

Apple inc. is nasdaq  
listed, an american  
multinational  
corporation

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## Introduction

Apple Inc. is Nasdaq listed, an American multinational corporation which was established on April 1, 1976 with its headquarters at Cupertino, California. In the initial days Apple Inc. was named as Apple Computer, Inc., which was renamed as Apple Inc., on January 9, 2007. The name change was followed by company's launch of new iPhone, smartphone and Apple TV digital video system. The company's major activity is to manufacture personal computers, portable media players, mobile phones, computer software, computer hardware and hardware accessories. The company has 20,000 employees which includes both permanent and temporary workers all over the world. As on September 29, 2007 Apple sales were recorded at US\$24.01 billion. Apple maintains a distinct reputation in manufacturing and marketing activities of its consumer electronics as well in computer products, which are particularly in great demand especially in United States.

The company has 194 retail stores in United States and more number of retail stores in United Kingdom, Japan, Canada and Italy apart from online stores for sale of hardware and software products. In May 2007, Apple share price crossed US\$100 mark and as on date the share price is quoted at \$174.00. Apple continuous success is due to its investment in R&D which has increased from US\$446 million (2002) to US\$712 million in 2006. The key personnel behind the driving success of Apple are, CEO and Director, Steven P.(Steve) Jobs, COO, Timothy D.(Tim) Cook, SVP and CFO Peter Oppenheimer.

Some of the biggest advantages for Apple are, first and foremost, a three decade of service in electronics, strong global consumer market, R&D facility, Apple intelligentsia and huge advertising campaign with soft touch, which is why global consumer can never take off eye from Apple product and instead stands even in a queue line to purchase Apple ipod or Apple smartphone.

Major products of Apple Inc are Macintosh personal computer, Mac OS X operating system, iLife suite of multimedia and creativity software, Final Cut Studio, a suite of professional audio-and film-industry software products. In entertainment sector, mobile phones and portable media player have a vast global network of sale both in retail stores as well in online stores. Online store of Apple provides links for each segment of product viz., Mac book, Mac mini, iMac, Mac Pro and Mac games. Each category of product displays the relevant image and price enabling buyers to easily find out specifications and in case if it is meeting the requirement of buyer, a purchase is made through Internet. Similarly for iPod and iPhone, each page link contains a complete set of information about the product, even details technical specifications and price and provision to select and purchase. In iPod section, the price begins as low as \$79. 00 and various colors with classic names, which eases the interest of buyer to choose a particular model and purchase. There is so much attention and care that is given to customer by the company and keeping the global customer's interest, each particular design is made and price is fixed. It appears that Apple wishes to grab the interest of each and every particular customer, through offering of quality, entertaining and useful products which perform jobs of one or more

electronic gadgets. For instance, iPhone is an excellent masterpiece that is developed by the company priced as just \$399.00 which is a complete package of Mac operating system, touch phone with Internet facility for which Apple has a tie up with AT&T for network. AT&T offers monthly plan to the customer for sending SMS text messages. iPhone has a smart keyboard, color screen, Wi-Fi music, ring tones and the phone provides three sizes viz., small, medium and large which varies in memory. Apart from excellent features, company offers online support for every FAQ of customers. The company displays the features as “revolutionary phone”, “widescreen iPod”, “breakthrough internet device”, and “hightechnology”. Global buyer has access to camera, phone, music download and Internet facility apart from sending SMS text messages. Customer base, in the age group from 15-55 years which includes both men and women demonstrate an excessive interest for this product for its size, features and price. Apple products also give a prestigious and dignified outlook to customers and the investment that is made is only once which is appropriate and holds good for future course of time for customers who would like to derive benefits from Apple products.

“The product stage in its life cycle is a big factor in designing a promotional mix. During the introduction stage, the basic goal of promotion is to inform the target audience that the product is available. Initially - the emphasis is on the general product class - for example, personal computer systems. This emphasis gradually changes to gaining attention for a specific brand, such as IBM, Apple or Hewlett-Packard. Typically, both external advertising and public relations inform the target audience of the product class or brand

and heighten awareness levels. Sales promotion encourages each trial of the product, and personal selling gets retailers to carry the product". (Charles W. Lamb, Carl D. McDaniel, Joseph F. Hair, 2005, Marketing, P. 495)

The unique feature of Apple's promotion of products is widely appreciated by customers which tapped the huge and massive success of iPod, inspite of the fact that there was curiosity when it was launched. Advertising of Apple's ipod was a soft touch to customers which showed a man listening to the songs on iPod and dancing. This gives out another fact that Apple sales promotion and advertising is based on the psychology of a customer which is studied in-depth and analyzed and only after which, television commercials are released. Apple specifically practices ' the agenda theory' which is a communication theory. In this technique of sales promotion, exposure to a product enables a consumer to register the name in the mindset and later when customer visits a store, the particular brand name would be recalled, which clearly indicates that in the agenda of mind, product and brand are stored in the memory of customer through this technique.

