

Part one: analysis of current marketing situation

[Business](#), [Company](#)



P. J. Wilkerson Emily Gay Davis Bass Jeremy Staska Marketing 9: 55 Dr. Davis
November 21, 2008 Apple Inc. Company Analysis Part One: Analysis of
Current Marketing Situation Introduction to Apple Inc. Apple Inc. is a
company whose main objectives are " to design, manufacture and market
personal computers and related software, peripherals and personal
computing and communicating solutions" (" Wright Investors' Service").
Originally known as Apple Computers Inc, Apple has ventured into several
other areas besides that of computers, such as phones and portable music
players. The company is responsible for the production of iMacs, MacBooks,
iPods, and the iPhone. Apple also produces the software program, iTunes,
which allows people to store and buy music in a single place. Apple Inc.
customers range from educators to businesses to everyday consumers.
Since it has a wide array of different products, Apple Inc is able to
successfully target a large number of people. The company does most of its
business through its " online stores, direct sales force, third-party retailers,
and its own retail stores" (" Wright Investors' Service") and its operations are
currently in the " United States, Europe, Japan, and Asia Pacific" (" Wright
Investors' Service"). Apple Inc was founded on April 1, 1976 by Steve Jobs,
Steve Wozniak, and Ronald Wayne (Linzmayer). However, it did not truly
begin to gain attention until in 1984 when Apple announced the Macintosh
computer (Knight). In 1985, both Steve Jobs and Steve Wozniak left the
company to pursue other goals (Knight). As the years passed by, Apple Inc.
continued to release new models focusing on being more portable than other
computers and trying to give their computers a unique style. Even with all
the breakthroughs Apple was making, it was not able to become a dominant

force in the computer world and was more successful in certain niche market segments. In 1997, Apple Inc. was hemorrhaging money, losing hundreds of millions of dollars, but it had regained one of its former founders, Steve Jobs (Knight). In 1998, Apple released the iMac, which gained a profit in every quarter of the year, and turned Apple Inc. downward spiral around. As time went on the iMac gained more and more market share. In 2001, Apple released the iPod, which helped revolutionize the portable music market. Alongside the release of the iPod, Apple unveiled iTunes, a digital music player and store, which also quickly revolutionized the digital distribution of music. In 2007, Apple Inc. expanded its production into the world of smartphones by releasing the iPhone (Knight). Currently, Apple Inc. has become one of the major leaders in innovations in computer hardware, software, portable devices, and phones. All of its products are becoming quite successful and are reaching a large audience. The "Get a Mac" advertisement campaign, featuring two celebrities, has been running successfully and is one of the most watched advertisements on YouTube. Apple Inc. has also become a much larger business than it once was now employing 35,000 employees, selling 32.5 billion units, and operating 274 stores, according to statistics from September 29, 2008 ("Wright Investors' Service"). Also, Apple Inc. has increased its market share in almost every one of its product types. As of April 1, 2008, the iMac's market share has increased to 21% (DeWitt), up from just 9% in February 2007 (Baker). The MacBook has also increased its market share to 17.6% in August 2007, which puts it at number three on the list of top laptop makers (Dalrymple). The iPod has continued to dominate the MP3 portable player market with a

market share of just around 70%, even with the declining market for these players (DeWitt). iTunes has also continued to hold a large market share over its competitors. A study by Ipsos TEMPO Digital Music Brandscape, shows that iTunes is still gaining market share, up to 57% of all paid digital music downloads (Yoskowitz) . The only one of their products that has had a decline in market share is the iPhone. After a quick start into the smart phone market with 26.7% market share, the iPhone has dropped off to 19.2% in the first quarter of 2008 (Krazit). However it does still remain in second as the leading smart phone seller.

Industry and Environmental Analysis

The consumer electronics industry has become a large part of consumer spending. Since Apple Inc. targets several different areas of this spending, each area must be looked at separately. The desktop has become a staple of the American home and is quickly becoming more important in other areas of the world. In 2007, there were 255 million computers in use in the U. S., which roughly equals 831 in use per 1,000 people (" Computer Industry Almanac"). Computers have also recently passed the one-billion in use mark around the world (" Computer Industry Almanac"). Laptops have also been selling a lot more than usual. This year " DisplaySearch expects 228.8 million notebooks to be sold this year worldwide-nearly ten times as many as in 2001" (Martin). The MP3 portable music player market is also increasing. In-Stat reports that in 2005, 140 million MP3 players were sold and that they expect that stat to increase to 286 million by 2010. The same survey also shows that 49% of the people that own MP3 players have an Apple product of some sort (" IT Stat"). Digital music downloads have rapidly consumed a large amount of the music business. In the Digital Music Report 2008,

