

# University of Puthisastra

Faculty of Economic and Business  
Marketing Research

Topic: Apple Inc.'s Marketing Strategies

Lecturer: Sreang Kimlee

Group Members:

- ▣ Yorn Sophearith
- ▣ Kong Veasna
- ▣ Khan Sokna

Academic Year: 2011-2012

Semester I:Y4



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- II. Marketing Strategies of Apple
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# I. Introduction to Apple inc

- Apple is a multinational corporation designing and selling consumer electronics, computer's software and personal computers
- It was established on April 1, 1976 and became Apple Computer Inc. on January 3, 1977 then changed to Apple Inc in 2007
- Founders: Steve Jobs, Steve Wozniak and Ronald Wayne with the start-up cost was only \$1300

# I. Introduction to Apple inc

- Apple has:
  - ▣ Staff: 60,400
  - ▣ Retailed stores: 357 (Oct 2011)
  - ▣ Subsidiaries: Braeburn Capital, FileMaker Inc., and Anobit
  - ▣ Revenues: \$108.249 billion (2011)
  - ▣ Asset: \$116.371 billion (2011)
  - ▣ Profit: \$25.922 billion (2011)
  - ▣ International Rank: The Most Value Company (2010)

# I. Introduction to Apple inc

- Apple's products:
  - ▣ Hardware products: Macintosh line of computers, iPod (iPod Nano, iPod Touch), iPhone, and iPad
  - ▣ Software products: Mac OS X operating system, iTunes media browser, the iLife, the iWork, Aperture, Final Cut Studio, Logic Studio, Safari browser and iOS

# I. Introduction to Apple Inc



# I. Introduction to Apple inc

- Apple's progressions:
  - ▣ 1976-1980: Apple I introduced in 1976, and Apple II in 1977.
  - ▣ 1981-1985: Lisa and Macintosh era and Management conflict.
  - ▣ 1986-1993: Rise and Fall. Apple introduced Power Book that brought success and increased revenue. Then Apple failed consumer targeted some products.
  - ▣ 1994-1997: Attempts at reinvention.
  - ▣ 1998-2004: Return to profitability

# I. Introduction to Apple inc

- Apple's progressions:
  - ▣ 2001-The Beginning of Innovation
  - ▣ In 2001, Apple introduced iPod . Then in 2003, Apple introduced iTunes Store
  - ▣ 2005-2007: In 2006, Apple started using Intel's Core Duo CPU. The Power Mac, iBook, and PowerBook were retired then Mac Pro, MacBook, and MacBook Pro became their respective successors
  - ▣ 2008-2011: iPhone, iPod Touch, and iPad Era
  - ▣ 2011-present: iPhone 4S. Beginning 2012, Apple introduced iBooks Textbooks and iBook Author for Mac OS X



# I. Introduction to Apple Inc

Apple has 357 Stores:

- America: Canada (22), US (Over 240)
- Europe: UK (33), Italy (9), Switzerland (3), Germany (8), France (9), Spain (5),
- Asia: China (Apple's fastest-growing market: with just five of the company's stores, it accounts for one-sixth of its global sales-NYT), Japan (7), Hong Kong (1)
- Australia: 13

## II. Marketing Strategies of Apple inc

1. Targeting Market and Segmentation
2. Marketing Orientation
3. Macro environment forces
4. Apple Branding Strategy
5. Apple Brand Personality
6. Brand Equity and Customer Franchise
7. Apple Customer Experience
8. Apple Brand Architecture
9. Apple Communication Strategy
10. Marketing Mix
11. SWOT

# 1. Targeting Market and Segmentation

- Apple is marketing to people who have a few characteristics:
  - 1) Middle/Upper income folks who are willing to pay a bit more for a better user experience.
  - 2) People who like to have fun with technology. This includes people who like to shoot a lot of digital photos or video. It's the whole digital hub concept.
  - 3) Music enthusiasts and fans ages 12-35.
  - 4) Professionals in media and design.
- The company has specialized prices for the different market segment, this will ensure that the clients will have lesser doubts about taking a look at the company's product and products that they can afford

## 2. Marketing Orientation

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- This market is the one that needs devices that can keep their records and other personal or business information.
- This market is one that needs devices can give them entertainment even if they are not in their own homes

