

Bcg matrix

[Business](#), [Marketing](#)



The idea of carrying your favorite music wherever you go has always been fascinating for people all over the world for the longest time. It started with carrying of stereo systems, then came the portable cassette players followed by the portable CD players and then finally the digital music players. In 2001 the portable music players industry was revolutionized by the advent of an Apple's product called the iPod; this came as a breath of fresh air for music lovers all over the world and was an instant hit.

The success of it can be determined by the fact that it has become a household name a brand known all over the world in such a short time; it is one of the highest revenue generating products for the Apple and is now the market leader in products of its genre. iPod - Target Market iPod's target market has been the youth primarily who listen to music of all kinds and are always on the go, but with time the target market expanded tremendously.

Now it caters to almost everyone with accessories available it has made the music available for people where ever they are all the time. It has become part of everyday life of any professional who listens to music where ever he is working, although through campaigns it still targets the young energetic segment of the consumer market but benefits of the product are enjoyed by everyone (Apple Investor, 2008). Organizations have now employed iPod in training of their new recruits; this shows the diversity of the market that the product is now catering to.

The product has grown over the years but has kept its integrity and maintained its status; as the market grew and competitors came in Apple as always tried to stay ahead of the competition by bringing variety in the product while keeping the originality. The iPod now ranges from iPod Classic, <https://assignbuster.com/bcg-matrix/>

iPod Nano, iPod Shuffle and iPod touch; each caters to a different segment of the society and has its own niche. Factors influencing consumer behavior Factors that have the most impact on the behavior of a consumer are • Psychological • Personal • Social • Cultural (Robbins & Judge, 2004)

A manager while making any decision about a product needs to keep in mind anything that falls under the lines defined by the above mentioned factors. iPod on the other hand catered to each of these factors in its own way. Psychological If we analyze the ad campaigns for the iPod it would tell us that it shows people that iPod is a product that has been designed for people who are energetic who are young or at least feel young, the colorful pattern adopted in the ads as well as in the product depicts that it is a product that doesn't cater to a specific class but is for everyone (BCG Expertise, 2009).

Being a technological product it also appeals to the techno side of a human mind, the desire to stay ahead of others and own an object that would be a statement for them. iPod over the years achieved this status of being a self statement for people and it is a major success of the product indeed. A lot of people associate their choice of music with their personalities, and are very possessive about the songs they own and they listen to, the iPod enable them to keep this possession close to them and take it wherever they go and enjoy them whenever they feel like, hence gives them this sense of completion as well.

Personal The appeal of the product is created towards the younger generation primarily the students and the freshly hired professionals. The product is a little high priced that is why it has always been a status symbol as well in many societies, it is also for the people who have some know-how

of technology and are inclined to learn more (Apple Investor, 2008). For people of young age life is always on the move, it is very important for them to have things that are portable and are easy to carry.

Music is by far the favorite pass time as well as a motivator in a way that it complements their work habits, hence having a device that can be easily carried and taken to places and can carry your favorite things is a great attraction. Social The social aspect of an iPod is on the greatest factor influencing consumer behavior. iPod from its introduction in 2001 became an instant hit and the culture of iPod started, it became a second name for music for a lot of people (Apple iPod Touch, 2009).

Apple had a lot to do in bringing and enabling this culture to flourish as they kept on bringing in new features and accessories for the iPod music for example the iTunes and its advancements, this kept the customers involved in the product while on the other hand gave reasons to people to talk about the product hence iPod became a topic of discussion as well as the time progressed.

A lot of the success of iPod has to do with peer pressure and reference groups as well, people adopt things that they see in their surroundings, or with people who they are close to. This creates a desire among them to have the same object as well, with iPod being a state of the art product the word of mouth was tremendous people couldn't stop talking about their iPods and its features; this created hype in the market about the product and more and more people bought them. Cultural

With the advancement in technology the people wanted convenience in everything and hence the involvement of technology increased day by day in a common man's life, this culture of technology also progressed with time. With this culture flourishing iPod came as a perfect fit, people were willing to adopt changes and try out new products, people were better educated and well aware of what the product was all about hence less effort was required in making the people understand the product also it enabled people to better receive the product (iPhone 3G, 2009).

The today's world has become really fast paced, time is the most expensive resource and everybody seems to be short of it; in such times it was hard for people to relax at their work places or enjoy a few minutes of good music, even if they were able to they didn't feel comfortable with it. In such time iPod came as blessing as it was handy yet could carry loads of music files now people were able to enjoy their music while being at work or being busy with whatever they want to do (Bulik, 2008). Consumer Behavior Model

Black Box Model The Black Box model is divided into three basic parts: • Environmental Factors • Black Box • Buyer's Response (Daft, 2001)

Environmental Factors The Environmental Factors is the basic scenario in which a consumer is placed and has to make a decision these are his surroundings and how the product is presented to him and also how he perceives the product, how important is it for him and does he even feel the need for the product or not. The environmental factors are further divided into two categories 1.

Environment: These are the conditions that the customer lives in and his surroundings, the aspects involved are the political situation of the country

<https://assignbuster.com/bcg-matrix/>

and its stability, this also involves the economical standing of the country the buying power of the consumer, the cultural aspect is also included in order to analyze the fact and understand how the customer will perceive the product and also the technical issues are also discussed for the reason that whether the society is able to adopt and understand and support the technology or not.

In iPods case as the product was launched predominantly in the western markets, the environment was favorable although some problems were faced in countries else where, the financial and political support was there, the product was a perfect fit for the fast paced on the go culture and also the technology was very well received by the audience (Robbins & Judge, 2004).

2. Marketing Strategy: The marketing aspect of the environmental factor is more company related this is more about how the company designs its product, prices it, promotes it and defines distribution channels based on the environment discussed above (Martin, 2008).