research showed that digital music downloading sales have reached \$2.9 billion and now account for 15% of the global music market ("IFPI"). The smart phone market is one of the fastest growing consumer electronic markets at this time. From 2006 to 2007, smart phone sales tripled and the market is expected to keep increasing as materials for these phones become cheaper (Frommer). Since all these markets are still in a stage of growth, it is very important for companies to keep an eye on trends and changes in the market environment. There are several current trends and changes in the marketing environment that could greatly affect all of these areas. The first of these trends is the continual need for business professionals to have the latest hardware and software at their disposal. A recent Forrester Research study shows that 57% of passengers on airlines want online connectivity during the flight (Martin). This statistic is up substantially from older statistics and it shows just how connected business people need to be. This forces consumer electronic companies to focus on making more portable laptops and other electronic accessories that allow for professionals to use them in as many different areas as possible. Another important trend is the growing market for computers in Asia. Intel Corp said in 2006 that they expect Asia to make 30% of global sales of computers by 2010 (Putra). It will be important for companies to start to heavily target this new market segment, especially because Asia is such a large market. If a company can get a firm hold of the Asian market share, it could dramatically increase their world market share percentage. It is also important for these companies to be aware of the effect of the current financial crisis many families are facing. MSNBC showed that consumer spending remained unchanged for the month

of August this year, which was worse than what many economists expected ("MSNBC"). Companies will have to be ready to take a financial hit if consumer spending continues to slow. This could lead many of the companies to lower their prices on their electronic products or make products on a lower price level. Another possible trend that corporations should be wary of is the rapid advancement in internet distribution. This is a market that iTunes formerly dominated completely, but several other companies are beginning to have the technology to compete with iTunes. Napster, RealNetworks, and even Amazon.com have started online music stores that rival that of iTunes. All these companies need to keep working to gain market share and make innovations in the area of digital distribution of media. Another trend in the market is the presence of illegal downloading of files. This mostly affects digital distribution of media, but it is a factor that must be accounted for. Since the pirating of music is so easily accessible to most people, companies invested in the digital distribution of media will have to keep their prices low in order to not alienate potential customers that know they could get the product for free if they wanted to. Since Apple Inc. is in so many different consumer electronic markets, it must compete with a large number of companies. In the desktop and laptop arena, the major competitor is the PC manufacturers, mainly HP and Dell. Dell's first quarter statistics were \$16 billion, a 9% increase from the year before (Ogg). Dell is also the leading market share holder in the U. S. with 31.4% (Hruska). HP did not fare as well in the U. S. but it holds the lead in global market share with 18.3% (Hruska). PC makers are at a crossroads right now because of the failure of the Microsoft Vista operating system. This has forced them to

change their marketing strategies to try and recover lost customers and try to show new customers that it is being fixed. One of the main strengths of the PC producers is brand recognition and the fact that it is still the prominent computer of use around the world. The main weakness is the fact that it is usually assumed that PC's are not at the same quality as Macs and that Windows is not a very good operating system. The next market is portable MP3 players. The main competition in this market is SanDisk, even though it is not very close. SanDisk has just 6.4% of the market share, far behind the iPod's numbers (Graham). The marketing strategy of these MP3 player making companies has to be to just raise awareness of their product and give people a reason to buy it over the iPod. The only real strength that these products have is the ability to play other formats that the iPod can not. However, this is also their greatest weakness. Since Apple owns most of the market share in digital distribution of music, the other formats have almost become obsolete. The main competitor with iTunes is Napster and RealNetworks. However once again, there is not a lot of competition between these companies and Apple. Apple has over half the market share and recent research shows that there is not much hope for Napster and RealNetworks as iTunes also has 90% of online music downloads in teenagers (" Macenstein"). The biggest competition in this area is actually the pirating of music. The main strength of Napster and RealNetworks is that they are able to cater to audiences that do not own iPods because these people can not use iTunes to play their music. Once again, the weakness is awareness that these companies are even competing. Finally, the place where Apple still has a lot of work to do is in the smart phone market. Nokia and Research in Motion (or

RIM), the company that makes the Blackberry, are much farther ahead in sales and market share on a global level. Nokia is the world wide leader in smart phones in 2007 with 35.5 million sales and a 53% market share ("Canalys"). RIM is in second with 4 million sales and a market share of 11.4% ("Canalys"). However, these companies have changed their marketing strategies quickly in reaction to the rapid increase in sales of the iPhone. They have begun to make the design of the phones more like the iPhones and have added many of the formerly unique aspects of the iPhone. The main strength for Nokia and RIM is the fact that they have such dominance over the smart phone market and that they have been around longer than the iPhone. The biggest weakness is the fact that the iPhone is rapidly taking away sales because of its marketing campaigns, constant innovation to the iPhone, and the excitement that a new Apple product brings. Part II:

Assessment of Opportunities and Problems BCG Matrix Application This section is used to analyze the opportunities, problems, and threats facing Apple Inc. The Boston Consulting Group matrix is a useful tool in helping a firm determine how resources are getting spent and what the firm is getting in return (Davis). Within the BCG matrix, the iPhone 3G would be considered a star. Stars are products that are very profitable and their anticipated market growth rate is strong. These products also tend to give the company a lot of attention and boost the company's revenue. The success of the iPhone 3G was a huge contributing factor in generating high revenue for Apple in 2008. Within its first full quarter, 6.9 million iPhone 3Gs were sold, causing Apples earnings to increase by 38%. ("Standard & Poor's") By the end of 2008, Apple expects at least 10 million more units will be sold. The