Apple sold 9.8 million units of iPod in June 2007 which was a third quarter of the financial year. The selling percentage was 21 percent higher than 8.1 million iPods the company sold during the previous year in the same period.

Further Apple sponsors corporate gift ideas to extend iPod as gift items to employees. Apple encourages corporate sector to reward employees who perform well in jobs, by gifting ipods, iTunes Gift Card or iPod accessory. Appreciably, there can be no other best idea than an iPod for employees, which boosts energies to perform still better and better in discharge of duties

and responsibilities. Apart from this, this kind of reward to employees, contributes to the moral base and motivation of employees to stay with the company in long-term perspective. Gift iPods can be purchased easily through Apple store from Internet.

The first model of iPod was introduced in 2001 and second model of iPod was introduced in July 2002 which was designed with windows compatibility for music. The opening of iTunes store in 2003, enabling purchase of a song, and download of song with a price @ \$0.99. With the success of iTunes store, the term 'digital audio player' (DAP) emerged and consumer market was created to purchase digital audio players. MP3 player or digital audio player (DAP) is a portable music player that plays and organizes audio files. These files carry an extension of .wav or mp3. DAP carries both audio and video image playing with Mpegav (directory) and when it is clicked opens a video file with extension Avseq01.dat. This is the normal functioning of playing a movie in DAP or in a PC. DAP is enabled by rechargeable batteries and music privacy can be maintained by earphones facility which are supplied by Apple. There are three categories in DAP. (1) flash-based players which hold digital audio files in memory cards size ranging up to 16GB. (2) Hard drive based players or Digital Jukeboxes which read audio files from hard disk drive (HDD). The memory capacity of these players is up to 160 GB. Movies and music can be stored on these players which are portable. (3) MP3 CD player is also a portable music player that plays MP3 files stored on CDs. The third category is exclusively available at a low price for the facility every small and big consumer. It is a very simple process of handling a portable media player, such that any CD that contains music for (e. g. westlife songs,

goodbye to you my trusted friend. mp3) can just be inserted into the CD player, select a particular song and press ' play' button and listen to the song with a facility of earphones that are provided. Listening to music through the medium of USB from PC through mobile is also facilitated.

In an appreciable manner, Apple brings user-friendly consumer electronics, makes a buyer knowledgeable and entertains customer even while driving or traveling. Previously entertainment was offered only through the medium of television, audio electronics, wherein viewers were restricted to a place whether it is to watch movies, video /audio music or comedy shows / cartoon shows. Apple iphonesand ipods have broken the barrier of such limitations and has maximized the technology by bringing technology to the palm of customer.

Apple introduced Apple Macintosh in the year1984and Apple's first GUI computer which coined the words ' mouse' ' icon' and ' desktop' to the world and the price of LISA was US \$ 10, 000.

With the advent ofglobalization, almost every home has a small business (SOHO) with PC, Internet printer and a mobile. These have become a necessity similar to breakfast, lunch and dinner. There is a greater scope for rise in demand of PCs and mobiles in future with the fact that there are upcoming businesses and birth of dotcoms almost every day. Therefore needs and wants of consumers in technology days can never reach a saturated point whereas the want is always for more and something new in consumer electronics.

Basically American born technology is being adapted all over the world which can be termed as 'Americanization' if it is not termed as 'globalization'. Buyers are more interested in listening to American music, products and technology which is generating a huge employment for countries. Beginning from communication devices such as mobiles to the usage of PCs, American products are everywhere in the hands of users bringing knowledge and comfort to the people of all sectors. In PC world, American Customer Satisfaction Index indicated that Apple is leading in PC manufacturing and is beating Dell, HP and others. Apple scored 83 on 100 point scale according to the ACSI, which is a 2.5 per cent increase over 7.8 per cent increase in 1995. So also the success of iPod and iPhone which has recorded mounting sales in 2007 and is still performing well in consumer electronic appliances. Market segmentation is determined by size of the company, status in industry, mission and vision, language (whether limited to one's own country) working environment, total number of employees, job positions, products, services and future potential of business.

Internet usage statistics around the world are as follows:

Sno

Region

Users

(million)

1

Asia

418

2



Europe

322

3

North

America

233

4

Latin

America

110

5

Africa

34

6

Middle

East

20

7

Australia

19

(source: intertnetworldstats. com)

Apple company products are neat in finish which is remarkably company's best strategy in bringing each piece as a work of art, which is why Apple is positioned in the first place as compared to any other competitor either in PC or in mobiles. Brand awareness, brandloyaltyand brand extension are the base for Apple such that Mac computers and software, Music with iPod, Handset iPhone carry excellent prospects for the company with its sales growing in Internet stores. According to CEO & Director of Apple, Steve

