

Apple: the most innovative organization



As one of the most innovative organization all over the world, Apple always makes incredible products and innovative products to its customers, such as iPhone, iPod, iPad, etc. iPod Shuffle is one of the products in this category.

4P's is a basic concept in marketing. The innovation of Apple products is well-known in the world. Therefore, does it still innovative in 4P's of the products? In order to evaluate the innovation of 4P's of the Apple products, iPod shuffle is selected to be the research subject. After using an innovation evaluation technique, concentration will be found in the 4P's framework, as well as the weaknesses. Based on the result, recommendations will be given to help iPod Shuffle become more competitive in its industry and get more market share.

Introduction

Apple Inc. (Apple Computer Inc.) is an American multinational incorporation which designs and manufactures consumer electronics and software products. Some of best-known hardware products from Apple are Macintosh computers, the iPad, iPod and iPhone (Wikipedia, 2010). Apple software which included: Mac OS X operating system, the iTunes and iTunes Store media, iWork suite of productivity software, and Final Cut Studio which is a suite of professional audio and film-industry software (Apple annual report, 2009). Established on April 1, 1976 in Cupertino, California, and incorporated January 3, 1977, the company was previously named Apple Computer, Inc., for its first 30 years, after that the word “ Computer” was removed on January 9, 2007, to reflect the company's ongoing expansion into the electronic market, focus more on personal computers. Since September 26, 2009, Apple had 34, 300 full time employees and 2, 500 temporary full time

employees all over the world and had annual sales of \$42.91 billion in its fiscal year ending September 26, 2009 worldwide (Apple Computer, Inc., 2009).

Moreover, Apple operates about 200 retail stores in 5 countries and also creates an online store (iTunes Store) where hardware and software products are sold until September 2007. The iTunes Store provides music, audio books, iPod, iPhone and also iPad games, music videos, television programs episodes, and movies which users can download using iTunes on Mac or Windows operation system, and also on the iPod touch, iPad and the iPhone (flash-screen.com, 2010).

For some reasons as its philosophy of fully imply aesthetic design to its special advertising campaigns, Apple has brought-in a unique reputation in the consumer electronics industry. In 2008, Fortune magazine named Apple the most admired company in the United States (Wikipedia, 2010).

In January 11 2005, the 1st model of iPod Shuffle was announced at the Macworld Conference & Expo (Cheng, J., 2006); and the 3rd generation model, introduced on March 11, 2009 (ipodtopctransfer.com, 2008). iPod Shuffle, a digital audio player designed and marketed by Apple Inc., is the smallest model in Apple's iPod family, and also the first device using flash memory.

Furthermore, the iPod Shuffle was launched at the same time with the Mac Mini. These products can be seen as an awareness effort on the part of Apple management to target a lower-end market and increase patently in the mass-market. By the end of Apple's second fiscal quarter 2005, the iPod
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Shuffle had already proven itself to be a successful product for its manufacturer.

Evaluation of 4P's Innovation of iPod Shuffle

Evaluation of Product Innovation

Product perspective

The product iPod Shuffle is very innovative. It's the world's smallest music player. Moreover, the innovative design makes iPod Shuffle easy to use. All controls are on the earphone cord, so everything is right where it can be reached. Furthermore, iPod Shuffle can speak for itself, with the press of a button. Voiceover tells you what song is playing and who's performing it. With the software installed in computer (which is iTunes), iPod Shuffle can download much more music than other music players. Therefore, the process perspective of product innovation is quite radical (Breen, C., 2008).

Process perspective

The process of product iPod Shuffle is not so innovative. iPod Shuffle assembles at Apple manufacturer with some parts outsourcing from other countries. The main and common way Apple use to launch iPod Shuffles is Apple Store. It also goes through wholesaler, retailer to the customer. Therefore, the process perspective of product innovation is a bit incremental (Breen, C., 2008).

Position Perspective

iPod Shuffle position in product provides good quality music and easy to carry and control, and mainly targets at the teenager market, which is similar to other MP3 players. The support software also provides wide range

music for customer to download and enjoy. So the position perspective of product innovation is also a bit incremental (Breen, C., 2008).