iPhone 3G quickly snagged 27% of the market share for smart phones in the U. S., and this number is expected to grow (Park). However, the hype over the iPhone 3G is beginning to fade, and in no time at all, this product will become a cash cow. In order to respond to this diminishing enthusiasm over Apple's star product, Apple should come out with a new product to grab the attention of Apple consumers. Apple's question mark products are the Mac laptops. Question marks are SBUs that have a weak presence in a growing market. Due to the spread of mobile Internet services and the decreasing prices of laptops, the market for laptops has started to grow rapidly (Dinan). However, Apple laptops only dominate 6.6% of the U. S. laptop market (Jade). Apple's low share of the laptop market has been attributed to the high prices Apple charges. Apple's least expensive laptop sells for \$1,099, as opposed to window's least expensive laptops, which sell for less than \$500 (Wilcox). Apple's main cash cow product is the iPod. Products that are cash cows typically generate large amounts of cash and dominate large shares of slow-growth markets. Ever since 2004, iPods have maintained a laudable 70% share in the MP3 player market. Despite the fact that the iPod has been around for a few years now, the product continues to be very successful. In the third quarter of 2008, Apple sold 11,011,000 iPods ("Apple"). However, the research has shown that market growth for this product has slowed (O' Brien), which means that Apple should probably start to consider being more proactive in expanding overseas. Apple's dog product is the Mac desktop. Dogs are SBUS with a low market share in a market that has a low growth rate. As the trend for mobile internet service devices is on the rise, the market for desktops has started to decline (Dinan).

In addition, Mac desktops hold only 8.5% in the desktop market share, trailing behind both HP, holding 25.3% of market-share, and Dell, holding 31.9% of the market share (Cubrilovic). Growth/Product Matrix Application

While the majority of Mac products such as the iPod, and the iPhone are marketed towards everyone, especially the technologically savvy and brand conscious generation Y, the new MacBook Air is specifically targeted towards business people. Products such as the iPod and the iPhone are less expensive compared to other Apple products, and therefore targeted towards a wider group of consumers because they are more affordable. However, the MacBook Air costs \$1,799. The laptop is less than an inch thick, turns on the minute the computer is opened, and has a feature that allows a person to view movies online 30 days after they are released on DVD (McLean). Apple's attempt to create products geared towards business elites is an example of diversification since this is a new product meant to satisfy the needs of a new market. Apple believes that the lightweight quality and speed of the MacBook Air will cater to the business people's need for mobility. Since Apple laptops have a relatively low share of the computer market due to their high prices, one might think that the best strategy would be for Apple to lower their prices of Mac computers and laptops. However, Apple believes that they can continue to achieve success as a company even with these high computer prices because the sales growth of Macs has recently outpaced the growth of the broader PC market (McLean). While HP and Dell offer less expensive computers to a broader market, Apple believes that they can increase revenue by focusing on making innovative products geared towards a specific niche who appreciate the aesthetic appeal and

high quality of Apple products (McLean). In addition to Apple reaching new markets within the U. S., Apple will take the market development approach to market growth by working on obtaining a stronger presence overseas. The market for high tech gear is rapidly increasing in Asia and Europe (O' Brien). Mark Hurd, Hewlett-Packard CEO stated that " emerging markets accounted for nearly half of the industry's PC shipments at the end of 2007, and well over half of the growth" (O' Brien). However, Apple came in 17th in global PC shipments in 2007 (O' Brien). To establish a larger presence overseas, Apple plans to open a store in China and Australia by the end of 2008. However, Apple should focus on opening more stores in Europe since in 2007, Apple reported that net sales in Europe grew twice as fast as in the United States (" MacNN"). There is significant room for expansion in Europe since currently there are only 13 Apple stores in the U. K. and one in Italy, so they should continue to target this emerging market. (O' Brien). Potential Threats One of the biggest potential threats to Apple is the recent economic crisis. The crisis' pervasive and widespread effects have caused many Americans to spend their money cautiously, meaning that less luxury items will be purchased. More people may stick with the laptop, iPod, or phone that they have instead of looking to consider a new one. Moreover, people in desperate need of a new phone or a laptop would be most likely considering a thriftier purchase than the iPhone or MacBook. Until the economy is back on track and people feel more secure about their jobs, Apple may see a decline in sales. In addition, the evolvment of other companies that compete with iTunes for the online music segment could pose as a potential threat to Apple. These online music services, such as Napster Inc. and

RealNetworks Inc. are beneficial because they can work with a variety of MP3 players. However, the downloaded music from these websites is incompatible with iPods. Since iPods have dominated the market for MP3 players, these online music services don't pose a huge threat to Apple's market share. However, their existence means that Apple must strive to maintain a strong presence within the MP3 market if they want to ensure the future success of their company ("Standards & Poor"). Illegal sharing of music files poses another threat to iTunes. Despite the fact that the RIAA (The Recording Industry Association of America) has been proactive in attempting to sue those facilitating and partaking in illegal file sharing, as of 2007, 19% percent of the US population engages in peer-to-peer file sharing ("Standards & Poor"). This has been the highest amount of people yet engaged in peer-to-peer file sharing. Unless the governmental regulations against illegal file sharing are more effectively enforced, music swapping programs, such as Limewire, will continue to prevent iTunes from reaching their maximum potential revenue.

