

Iphone marketing strategy assignment

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Before the phone launch, infant, Apple was not a cellular telephone manufacturer, and had zero experience in cellular telephones marketing. Its only expertise was In computer hardware, computer software, and In portable music devices (the Pod). In 2005-2006, the cellular telephone market was considered a mature and saturated market, with narrow margins, dominated by Nooks and Motorola. And by the Blackberry in the high end, especially in the business and corporate world, which were needing email writing, sending and receiving capability on their cellophane, with a suitable keyboard for testing messages.

A mature and saturated market with a fiery competition, such as the cellophane market in 2005-2006, was allowing narrow margins, therefore was unanimously considered unappealing by financial and business analysts. When rumors came out, in 2005-2006, that Apple was in the process of developing a cellular telephone, financial and business analysts were at best ‘skeptical’. To be true, the consensus among financial analysts was that the ‘Apple cellophane’ would have been a terrible flop.

Some of them were privately saying that they were suspecting Apple executives had gone completely mad, to enter such a saturated and on-profitable market. Very few, among the business analysts, had the more objective attitude to Just Wait Then, the day came, and the phone was launched. But Apple began with 3 huge, terrible mistakes. We expand on them onwards. When the phone was launched, in June 2007, it made an impact. It impressed. The touch user interface and the sleek and beautiful design by Jonathan Vive and his team made it a masterpiece of technology and design The phone was decidedly a superior product. Ad a host of pluses

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against the competition (Nooks, Motorola, Blackberry) It was a giggly innovative product, a different product from the other cellophane on the market at the time. Moreover, it was significantly larger and bulkier than the other cellular telephones in the market, when the market trend, for years, had been to have smaller and smaller cellophane: the smaller cellophane you had, the cooler you were. The Apple phone went decidedly against the trend. Today, in 2013, with 500 million phones sold, and with Apple stock market capitalization at \$500 billion, it is easy to affirm that the phone has been a game changer.

It surely has. Ultimately, today we can affirm that the appearance of the phone on the market caused the death of the Blackberry, and the loss by Nooks and Motorola of their previously dominant position in the cellular telephone market. The reason is simple: The phone is a clearly superior product. Its touch control features, and its enticing user interface, made the phone become a ‘cult product’. But in 2005-2006, before it came out, things were different. And the perception was different when the phone first came out. No-one, in 2006, would have imagined that n ‘Apple cellophane’ would have sold 500 million units in 6 years..

No-one would have thought this even in June 2007, when it was launched. The first generation phone was launched – only in the US – on June 29, 2007. It was subsequently launched in three more markets – I-J, Germany and France – 5 months later, in November 2007. In July 2008 the second generation phone, the phone 36, was launched at the same time in the US, Canada, I-J, Germany, France, Switzerland, Austria, Ireland, Denmark, Japan,

Mexico and Brasilia. The third generation phone, the phone EGGs, was launched in June 2009.

Each phone generation had more features than the previous generation, and had longer battery life, and rendered the previous generation phones obsolete. The fourth generation phone, the phone 4, was launched in June 2010. The phone AS was launched in October 2011. The phone 5 was launched in September 2012. The phone C and AS were launched in September 2013. Planned Obsolescence has been a conscious marketing strategy by Apple. Thus, any Apple customer knows (or pretend not to know) that he buys a product that in 12 months will become old and obsolete.

However, examining the sales data, this 'planned obsolescence' strategy paid off for Apple, But which were the 3 serious marketing strategy mistakes that Apple made when it launched the phone? The 3 Mistakes that Apple made when it launched the phone. Mistake #1 . To purchase an phone, you had to sign a 24 months contract with AT&T. You had to 'marry' AT&T. And many potential customers did not want this marriage. You were locked on a 24 months contract with AT&T. An expensive contract. In the end, if you were wanting to buy an phone, its real cost was more than 2000 dollars.

Why forcing your customers to sign a contract with a service provider? And why a single provider, not giving any other choice? Why not letting your customers simply buy an phone, and let them free to arrange a contract as they please? Infant, there were numerous complaints by phone customers and potential customers, on this issue. Even, a widespread hacking practice

took place, significantly called “ Jailbreak”: on several websites appeared step by step instructions on how to hack the phone software to let it operate with a different service provider.

Infant, 3. Million phones were sold in the US between June and December 2007, but only 2 million contracts were signed with AT&T. Where did the remaining 1.3 million phones go? Who, instead of recognizing their marketing strategy mistake, criminalized the jailbreak behavior, to the point of blackmailing customers doing the Jailbreak's. Mistake #2. On June 29, 2007 the phone was launched in the US. It was put on sale only in the US, and in no other nation in the world. Only in November 2007, 5 months later, the phone was launched in a few other countries.

To be precise, it was launched in just 3 other countries: I-J, Germany and France. In each of these countries with the same silly formula that Apple used in the US, forcing the customer to sign a 24 months contract with a service provider. And in each country with a different provider: O2 in the I-J, T-Mobile in Germany, Orange in France. This was a bad marketing choice by Apple. There were millions of potential customers all around the world who were wanting to buy a phone, but couldn't, because in their own country it was not on sale. Many of them went to such length to ask their friends in the US – or traveling to the

US – to buy one for them. Finally, only on July 11, 2008, one full year after the initial launch in the US, the phone was put on sale in other countries, in Europe: Italy, Spain, Switzerland, Austria, Ireland, Denmark, Norway, Sweden, Finland, Netherlands, Belgium; and in Australia, New Zealand,

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Canada, Japan, Mexico, Brasilia. It was already the 3rd generation phone, the phone 3G and ASS. Why so late? Besides, it is interesting to verify the jam and confusion of different prices, terms and monthly fees charged by the service providers in the European countries: 02 in the

I-J, T-Mobile in Germany, Austria and Netherlands, Orange in France, Simoom in Switzerland, Avoidance in Italy, Delia Sooner in Denmark, Norway, Sweden, Finland. It was the perfect formula to confuse potential phone costumers and push them away. A self-hammering marketing strategy by Apple. In our opinion, this was a totally wrong marketing strategy by Apple. Infant, numbers do not lie: from July 2008 until the end of 2013, Apple sold a total of 500 million ' Phones. From June 2007 until December 2007 – when the phone was available only in US – only 3.3 million phones had been sold. Mistake #3 – phone Pricing.

Just 3 months after, Apple reduce the phone price to \$399 – a 33% rebate – . This was an inelegant way to betray and exploit the phone early adopters – Apple most faithful costumers. And infant, many of them complained with Apple. A smart and attentive company must not indulge in such serious mistakes, betraying their most faithful customer base. Apple had other 3 better options: Apple could have waited 1 year before reducing the price of the phone, or: Apple could have delayed the phone launch for 3 months, or: Apple could have set the Phone retail price at \$399, since the initial launch.

Besides, in July 2008, the phone 3G was sold at \$199, 66% less than the launch price of just one year earlier. This is not a serious pricing policy. Consideration. Each of these 3 mistakes constituted a bottleneck factor

which confused costumers, and seriously hampered the phone sales potential in the first year and a half. However, in the following years Apple corrected and amended these mistakes, and things went smoothly and successfully for the company. Infant, from 2008 until 2013, Apple sold 500 million units. In 2012 alone, Apple sold 120 million ' Phones, n 2013 Apple sold 120 million phones.