Paradigm Perspective

The paradigm of the product of iPod Shuffle is not innovative. It continues the main function which is providing music when people use. Although it adds some extra function like powerful software, small figure and Voiceover, it doesn't change the Paradigm of the product. It is still a music player which provides music for the customers. So the paradigm perspective of product innovation is little incremental (creatrix. com, 2009).

Product Innovation of iPod Shuffle

Evaluation of Place Innovation

Product perspective

The channels of distributing iPod Shuffle, as mentioned above, are direct sales (Apple Store), and wholesaler, retailer to reach the customers.

Obviously, it doesn't change the thinking of the products itself much. It is still the music player itself. Therefore, from the product perspective, place innovation is just a bit incremental (Breen, C., 2008).

Process perspective

The iPod Shuffle has two kinds of distribution channels which are direct and indirect. The direct distribution channels is Apple store online, which offers an online sale channel for customer directly to buy. This channel makes iPod Shuffle prices much lowers as the profit which supposed to be earned by agencies is saved. As the main target market of iPod Shuffle is teenagers, the generation of familiar with internet and online shopping industry, this

kind of process makes the product much more available to the target market. Based on this, the process perspective of place is radical (Shur, M., & Reed, T., n. d.).

Position perspective

The place of iPod Shuffle makes the cost which supposed to be caused by agencies saved and then lower the price of iPod Shuffle to be much more reasonable to the teenager market. However, it doesn't expand the target market of music players; thus, the position perspective of place is a bit incremental (Shur, M., & Reed, T., n. d.).

Paradigm perspective

Compare to other MP3 players, the Apple Store online order system changed a lot from paradigm perspective (DOTnet Consulting, Inc., 2006). Because customers who order from the website will get the products within a certain delivering time and no delivery charge. Therefore, iPod Shuffle became the leader of doing this kind of place strategy in the MP3 player industry.

Place Innovation of iPod Shuffle

Evaluation of Pricing Innovation

Product perspective

The price of iPod Shuffle varies from USD\$49 to \$99 by its different generations (Apple Store). According to what Greg Joswiak said, iPod Shuffle is the most affordable iPod ever.

“ At just \$49, the iPod shuffle is the most affordable iPod ever,” said Greg Joswiak, Apple's vice president of Worldwide iPod Product Marketing. “ The

new 2GB model lets music lovers bring even more songs everywhere they go in the impossibly small iPod shuffle.”

Obviously, the price of iPod Shuffle changed the thinking of customers towards iPod products. However, the price didn't change the thinking of iPod Shuffle products, as the price is still remain the same or even a bit higher comparing the third generation to the second one (The Apple Museum, 2009). So the product perspective of pricing innovation is a bit incremental.

Process perspective

The process of knowing the price of iPod Shuffle is not innovative. The main and common way Apple use to launch iPod shuffles is Apple Store, which shows their price. Very few ways are used by Apple to announce iPod shuffles price to its customers. iPod shuffles advertisements seldom mentioned the price. Therefore, the process perspective of pricing innovation is a bit incremental.

Position Perspective

As mentioned above, the price of iPod Shuffle lengthened the price line of Apple products. Besides, the target market of iPod Shuffle is teenagers, which make the price position innovation quite radical (Photoshoplab. com, 2009).

Paradigm Perspective

Although the price of iPod Shuffle changed the thinking of them towards Apple products, it hasn't changed the thinking of customers to MP3 Players. The price of iPod Shuffle is still within the range of price of MP3 Players (The

Apple Museum, 2009). Thus, the paradigm perspective of pricing innovation is a bit incremental.

Pricing Innovation of iPod Shuffle

Evaluation of Promotion Innovation

Product perspective

From the 2nd generation iPod shuffle, Apple Computer has introduced a new commercial, but in fact, this commercial is another departure from the silhouette-style ads Apple has been using to promote the 1st iPod. The advertisement shows a torso shot of different men and woman clipping a shuffle to their clothes along with an interesting morph-style transition between each person. In addition, product perspective is not so innovate in promotion innovation part for iPod shuffle.