Part III: Marketing Objectives

Mission Statement Analysis: The purpose of a mission statement is to convey the role a company plays in society. This statement should be concise, inspirational, and express the company's vision. An effective mission statement includes the organization's history, distinctive competencies, and the organization's environment. Apple's mission statement is "to [bring] the best personal computing experience to students, educators, creative professionals, and consumers around the world through innovative hardware, software, and internet offerings" ("Apple"). This statement may not specifically state Apple's history as a company, but by stating that Apple is committed to

bringing innovative hardware, software, and internet offerings, implies that this is a company that is able to change with time. In order to be innovative, you have to be a head of the technological trends. In this statement, Apple promises to be continuously aware of the technological advances and trends and bring its consumers state-of-the-art products. This mission statement highlights Apple's distinctive competencies in its pledge to deliver the best personal computing experience to its consumers. Although HP and Dell create products that are durable and inexpensive, Apple promises deliver more to their consumers by creating inventive and high quality products that can be personalized. The new line of iPod Nanos come in 9 different colors and now Mac laptops are being sold in a variety of colors and patterns. In addition, you can decide how much memory you want on your iPod, iPhone, Mac desktop, or Mac laptop. On the computers, you can even decide which programs you do or do not wish to have installed on your product. In addition, all of Apple's products meant to appeal to the creative side of individuals. The iPod, the iPhone, the Mac desktops, and the Mac laptops all have iTunes, holding hundreds, if not thousands, of an individual's favorite songs. These devices can also hold your favorite pictures as well. The Mac desktops and laptops all come with programs such as iPhoto, which is a program where one can change the hues and textures of pictures, and iMovie, a program where movies can be made using pictures and digital recordings, that adhere to the creative needs of the individual. Lastly, this mission statement illustrates the organizations environment by ensuring that Apple will continuously deliver innovative products to its consumers. This mission statement could be for no other company than Apple because

no other computer, hardware, and software company emphasizes innovation, personalization, and creativity the way Apple does.

Organizational Objectives While the mission statement states the company's purpose and role in society, a company's organizational objectives are goals that specify what the organization wants to accomplish in terms of the firm's overall performance (Davis). One organizational objective that Apple has is to increase company size by expanding overseas. Although Apple has not given an exact number of stores they hope to have abroad by a certain time, it has been estimated that by 2010, 18 new store locations will be opened, the majority of which will be overseas (Allen). Apple hopes that the benefits of establishing a larger presence abroad will be two fold. Firstly, Apple hopes that these stores abroad will play a "branding" function, providing visibility to the company's logo and products ("Apple"). Secondly, Apple hopes these stores will increase revenue, helping apple achieve its goal of obtaining \$9-\$10 billion in revenue in 2009 ("Apple"). Another one of Apple's organizational objectives is to become more socially responsible. By the end of 2008, Apple plans to completely stop the use of arsenic, polyvinyl chloride, and brominated flame retardants in the making of all of their products ("Apple"). In addition, Apple hopes to recycle 19 million pounds of waste per year ("Apple"). One way in which Apple hopes to do this is by allowing 10% off the purchase of a new iPod when any individual turns in their old iPod to the Apple store. This way Apple can ensure that the iPod materials are recycled instead of wasted. In essence, by expanding overseas and becoming more socially responsible, Apple hopes that revenue will increase and they will be associated with a more positive image, thereby

contributing to the firm's overall performance. Marketing Objectives

Marketing objectives are specified goals of what is to be accomplished through marketing activities (Davis). Apple's main marketing objectives pertain to their products, customer services, and target markets. Apple's biggest marketing objective is to continue to be the leader in the creation of innovative products. The success of the iPod marked Apple as the leader of innovation with 8.3 million units being sold in FY 07 ("Standards & Poor's"). Never before had an MP3 player been so easy to use, so visually appealing, and built to hold over 1,000 songs. Today the iPhone is Apple's most recent and popular innovation. This phone, complete with a touch screen, internet service, a GPS, iTunes, and an individual's choice of their favorite Apps, is revolutionary to the cellular phone industry. Companies such as Samsung have tried to create copycat products, but none hold a flame to the popularity and success generated by the iPhone. In addition, Apple's role as the leader in the creation of innovative products is what allows Apple to keep the prices of their laptops high, even when their competitors offer laptops almost \$1,000 less than Apple's cheapest laptop ("Apple"). The aesthetic and user-friendly nature of the Mac graphical interface (use of visual metaphors and pointers ["graphical user interface"]) and visual layout helps maintain a consistently loyal niche of consumers. Apple realizes that if they can maintain their role as the innovation leader and keep coming out with inventive and easy-to-use products, they can continue their success as a company. Another one of Apple's marketing objectives is to continue to provide exceptional customer service. The University of Michigan released its annual ACSI scores (a measurement of a consumer's satisfaction with the

