com/news/articles/2010-01-14/apple-vs-dot-google

Chang, Y. F., Chen, C. S., & Zhou, H. (2009). Smart phone for mobile commerce. *Computer Standards & Interfaces*, *31*(4), 740-747.

Comcowich, W. (2016). *PR lessons form Apple.* Retrieved from http://www.cyberalert.com/blog/index.php/pr-lessons-from-apple/

Dou, E., & Wakabayashi, D. (2016). Apple’s challenges in china underlined by patent dispute. *The Wall Street Journal*. Retrieved from http://www.wsj.com/articles/beijing-regulator-orders-apple-to-stop-sales-of-two-iphone-models-1466166711

Farrell, C. (2015). *Global marketing*. Thousand Oaks, CA: SAGE.

Gibbs, S. (2016). Apple iOS 9.3: Activation lock and web link crashes plague users. *The Guardian*. Retrieved from https://www.theguardian.com/technology/2016/mar/29/apple-ios-93-activation-lock-web-link-crashes-bugs-users?CMP=twt\_a-technology\_b-gdntech

*iPhone 7 news and updates: Apple iPhone 7 & iPhone 7 Plus: Release date, price, specs, features, rumors, concept design. All you need to know*. (2016). Retrieved from http://iphone7update.com/

Jinjin, T. A. N. (2013). Strategic analysis of Apple Computer Inc. & recommendations for the future direction. *Management Science and Engineering, 7*(2), 94.

Khan, U. A., Alam, M. N., & Alam, S. (2015). A critical analysis of internal and external environment of Apple Inc. *International Journal of Economics, Commerce and Management, 3*(6), 955-961.

Kriger, M., & Zhovtobryukh, Y. (2016). *Strategic leadership for turbulent times.* Oslo, Norway: Palgrave Macmillan.

McMillan, R. (2016, September 8). Apple won’t report first weekend iPhone 7 sales. *The Wall Street Journal.* Retrieved from http://www.wsj.com/articles/apple-wont-report-first-weekend-iphone-7-sales-1473361588

Mylonas, A., Dritsas, S., Tsoumas, B., & Gritzalis, D. (2011). *Smartphone security evaluation: The malware attack case*. In P. Samarati & J. Lopez (Eds.), *Proceedings of the International Conference on Security and Cryptography* (pp. 25-36). Piscataway, NJ: IEEE.

Rasheed, R., Nawaz, R., & Abbas, Y. (2014). Samsung Electronics and Apple, Inc.: A study in contrast in competitive analysis in 21st century*. Industrial Engineering Letters, 4*(12).1-8

Ruddick, G. (2016, September 8). Apple iPhone 7: Retailers predict surge in wireless headphones sales. *The Guardian.* Retrieved from https://www.theguardian.com/business/2016/sep/08/apple-iphone-7-retailers-expect-surge-wireless-headphones-sales-airpods

Schultz, N., Wulf, J., Zarnekow, R., & Nguyen, Q. T. (2011). *The new role of developers in the mobile ecosystem: an Apple and Google case study*. Piscataway, NJ: IEEE.

Smith, K. E. I. (2013). *Sociology of globalization: Cultures, economies, and politics.* Boulder, CO: Westview Press.

Spanier, G. (2015). *Apple ad spend rise 50% to record $1.8 billion.* Retrieved from http://www.campaignlive.com/article/apple-ad-spend-rises-50-record-18-billion/1370742

Spence, E. (2016, September 26). Apple iPhone 7 sales hide a serious problem. *Forbes.* Retrieved from http://www.forbes.com/sites/ewanspence/2016/09/26/peak-iphone-first-weekend-sales/#162439bf4f6a

Stevenson, P. (2016, September 25). Cramer: Apple’s opportunity for enormous market share right now. *CNBC.* Retrieved from http://www.cnbc.com/2016/09/26/cramer-apples-opportunity-for-enormous-market-share-right-now.html

Trelease, B. (2008). Diffusion of innovations: smartphones and wireless anatomy learning resources. *Anatomical Sciences Education*, *1*(6), 233-239.

Wakabayashi, D. (2015). Apple’s market cap loses $60 billion after iPhone sales disappoint. *The Wall Street Journal*. Retrieved from http://www.wsj.com/articles/apple-earnings-boosted-by-iphone-sales-1437510647

Walker, G. (2007). *Touch and the Apple iPhone*. Retrieved from http://walkermobile.com/Touch\_And\_The\_Apple\_iPhone.pdf

Walters, S., & Jackson, K. (2013). *Breakthrough branding*. Chicago, IL: American Library Association.

Wilson, R., & Gilligan, C. (2012). *Strategic marketing management*. New York, NY: Routledge.

Yang, M. Chang, H., Chang, P., & Ho, L. (2014). *Follow or find another way: “De-opponent” trend of patent acquisition between Apple and Samsung smartphones*. Piscataway, NJ: IEEE.