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Jobs, owning an Apple TV is a hobby for buyers and with this reason, company is generating thousands of units every year instead of millions which states another fact the actual revolution of digital TV is yet to take off. Apple has gained extreme popularity in iTunes which is currently in use by 300 million computers or may be greater. New Product Development (NPD) are always a threat to the competitors and further these are also referred as techniques to get a breakthrough in case the company has been passing a period of recession. NPD is a final step and the end of innovation with the medium of R&D. A proven track of this method of success is evident in Apple with its continuous and consistent launch of consumer electronics and accessories especially from the year 2001 which has placed the company at the helm of Fortune 500 companies. NPD requires exorbitant capital investment in Research and Development, risk in testing and winning the confidence of customer. The entire process of NPD is a long-term investment which produces good results only to those companies who have a wide access to sources and intangible assets of goodwill, reputation and good track of profits in consumer market. Microsoft, IBM, Dell, Lenovo, Sony Ericsson, Motorola, Vodafone are some of the globally acclaimed brands of reputation and in bringing quality products to the consumer market. Product Mix Pricing, Market Penetration Pricing, Market Skimming Pricing, are some of the major techniques that are implemented by super brand companies, in order to fluctuate pricing of products in the market. For instance, pricing at the time of foray into the market could be fixed initially at a lower price and once when the brand picks up in sales, there is a slight increase in the selling price again which is not taken note of by the consumer since the product has

already won the confidence of customer. Unlike market penetration pricing, marketing skimming pricing is fixed at a higher price in the beginning of NPD and later offered at a lower price, when sales pick up in due course of time. Both marketing penetration pricing and marketing skimming pricing are closely taken note of by the Apple for marketing its products. Apple CFO Peter Oppenheimer stated that opening up of new stores lead to the growth in sales and success to the company and further stated " Opening about 40 stores a year feels comfortable. But even at that rate, We haven't seen cannibalization" Apple does not experience any cannibalization in retail stores. On the other side, there are fears that cannibalization is a key concern for Apple as it is playing a dominant role in entertainment industry, a similar success formula to that of music phone is being applied to DVR which is ' move the product and gain recognition' and whether this is being applied in order to boost iPod sales. It is a point to ponder whether Apple is heading towards cannibalization. Captive Product Pricing is a technique that is used by companies as a part of pricing strategy, wherein products would carry a companion product, the price of which is also included in the premium price of basic product. For instance, a mobile handset and accessories viz., earphones, battery recharge are companions of a mobile handset. If a customer is purchasing a handset, basic price includes the cost of accessories too which is again an excellent pricing strategy practiced by Apple. Apple is facing a slight threat from filing of suits from the customers due to Price cuts. This is quite common psychology of a customer who pays a greater price for a particular model and within two weeks of purchase, if the model price drops down, customer tries to win back the loss. (e. g. 8GB

phone @ \$599 was offered with a price cut of \$200 within two weeks) This sudden price cut sends ripple effects for customers about which Apple has to be extremely careful as it leaves a negative impact on customers. Similarly reaction to price changes giving positive and negative feedback from the customers. This covers a wider area in global market for Apple about which several aspects of marketing has to be taken into consideration with the fact that consumer psychology is dependent on demographics, life style and income status. It is also important to remember that consumer is always very observant about the rise and fall of prices especially in consumer electronics. Apple competitors HTC P3400 (Touch smartphone, Nokia MOSH and Microsoft Zune, least affects the sales of Apple with a strong fact that, Apple iPod, iPhone and DAP are all standard products and further the company is practicing various pricing strategies in keeping the interest of customers. Therefore, although competitors NPD pose a threat for the company, only a small portion of market is lost and there are no guarantees that competitors new launched products would always tap success as consumer mindset can never be understood as it keeps rotating. Apple has both marketing channels such as company's marketing personnel who are in regular contact with customers and a source of multi-channel marketing systems is available through Internetadvertisement, television advertisement, advertising campaigns and any other innovative method of marketing system that may be appropriate as deemed by the company. Channel conflict exists for Apple when customers opine

" We have seen a renewed strength in the product," we're definitely seeing Windows users come in and talk to us about Macintosh, and they are

switching over from Windows to Mac." Apple basically creates an image that is a source of learning school for all segment of customers and with this communication objective, Apple moves ahead in business. In public relations and publicity, Apple is outstanding with an evident fact once a customer is identified with an Apple iPod or iPhone, customer gains respect and esteem for that is the dignity and esteem of Apple company. This is not an exaggeration or overstating of facts whereas a multinational which has a channellized every functioning area is rightly to be stated and placed in the global market. One of the modes of sales promotion technique of Apple is through its Internet store [macdailynews.com](http://macdailynews.com) which provides latest information about Apple products which is updated every day. The other methods include retail stores, Internet stores, pop up ads in search engines, support and service web sites are a big source for sales promotion for Apple.

### Conclusion

Hitherto Apple company has been outstanding in keeping a record of success and in winning the confidence of customers. Although threats and risks continue to create a havoc, quality proven products of Apple per se, can create a niche size of global market for Apple Inc.

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