company including quality, value, and customer service) for 2008, revealed that Apple was the most satisfactory PC company (" Scores by Company"). However, Apple's high ratings were partly attributed to the problems that people were having with the new Windows Vista software. Nevertheless, it is clear that Apple provides its customers with outstanding service. The website alone provides phenomenal aid to individuals with product questions. The hundreds of Apple products and services each have their own individual webpage that have information, FAQs, and manuals to help individuals who are having product problems. If an individual is still having problems they can simply take their product to a local Apple store to have it looked at by a team of experts free of charge. In addition, the mere fact that individuals can walk into an Apple store, experiment and play with all of the Apple products, and ask a friendly staff member any questions about the product is a symbol of Apple's dedication to ensuring that each potential customer is receives helpful and prompt service. An additional marketing objective that Apple has is that it wants to create products that satisfy the needs of their main target market: generation Y. With the 60 million members of generation Y in the U. S., corporations have realized that if they don't cater to this generation, their corporation will die. Apple, a corporation initially marketed to business people, regained astronomical success when it started to appeal to generation Y. Growing up in a media-saturated environment; this generation is extremely brand conscious. Apple has devoted a large amount of time and money developing their identity as a brand. Apple appeals to generation Y because they are known for creating innovative products that stimulate creativity and self-expression (Neuborne).

Apple created iTunes because they recognized the need that this technologically savvy generation has for access to the latest music trends and speedy downloads. Recognizing the need that this generation has for mobile internet access, Apple has begun to incorporate internet access into products such as the iPhone and the iPod Touch. Apple also recognizes the need this generation has for individuality and self expression, which is why the iPod Nano comes in 9 different colors and laptops can be purchased in a variety of colors and patterns. Apple knows that if they get generation Y to become loyal to their company, their purchasing habits will continue into adulthood.

Part 4: Marketing Strategies Target Market Apple is a unique company unlike many others. Many companies have specific target markets that they identify in order to focus their advertising dollars. A target market is one or more specific groups of potential consumers towards which an organization directs its marketing program (Kerin, 13). Their product is unique in that they are able to model any one of their wide array of products to anyone who is interested in buying one. Upon visiting their website you will see the customization options for everything from movie editing software to what color you would like your iPod to be. They offer different features for students, businesses, kids, and adults. This makes Apple very versatile in who they will market to ("Apple"). As stated earlier Apple has a multiple target market broken down into two groups. Steve Jobs, founder of Apple, wanted a "strategy consisting of developing two general kinds of market segments- the consumer and professional sectors" (Kerin, 242). Apple breaks this down into two groups, consumer and professional. First time consumers will probably lean more towards an inexpensive easy to use iPod or while

savvy veterans and professional businesses may choose a more expensive computer with tons of software, all based completely on what you need. Apple.com even has a section on its website completely devoted to figuring out which Mac (their line of computers) is right for you ("Apple"). Apple is not the first company to offer custom computers, Dell and their other top competitors have been doing this for quite sometime. The aspect that makes Apple special is that while they offer their long list of products in different electronics outlets across the country, they also have their very own stores. This was not on accident. Apple came up with this strategy back in 1996 as a shot in the arm for sales revenue (Schramm). While Dell has to compete with every computer on the shelf, a customer that walks into any Apple store will only be seeing Apple products. Apple is also unique in that they do not just make computers. Their recent line of iPods and iPhones is actually the company's real cash cow (McGrath). These products are marketed at different age groups. iPhones are aimed at younger men, AppleInsider writes "iPhone's most eager buyers confirms stereotypes of successful younger men as its target market" (Malley). Their advertising specifically focuses on it. (232) Marketing Mix Apple originally started out as a company that sold just computers. They were just like all the other computers only they used different software. However, Apple has been headed towards becoming a specialty good for quite some time. A specialty good is an item that a consumer makes a special effort to seek out and buy (Kerin, 257). With recent product developments like the iPod, as well as the software iTunes, many people have begun to specifically seek out Macs. They are no longer called computers they are called Macs and that is not just because it is a

trendy name, but an entirely different product. Mac offers features that other computers do not have which is one of the reasons customers seek it out over other computers. Therefore, Mac is a specialty good that requires extensive search and decision time. All companies go through life cycles. There are four stages of the product life cycle introduction, growth, maturity, and decline. The product life cycle concept, or PLC, describes the stages a new product goes through in the market place (Kerin, 280-285). Mac is currently following the fashion product lifecycle because they have already been through all four stages and are currently in the growth stage again. During the 1980's Mac experienced success offering their new technology. The company was doing fine until the mid-nineties when the company experienced serious economic loss. Different chairmen had their turn in trying to right the ship, but none were successful. Steve Jobs would return to the position that had once made his company so successful. Upon his return he announced, " A new direction for the corporations, with radical changes in the way it would design, sell, and build computers" (Kimmel). This led to the birth of the Apple store, which would go on to report " half a million dollars in sales...in its first twelve hours of operation" (Kimmel). Now Apple has blossomed and the introduction of its new products like the iPod and the iPhone has caused Apple to boom like never before (McGrath). Different packaging strategies can make or break a product. Today Apple is known as one of the " sleekest and sexiest" companies around (" Ciao"). Their packaging reflects this perception. The boxes have a little distraction as if too much information would be ' un-cool.' Their products are extremely environmentally conscious using, " recyclable glass and aluminum" ("