# 3. Macro environment forces

- Apple Inc make sure they comply with the law states in the countries; comply with the regulated standards of the countries
- When it comes to the economy the company tries to adjust to the economic situation of their market.
- When it comes to the technology aspect of the macro environment, the company makes use of various technological innovations that help in increasing productivity and improving the quality of the products in those countries

# 4. Apple's Branding Strategy

- Apple Inc. uses the Apple brand to compete across several highly competitive markets including personal computer industry with its Macintosh and software, and consumer electronics industry
- Apple is also establishing a very strong presence to rival Google in the advertising market, via its Apps business and iAd Network

# 4. Apple's Branding Strategy

- For several years, Apple's product strategy involved creating innovative products and services aligned with a "Digital Hub" strategy, whereby Macintosh functions as the digital hub for digital devices, including iPod, cellular phones, digital video and still camera, and other electronic devices.
- Apple's core competence is delivering exceptional experience through superb user interfaces. The company's product strategy is based around this, with iTunes, the iPhone with its touch screen "gestures; the superb multi-touch function" that are re-used on the iPad, and the Apple Apps store all playing key roles.

# 5. Apple's Brand Personality

- Apple has a branding strategy focusing on the emotions. The Apple brand personality is about lifestyle; imagination; liberty regained; innovation; passion; hopes; dreams and aspirations; and power-to-the-people through technology.
- The Apple brand personality is also about simplicity and the removal of complexity from people's lives; people-driven product design; and about being a really humanistic company with a heartfelt connection with its customers.



# 6. Apple's Brand Equity and Customer Franchise

- Apple brand is not just intimate with its customers, it's loved, and there is a real sense of community among users of its main product lines
- Apple has made big advances in becoming more efficient with its manufacturing supply chain, logistics and operations.
- Apple's product costs are very similar to those of Dell. In terms of price to the consumer, Apple's computer products have an additional cost advantage: the company does not have to pay another company for operating system licenses.

# 7. Apple Customer Experience

- The innovative, beautifully-designed, highly ergonomic, and technology-leading products which Apple delivers are not only designed to match the brand promise, but are fundamental to keeping it.
- Apple fully understands that all aspects of the customer experience are important and that all brand touch-points must reinforce the Apple brand.

# 7. Apple Customer Experience

- Apple has expanded and improved its distribution capabilities by opening its own retail stores in key cities around the world in up-market, quality shopping venues.
- The very successful Apple retail stores give prospective customers direct experience of Apple's brand values.
- Apple Store visitors experience a stimulating, no-pressure environment where they can discover more about the Apple family, try out the company's products, and get practical help on Apple products
- Apple retail staff are helpful, informative, and let their enthusiasm show without being brash or pushy.

# 8. Apple Brand Architecture

- From a brand architecture viewpoint, the company maintains a "monolithic" brand identity - everything being associated with the Apple name, even when investing strongly in the Apple iPod and Apple iTunes products.
- Apple's current line-up of product families includes not just the iPod and iTunes, but iMac, iBook, iLife, iWork, iPhone, iPad, and now iCloud.
- Marketing investments around iPod are substantial, Apple has not established an "i" brand. While the "i" prefix is used only for consumer products, it is not used for a large number of Apple's consumer products (eg. Mac mini, MacBook, Apple TV, Airport Extreme, Safari, QuickTime, and Mighty Mouse).

# 9. Apple Communication Strategy

- Apple communication is sober, intriguing, simple, clear, minimalist and clever.
- **I am a Mac, I am a PC:** Irony is the main weapon Apple uses to fight Microsoft. Irony and ridicule. In the famous "I am a Mac, I am a PC" Tv video ads series.
- Apple communication has a unique style. As in the tv ads, as in print ads, and in the online communications. And in packaging. A lesson to be learned by many companies in the world.

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# 10. Marketing Mix

## □ Products:

- A convergence of technologies e.g. An iPhone has a mobile phone, an mp3 player and internet surfing capabilities; iPhone3G/iPhone 3GS, iPod shuffle (ranges of colors), iPod nano (ranges of colors), iPod classic, iPod touch, Apple TV, MacBook Pro/Air/mini, iMac, Mac Pro
- Products have different flavors in respect to color and hardware specification. Specification is directly linked with price.