Process perspective

The process of knowing the promotion of iPod Shuffle is not so innovative. The main and common way Apple use to launch iPod shuffles is Apple Store. Furthermore, Apple has added an iTunes Store promotional graphic and song listing for a 3rd generation iPod shuffle advertisement that has not occurred. The graphic takes users to an unusually scattered and look like unfinished page listing the songs: “ 1901” of Phoenix, “ Happy Up Here” of Röyksopp, and “ Rich Girls” of The Virgins, under the part belong to “ iPod Shuffle Ad Songs,” with the “ s” in shuffle atypically capitalized. Moreover, the 3 track album art, promo graphic, and first page header graphic all use “ Voice Over” talk bubble such as graphic, populated by art similar to that seen on Röyksopp’s new album “ Junior” (photoshoplab. com, 2009). It is still not

clear whether the songs were planned for use in an upcoming or cancelled set of iPod shuffle advertisements, and whether Apple deliberately posted the song listing.

Position Perspective

The target market of iPod Shuffle is teenagers, which make the promotion position innovation quite ultimate. Apple's iPod has taken the world by storm. Nearly ubiquitous, it has changed not only the way people listen to music, but it has transformed its parent company Apple into an entertainment giant. In this sense, the iPod marketing strategy made sense because it consistently advanced Apple's emerging goal of making the Mac the hub of a digital lifestyle. It also aligned with the company's strategic goal of frequently releasing innovative new products in an effort to stay ahead of a curve of consumers who quickly get tired of old gadgets. As usual, it was a strategy that leveraged the benefits of existing technology, and it made sense from the point of view that it was consistent with what historically drove the company, that is bringing products to people that were stylish and easy to use (Shur, M., & Reed, T., n. d.). Thus, the position perspective of promotion innovation is a bit incremental.

Paradigm Perspective

Although the iPod Shuffle's promotion hasn't changed the thinking of the consumer towards Apple products, it has changed the thinking of customers to MP3 Players somehow. The iPod Shuffle's promotion is still within the range of price of MP3 Players (Breen, C., 2008). Therefore, the paradigm perspective of promotion innovation is a bit incremental.

Promotion Innovation of iPod Shuffle

Based on the above analysis and conclusion can be as follows. Obviously, each of the 4P's has shortages of innovation from innovation perspective (creatrix. com, 2009). However, iPod Shuffle concentrates on the product innovation, which makes the product itself be the smallest and lightest MP3 all over the world. Beside, promotion, place and pricing innovation make the product much closer and reasonable to the customers. These are the strengths that utilized by iPod Shuffle to become more competitive in the MP3 industry. However, the some gaps which exist in the 4P's make the product less competitive than other MP3 products, such as pricing, promotion, etc.

Innovation of iPod Shuffle

Recommendations

Based on the above analysis, some recommendations are suggested to help iPod Shuffle be more competitive in the MP3 industry, and gain more market share.

Promotion Perspective

Advertisements add on with some special price for a limited edition in a period of time. In this way, customers are easily to catch with the advertisement and also told how reasonable the price of iPod Shuffle is and the product can be compared with other MP3 Players to help customers understand how affordable and attractive iPod Shuffle is.

Special location for promotion. This means that iPod Shuffle charges special location such as in the school, university area, targeting to the young

generation with attractive promotion about the price and sale service (such as limited additions with special colors and special materials with affordable price). This can help iPod Shuffle expand its product line further.

Pricing Perspective

1) Price mentioned in advertisements. In this way, customers are easily told how reasonable the price of iPod Shuffle is and the product can be compared with other MP3 Players to help customers understand how affordable and attractive iPod Shuffle is.

2) Special price for limited additions. This means that iPod Shuffle charges special price for those limited additions with special colors and special materials. This can help iPod Shuffle expand its product line and even its price line.

C. Product Perspective

1) Change the product design further. It will affect the paradigm of the product. For example, add the video function in it so that it will affect the paradigm. After adding this function, the product will no longer only provide music, it also provide video and the paradigm of product totally changed.

2) Using order first and assemble later model. The value of electronic product reduces very quickly affected by time value. In order to reduce the cost of the product, the product should be manufactured as late as possible. Provide online service for customer to order, after that assemble the product and send to customer. This model will reduce the cost and make more profit.