Apple"). Another big user friendly component is the instructions on the inside of the box. Not only does Apple offer typed instructions on how to use their products in almost any language, but they also offer downloadable versions as well. So while you are installing your very first iTunes on your very first MacBook you can just pop in a disk and it will take all of the guess work out. Apple takes a specific approach when it comes to branding. They use multi-branding. Multi-branding includes giving each product a distinct name and is a useful strategy when each brand is intended for a different market segment (Kerin, 297). Instead of just putting all of their products under the generic name Apple, they have assigned unique names that clarify the use of each product. iTunes is where you store your music, iPods are where you listen to your music, and iPhone well you get the picture. This allows users to seek specific knowledge on a variety of different products. ("Apple") Many products become the generic name for their certain item. For example Coca-cola is commonly used as a term for soft drink or Kleenex is often referred to for a tissue. Apple is approaching this kind of brand name recognition (Brians). Specifically iPod, this is widely considered the generic term for an Mp3 player. This is a good thing for Apple because it gives them the advantage over other companies when it comes to word of mouth. (Kerin, 225) When it comes to creating a pricing plan companies must be very careful. If they set their prices to high then no one will buy their product, but if they set them to low then they will not maximize profits. Apple is competing on both a price and a non-price basis. Apple believes that they are, "delivering state-of-the-art products at price points that our competitors cannot match" (Frommer). Apple believes that they have a superior product

and one as mentioned early that is so different from other computer products that people will buy it at a higher cost. However Apple still needs to remain competitive, "Apple's computers are pretty much as cheap as they've ever been, especially relative to comparable PCs" (Frommer). If Apple continues to offer top quality technology at prices that are near the competition, they will be extremely successful. (Weigand) When setting a price it is important to set a price that will allow your company to reach a certain goal. This is known as pricing objectives which involves specifying the role of price in an organization's marketing and strategic plans (Kerin, 334-336). Apple recently experienced great success with this strategy. They set a goal for their new product, the 3G iPhone, and far surpassed their expectations despite the high cost at which it was sold. This is an effective use of pricing objectives (Dalrymple). Apple uses skimming pricing as their pricing strategy. Skimming Pricing is setting the highest initial price and customers really desiring the product are willing to pay (Kerin, 356). Customers are not price sensitive because they weigh the product's price, quality, and the ability to satisfy their need. Apple recently put out a line of MacBooks. There was a panic because the MacBooks came out at a price about \$400 dollars more than expected. However this particular computer sold very well despite the scare, this further adds evidence to the fact that Mac users will pay a higher price for this product. After the initial price is set they will lower the price in order to attract a broader group of consumers. Apple takes a direct and indirect channel when it comes to deal with their customers. Direct channel allows customers to buy products by interacting with various advertising media without a face to face meeting with a sales

person and indirect channel involves intermediaries between producers and consumers (Kerin, 393-395). Many manufactures do not have to deal with their customers directly because they buy from different outlets. Apple has their own line of stores where their employees are well trained on all of Apples products (Schramm). This provides another area of service that other companies cannot give. This is directly from the producer therefore this is a direct channel. While they have their own stores to sell their products they still compete in other areas of distribution. Best Buy and other electronic department stores sell products which represents the indirect channel. Also AT&T is now selling iPhones (Buchanan). This just makes Apple that much more versatile, they have their products in every single place that you can expect to buy electronics. (Kerin, 389) Apple is headed down the path of exclusive distribution. As mentioned earlier Apple has its own line of stores where they can sell all of their products without having to compete with any other companies. This has been hugely successful. They have also been selling their products online since the mid-nineties. (Graham) Apple has definitely experienced a recent run of success, but that has not made them lazy. Their goal is to be the number one technology provider in the world as well as continue to provide state-of-the-art products for its customers ("Apple"). They continue to strive for this goal by coming up with effective advertising campaigns, personal selling, and direct marketing. Advertising is any paid form of non personal communication about an organization, good, service, or idea by an identified sponsor (Kerin, 466). The type of advertising that they use is known as competitive institutional. These are advertisements that promote the advantages of one product class over

another and are used in markets where different product classes compete for the same buyers (Kerin, 492). A great example of this is the PC vs. Mac ads. These commercials pit the boring, conservative, and out of style PC against the young, hip, and cool Mac. The two argue over who is better and it is obvious that the debate may be a little biased. These have received mixed results from consumers, but it is without a doubt a specific style of advertising that Apple plans to use (Stevenson). Apple gets their ads out to the public through different media outlets. I have already mentioned the television campaigns, but there is also ads seen in magazines and on the internet (Kerin, 500). Apple offers few promotions or sales for its customers outside of the occasional price cut. For the most part their sales promotion is consumer oriented. This is tools used to support the companies advertising and personal selling. Apple uses rebates which are the return of money based on proof of purchases. One unique aspect of Apples promotion plan is the discounts that they offer students and teachers. This is a way to capture a target market while still doing a good thing and offering their products to people who need them for a reduced cost. (" Apple") Summary Apple Inc., originally known as Apple Computers Inc., has moved into several different consumer electronic markets with quite of business success. One of the most important introductions that Apple Inc. made was iPod because it helped revolutionize the MP3 player market and has become one of the most popular electronics products. Apple has also ventured into the smart phone market and has helped with the advancement of that market. The five main products that Apple offers are the Mac computer, the MacBook laptop, iPod, iPhone, and the ever popular iTunes. While its computer and phone products