# 10. Marketing Mix

- Price
  - ▣ Premium price strategy
  - ▣ Price rarely fluctuates
  - ▣ Appropriate to target markets (high and medium income groups)
- Principle Promotional Tools:
  - ▣ Apple shops, supermarkets, and electronics shops
  - ▣ Internet sales (pre-order)
  - ▣ TV, Billboard, Internet, and Print advertisement
  - ▣ Always a distinct and consistent style. Well-known logo. Celebrities have in some of the advertising and specialist events



# 10. Marketing Mix

- Place (distribution)
  - ▣ Products are available from various sources through the channel there are various distributors, and many retailers. Alternatively, the products can be purchased from apple directly
- People:
  - ▣ Rich in human resources
  - ▣ The AppleCare Protection Plan extends customers' service coverage and gives one-stop service and support from Apple experts.
  - ▣ The AppleCare Professional Video Support gives customers direct access to Apple's Professional Video Technical Support team via telephone and email 12 hours a day, seven days a week

# 10. Marketing Mix

## □ Process:

- Apple converts new customers and secures their loyalty through a corporate emphasis on customer service.
- Apple seeks to attract its target market through bold public relations events; MacWorld Expo, as well as advertising imagery which borrows from contemporary modern art.
- Apple has expanded its distribution channels in recent years including the addition of Wal Mart.

# 10. Marketing Mix

## □ Physical Evidence:

- Apple Inc's main website is located at [www.apple.com](http://www.apple.com)
- The Apple logo has evolved from its original depiction of Sir Isaac Newton under a tree to the memorable rainbow apple to the present blue Apple with a bite taken out.



1976



Late 1976 - 1998



1998-Present

# 11. SWOT Analysis

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"><li>• Strong brand name provides edge over competitors</li><li>• Robust financial performance strengthens investors' confidence and provides capital for future growth revenues</li><li>• Focused R&amp;D driving innovation and consolidating its market position</li></ul>	<ul style="list-style-type: none"><li>• Patent infringement lawsuit may affect financial condition and operating results</li><li>• Product recalls may harm Apple's reputation and add significant warranty and other expenses</li></ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"><li>• Strong growth in Smartphone and tablet market to boost Apple's revenues</li><li>• Robust outlook for mobile advertising market provides growth opportunity</li></ul>	<ul style="list-style-type: none"><li>• Rising popularity of Google Android may affect its market share</li><li>• Intense competition may affect revenues and profitability</li><li>• Dependence on specific suppliers may affect its operations</li><li>• Law in the country they are operating in, facing different rates of tax and tariffs</li></ul>

# 13. Competitors

Direct Competitor Comparison					
	AAPL	GOOG	HPQ	RIMM	Industry
Market Cap:	413.24B	184.18B	55.53B	8.39B	390.63B
Employees:	60,400	32,467	349,600	17,500	100.30K
Qtrly Rev Growth (yoy):	39.00%	25.40%	-3.50%	-5.90%	24.30%
Revenue (ttm):	108.25B	37.90B	127.24B	19.80B	108.25B
Gross Margin (ttm):	40.48%	65.21%	23.78%	38.61%	40.48%
EBITDA (ttm):	35.57B	14.09B	16.99B	4.45B	35.57B
Operating Margin (ttm):	31.22%	32.30%	9.43%	15.16%	30.81%
Net Income (ttm):	25.92B	9.74B	7.07B	2.22B	N/A
EPS (ttm):	27.68	29.76	3.32	4.25	27.68
P/E (ttm):	16.06	19.09	8.43	3.83	15.18
PEG (5 yr expected):	0.57	0.73	1.57	-1.69	1.53
P/S (ttm):	3.83	4.87	0.44	0.42	3.61

AAPL= Apple, GOOG=Google, HPQ=Hewlett-Packard Company, RIMM=Research in Motion Limited, Industry=Personal Computers

# 13. Apple Market Share

## Preliminary Worldwide PC Vendor Unit Shipment Estimates for 4Q11 (Units)

Company	4Q11 Shipments	4Q11 Market Share (%)	4Q10 Shipments	4Q10 Market Share (%)	4Q11-4Q10 Growth (%)
HP	14,712,266	16.0	17,554,181	18.8	-16.2
Lenovo	12,931,136	14.0	10,516,772	11.3	23.0
Dell	11,633,880	12.6	10,796,317	11.6	7.8
Acer Group	9,823,214	10.7	12,043,606	12.9	-18.4
Asus	6,243,118	6.8	5,180,913	5.5	20.5
Others	36,827,666	40.0	37,358,786	40.0	-1.4
<b>Total</b>	<b>92,171,280</b>	<b>100.0</b>	<b>93,450,575</b>	<b>100.0</b>	<b>-1.4</b>

Note: Data includes desk-based PCs, mobile PCs, including mini-notebooks but not media tablets such as the iPad.