The success of iPod is an indication of its great marketing strategy; the product was a very well thought device which catered to the consumer needs perfectly, secondly the promotion was such that it appealed to everyone and distribution channels were effective enough that it was available everywhere. The pricing although was a little question mark the big profit margin that the company enjoyed restricted some of the potential customers from using the product but then again it was good enough to make it an extremely profitable product. Black Box

Buyers' Characteristics: This is the part where the buyer's personality is involved, the attributes that give him his identity influence his decision

<https://assignbuster.com/bcg-matrix/>

making process. The way the buyer perceives a product, the attitude with which he receives the product, his personal likes and dislikes and also his background and his lifestyle all combined influence the decision that he takes. The characteristics of the target market were thoroughly analyzed and were responded with a great product and a marketing strategy, the habits and interests of the young generation were very well responded.

The buyer's response is considered as a rational decision based on the factors above while in reality it might not be the case, a buyer can be influenced by other factors as well, his decision doesn't have to be rational in the defined lines of the black box, he can be bias and unreasonable as well but even in that way he is satisfying his own need to optimum utility (BCG Expertise, 2009). The positive response to iPod from the consumers is not necessarily due to the fact that it caters their needs but it can also be due to the fact that the buyer wants to fit into a certain circle of people and needs iPod as a support for his status.

Decision Making: The second part of the black box is the buyer's decision making process, it starts off with the identification of a problem that is the buyer's realization of a need or a desire, second part is the research where the buyer looks out to find how can he fulfill his need, when he finds out ways how he can fulfill his needs then he evaluates all the options available to him, after the evaluation he finally comes to a conclusion and buys a product. The last part of the process is the behavior of the buyer after the purchase whether he comes back the second time or not, does he have complains, is he satisfied etc.

(Martin, 2008) In the decision making process the problem was that people weren't able to find a high quality digital music player that was reliable yet looked good, they did their research and iPod being the first of its kind was the only option available to them, after evaluating it and finding it best against the rest they bought the product. After the sales most of the customer were genuinely satisfied the evidence for which is the number of iPods sold and number of tunes downloaded from iTunes (Graham, 2008).

Recommendations

Pricing Strategy The iPod has always been a premium product by apple, relatively high priced but high quality; the high price is primarily due to the high profit margin that is kept on each device. The survey that was conducted that was conducted was based on 4 major points: 1. It was asked that which in their perspective is the best digital music player, the response was clear as more than 70 percent of the responses replied iPod; this shows that iPod is positioned as the best product in the market among the consumers (Bulik, 2008). 2.

On the question whether respondents owned an iPod or not around 55 percent of the respondents replied positively. 3. When asked if they would want to own an iPod of their more than 90 percent replied positively; this showed the great potential the product had in the market. 4. When those who didn't own an iPod already that why they didn't have an iPod the majority replied that they were not able to afford it. Hence it can be concluded that the product has great potential and still can capture a bigger share in an already self dominated market, but the only barrier is the high price.

The price needs to be lowered a bit so that affordability of the product increases. This is not just in the western nations but one of the major reasons that iPod has not been able to flourish as greatly in rest of the world is the fact that an already high priced product becomes extremely unaffordable for people of poor economies when they are caught currency exchange rates. Even these markets have tremendous potential but they fall pray to cheap Chinese copies or other portable devices when the desire to own an iPod is great.

The profit margin can be reduced and the recovery can be made on other products such as the accessories and music. Music Diversity Music form different genres must be added to the iTunes feature in order to attract a worldwide audience. This is the biggest internet music seller portal, recently iTunes celebrated its billionth download in just 9 months, this shows that how great the operations related to iPod have become and can become even bigger if a little diversity is added (Graham, 2008). Music Sharing

Sharing the music between two iPod users is still an issue as there is no convenient way of transferring a file from one iPod to another, although there have been attempts such as the miShare but still it is a hassle. What needs to be done is that a wireless system of transferring files between the devices must be made so that two users are able to share their songs and enjoy the music together. FM Radio iPod doesn't have an FM Radio feature; the FM industry has become huge over the years and has a great fan base and listenership.

Not giving such a feature is just missing on to opportunities that are quite simple to catch on, hence an FM feature needs to be added in the product.

Advertisements While the high spirit energetic young look for advertisement must be maintained but also different campaigns must be introduced in order to attract audiences who may not like to be associated with this perception. References Apple Investor. (2008). Retrieved April 24, 2009, from <http://www.apple.com/investor> Apple iPod Touch. (Apple Inc.

). Retrieved April 19, 2009, from <http://www.apple.com/ipodtouch/> BCG Expertise. (n. d.). Retrieved April 21, 2009, from Boston Consulting Group: http://www.bcg.com/impact_expertise/publications/files/Summary_Shop_org.pdf

Bulik, B. S. (June 2008). Apple's iPhone steals marketing thunder from iPod. *Advertising Age* , 4-55. Daft, R. (2001). *Organization Theory and Design*, 9th ed. Chicago: South-Western. Graham, J. (2008). Apple iPhone hasn't gotten on Flash bandwagon yet. *USA Today* . iPhone 3G.

(2008). Retrieved April 23, 2009, from http://images.apple.com/br/accessibility/pdf/iPhone_3G_vpat.pdf Martin, R. (2008). Apple Goes After Business With Phone Apps And SDK. *Informationweek* , 23-24. Robbins, S. P. , & Judge, T. A. (2004). *Organizational Behavior*. New York: Pearsons. Survey: High Awareness, Strong Demand for Apple iPhone. (n. d.). Retrieved April 22, 2009, from Marketing Charts: <http://www.marketingcharts.com/interactive/survey-high-awareness-strong-demand-for-apple-iphone-694/>