do dominate their respective markets, the iPod and iTunes have a huge market share in their market areas. There are also five main trends and threats that Apple needs to be aware of. The first is the need for business people to be able to access the internet at almost all times. Second, it is important for Apple to try to expand their market share overseas, especially in Asia where the demand is growing quickly. A threat that Apple must be ready to take action on is the economic crisis that has occurred. If spending decreases than they will probably lose quite a few sales since most of their products are more expensive than their competitors. Also Apple needs to be aware of the advancement of digital distribution of media and the illegal stealing of media on the internet. Both of these issues threaten their market share in that area. It is important that Apple continue to be an innovator in the production of their products. It is one of the main things that made them the company they are today, so continuing to produce new and exciting products is very important for the continuing advancement of the company. Another marketing objective is to continue focusing on their main target market, generation Y, in order to keep them happy and hopefully persuade them to become brand loyal. Since Apples product is a good, it is important to be able to compete with the other products in the respective markets. This is why Apple uses both price and non-price competition. By using both these strategies, Apple is able to target people who only care about price, such as someone purchasing an iPod over a Zune, and also people who care about quality and service more, such as people buying MacBooks over PC's. Overall, Apple Inc. is an extremely interesting company to study. The fact that they were almost out of business and the managed to come back and

be an impressive industry innovator sets it apart from a lot of companies. Apple's products continually show how dedicated they are to the consumer and the constant innovation shows just how far ahead of their competitors they are. Even if the numbers do not always show it, Apple is one of the most remarkable consumer electronics companies in the world and they are sure to release more products that impress the people in the future. Works Cited " 140 mln MP3 players sold in 2005, 286 mln by 2010." IT Facts. 02 May 2008. IT Facts. 21 Nov 2008 . Allen, Gary. " One number holds the key to Apple Retail in 2009." AppleInsider. 17 Oct 2008. AppleInsider. 21 Nov 2008 . " Apple Inc. Company Profile Snapshot." Wright Investors Service. 29 Sept 2008. The Winthrop Corporation. 21 Nov 2008 . " Apple Inc. NDQ - AAPL." Value Line. 27 Sep 2008. Value Line. 21 Nov 2008 . " Apple Inc." Standard & Poor's. 2008. Standard and Poor's. 23 Nov 2008 . " Apple in Education." Apple Inc.. 16 Nov 2008 . " Apple iPod nano 4 GB ." Ciao. Ciao. com. 21 Nov 2008 . " Apple No. 1 in education in Western Europe, UK." MacNN. 01 Aug 2008. mnm media. 21 Nov 2008 . " Apple Reports Record Third Quarter Results." Apple. 21 July 2008. Apple Inc.. 21 Nov 2008 . Baker, Bradley. " Apple Hits 18% Share of US Computer Market by End of Year." The Industry Standard. 25 Mar 2008. The Industry Standard. 21 Nov 2008 . Brians, Paul. " Brand Names." Common Errors in English. 16 Nov 2008 . Buchanan, Matt. " AT&T Sells 2. 4 Million iPhone 3Gs, 40 Percent to New Customers." Gizmodo. 22 Oct. 2008. 21 Nov 2008 . " Consumer spending slows as stimulus fades." MSNBC. 29 Sep 2008. Microsoft. 21 Nov 2008 < <http://www.msnbc.msn.com/id/26940695/>> Cubrilovic, Nik. " Apple Climbs To Third Place In US Desktop Market." Tech Crunch It. 17 July 2008. TechCrunchIt. 21 Nov 2008 .

Dalrymple, Jim. " Apple's Laptop Market Share Climbs." PC World. 21 Aug 2007. PC World Communications, Inc.. 21 Nov 2008 . Dalrymple, Jim. " Apple reaches iPhone goal, reports \$1. 14B profit." Macworld. Mac Publishing. 21 Nov 2008 . DeWitt, Philip - Elmer. " Analyst: Apple's U. S. consumer market share now 21 percent." CNN Money. 01 Apr 2008. Cable News Network. 21 Nov 2008 . DeWitt, Philip - Elmer. " How to grow the iPod as the MP3 player market shrinks." CNN Money. 29 Jan 2008. Cable News Network. 21 Nov 2008 . Dinan, Michael. " Report: Laptop Market Growing, Thanks to Mobile Internet Services." iPhone. TMC. net. 02 Sep 2008. Technology Marketing Corporation. 21 Nov 2008 . Fortt, Jon. " Overseas sales could revive Apple." CNN Money. 26 Feb 2008. Cable News Network. 21 Nov 2008 . Frommer, Dan. " Apple's Year Ahead: Slashing Mac Prices To Boost Market Share? (AAPL) ." Silicon Alley Insider 15 Nov 2008 . Frommer, Dan. " Smartphone Sales Soar, iPhone Grabs 27% Of Market." Silicon Alley Insider. 20 Nov 2007. Siliscon Alley Media. 21 Nov 2008 . Graham, Jefferson. " Apple buffs marketing savvy to a high shine." USA Today 14 Nov 2008 . Graham, Jefferson. " Looks like the new iPod's a hit." USA Today. 18 Sep 2005. Gannet Co Inc.. 23 Nov 2008 . " Graphical user interface (GUI) ." Encyclopedia Britannica. Encyclopedia Britannica, Inc.. 21 Nov 2008 . Hruska, Joel. " Apple, Dell big market share winners for the first quarter." ARS Technica. 17 Apr 2008. CondeNet Inc.. 21 Nov 2008 . " IFPI publishes Digital Music Report 2008 ." IFPI. 24 Jan 2008. IFPI. 21 Nov 2008 . " Investor Relations." Apple. Apple Inc.. 21 Nov 2008 " iTunes continues to dominate legal music download sales with a 90% share ." Macenstein. 10 Apr 2008. Macenstein. 23 Nov 2008 . Jade, Charles. " Apple gains US market share in laptops." ARS