Source: [Gartner \(January 2012\)](#)

Apple's PC vendor share in US is 11.6% (increased 20.7% YOY) in quarter 4<sup>th</sup> of 2011 behind HP and Dell

# 13. Apple Market Share

Global Smartphone Vendor Shipments and Market Share in Q4 2011

Global Smartphone Vendor Shipments (Millions of Units)	Q4 '10	2010	Q4 '11	2011
Samsung	10.7	23.9	36.5	97.4
Apple	16.2	47.5	37.0	93.0
Nokia	28.3	100.1	19.6	77.3
Others	45.6	128.0	61.9	220.8
Total	100.7	299.5	155.0	488.5

Global Smartphone Vendor Marketshare %	Q4 '10	2010	Q4 '11	2011
Samsung	10.6%	8.0%	23.5%	19.9%
Apple	16.1%	15.9%	23.9%	19.0%
Nokia	28.1%	33.4%	12.6%	15.8%
Others	45.2%	42.7%	39.9%	45.2%
Total	100.0%	100.0%	100.0%	100.0%

Total Growth Year-over-Year %	86.8%	71.4%	53.9%	63.1%
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# 13. Apple Market Share

Global Tablet OS Shipments (Millions of Units)	Q4 '10	Q4 '11
Apple iOS	7.3	15.4
Android	3.1	10.5
Microsoft	0.0	0.4
Others	0.3	0.5
Total	10.7	26.8

Global Tablet OS Marketshare %	Q4 '10	Q4 '11
Apple iOS	68.2%	57.6%
Android	29.0%	39.1%
Microsoft	0.0%	1.5%
Others	2.8%	1.9%
Total	100.0%	100.0%

Growth Year-over-Year %	N / A	150%
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# 14. Apple Brand and Marketing Strength Creating Financial Success

- Apples' branding strategy is bearing fruit. Apple reports that half of all computer sales through its retail channel are to people new to Macintosh, the company's sales and margins have been growing strongly since 2006, and Apple has achieved several "best ever" quarterly financial results in recent years.

# 14. Apple Brand and Marketing Strength Creating Financial Success

- This success was repeated in 2010 with the introduction of the iPad tablet computer, and in March 2011 with the launch of the iPad 2 which sold 1 million units within 24 hours.
- In January 2012, Apple reported that its profit for the holiday quarter more than doubled largely sales of the iPhone 4S, a product that was greeted with grumbling when it came out in October from pundits and some user for what many imagined an iPhone 5 would look like.
- Apple said it sold 15.4 million iPads over the holidays, more than double the number it sold during the same period the year before.

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# 14. Apple Brand and Marketing Strength Creating Financial Success

- Apple's net income for the period rose 118% to \$13.06 billion, or \$13.87 a share, compared with net income of \$6 billion, or \$6.43 a share, a year earlier. Revenue rose 73% to \$46.33 billion, from \$26.74 billion a year ago. Apple's results were inflated slightly because its 2011 holiday quarter included 14 weeks of sales, rather than the 13 weeks in 2010, due to a change by the company.

# 14. Apple Brand and Marketing Strength Creating Financial Success

- Apple sold 5.2 million Macintoshes during the holiday quarter, 26 % more than it did a year earlier.
- The company said it expects to report earnings of \$8.50 a share and revenue of about \$32.5 billion during its fiscal second quarter.
- As measured by the value of its stock, Apple shot past Microsoft, the computer software giant, in May 2010 to become the world's most valuable technology company.

# III. Conclusions

- Its strategies has been the desire for the company to increase its distribution and availability through the introduction of many innovative products
- The matching between the Performance and Strategies give it more opportunities maintaining the most valuable company

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**Thanks for Your Attention!**

**Q&A**

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