Technica. 17 Sep 2008. CondeNet Inc. 21 Nov 2008 . Kerin, Roger, Steven Hartley, and William Rudelius. Marketing. 9. New York: McGraw Hill Irwin, 2009. Kimmel, Leigh. " Apple Computer, Inc.: A History." 14 Nov 2008 . Knight, Dan. " Macintosh History." LowEndMac. CobWeb Publishing. 21 Nov 2008 . Krazit , Tom. " Apple's iPhone loses U. S. market share in Q1." Cnet News. 02 June 2008. CBS Interactive. 21 Nov 2008 . Linzmayer, Owen and Chaffin, Bryan. " This Week in Apple History." The Mac Observer. 04 Apr. 2005. The Mac Observer Inc.. 21 Nov 2008 . Malley, Aidan. " Apple, AT&T neophytes to define iPhone audience - report." AppleInsider. 06 June 2007. AppleInsider. 21 Nov 2008 . Martin, James A.. " The Most and Least Wired Airlines and Airports." PC World. 18 Mar 2008. PC World Communications. 21 Nov 2008 . McGrath, Dylan. " iPod Drives Apple To Record Revenue ." Information Week. 10 Jan 2006. United Business Media LLC. 21 Nov 2008 . McLean, Prince. " How the MacBook Air stacks up against other ultra-light notebooks." AppleInsider. 22 Jan 2008. Apple Insider. 21 Nov 2008 . Morris, Glen Emerson. " The Apple iTunes Music Store: How Apple Got it Right." Advertising & Marketing Review. 16 Nov 2008 . Musgrove, Mike. " At 30, Apple Is Mainstream -- And a Target." Washington Post. 02 Apr, 2006. The Washington Post Company. 21 Nov 2008 . Neuborne, Ellen. " Generation Y." Business Week. The McGraw Hill Companies. 21 Nov 2008 . O' Brien, Stuart. " Portable media player market to slow." Mobile Entertainment. 02 Oct 2007. Intent Media. 21 Nov 2008 [http://www. mobile-ent. biz/news/29049/Portable-media-player-market-to-slow](http://www.mobile-ent.biz/news/29049/Portable-media-player-market-to-slow) Ogg, Erica. " Notebook sales help boost Dell earnings." Cnet News. 29 May 2008. CBS Interactive Inc.. 21 Nov 2008 . Park, Will. " In your face Steve Ballmer - Apple iPhone Q3 2007 market-share busts

up Windows Mobile." Into Mobile. 14 Dec 2007. IntoMobile. 21 Nov 2008 .

Putra, Budi. " Asia will be 30% of global PC sales by 2010." The Asia tech. 26 Sep 2008. The Asia tech. 21 Nov 2008 . Schramm, Mike. " History of the Apple Store." The Unofficial Apple Weblog. 26 June 2007. Weblogs Inc.. 21 Nov 2008 . " Scores By Company." ACSI. American Customer Satisfaction Index. 21 Nov 2008 . " Smart mobile device shipments hit 118 million in 2007, up 53% on 2006 ." Canalsys. Canalsys. com. 21 Nov 2008 . Stevenson, Seth. " Mac Attack: Apple's mean-spirited new ad campaign." Slate. 19 June 2006. 15 Nov 2008 . Weigand, C. J.. " Recession promises notebook price cuts . . . but does Apple? - The Dedicated Mac - Column." BNET. BNET Business Network. 21 Nov 2008 . Wilcox, Joe. " The Great Windows-Mac Laptop War." Microsoft Watch. 29 Sep 2008. Ziff Davis Enterprise Holding Inc. 21 Nov 2008 . " Worldwide Cumulative PC Sales Exceed 1 billion.." Computer Industry Almanac Inc.. 28 Feb 2008. Computer Industry Almanac Inc.. 21 Nov 2008 . Yoskowitz, Andre. " iTunes gains market share, as does Amazon, Rhapsody." After Dawn. 11 Oct 2008. After dawn Ltd.. 21 Nov 2008 . ----- 29