

Apple marketing plan assignment

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A Bite of Innovation Marketing Plan Presented by: Angela Roomer-Monsoonal
Presented to: Proof. Perpetual MAKE 649-3 SUB Apple is a top tier consumer electronics manufacturer that differentiates itself by offering design-oriented, user-friendly, innovative, and hip products at premium price. Steve Jobs, a charismatic entrepreneur that pioneered the personal computer, the mobile computing, and the digital music industry, led Apple. Unfortunately, Jobs passed away in 2011 and Timothy Cook took over as CEO. Apple introduced the Classic pod, a portable music player, in 2001.

The main features of the Classic pod were a sleek design, ultra portability, up to 5 Gigabytes of storage, 10 hours of battery life, and an easy-to-use interface at a price tag of \$ 399. Since its beginnings, Apple has diversified the pod into many other models as a way to reach different target markets by offering a wide range of price points and features. The price points in 2012 range from \$50 for the pod Shuffle to the pod Classic, which retails at about \$230 1 . Although not everybody owns one, the pod is a mass-market product because of its broad appeal. In the words of Steve Jobs, “ music is a large target arrest”.

The primary target market for the pod segmented by demographics is teens to young adults belonging to middle and high class. For example, 66% of pod users have an income of \$25, 000 or above. According to CNN Tech, 69 percent of pod users are between the ages of 13-24 2. Lastly, the pod is a product that appeals more to males than females. According to Stauncher “ the median number of pods owned for males is 2, while the median number for females is 1”3. Segmented by chirography’s, pod’s customers are people who enjoy music, “ cool” products, gaming, and cutting-edge technology.

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Customers can also be segmented by the speed at which they adopt a new technology, a process called the diffusion of innovation. Figure 2: iPod Sales per Fiscal Quarter Chart illustrates the diffusion of innovation curve for the iPod. During 2001 and 2002, the innovators; technophiles, Apple Marketing Plan By kepi The next segment were the adopters, who were interested in the “cool” factor of the product. During 2005, the early majority adopted the product; the sharp increase in sales in the graph represents this moment. After 2005, the late majority accepted the iPod, making it a mass-market product.

Another reason for the surge in sales that occurred in 2005 was the release of different iPod models, such as the Nano, Mini, and Shuffle. This extended product line propelled iPod sales through the proverbial roof, reaching 40 million in 2006. Up-to-date, the iPod has sold over 270 million units. Source: Online Marketing Trends, 2011 An environmental scan for Apple reveals several important factors that might affect its direction and actions. For example, the iPod is positioned as an industry leader, commanding 73.3% of the AMP player market.

Figure 2: iPod Takes a Big Bite, illustrates the market share for AMP media players. The next close competitor is Sandisk, which has 9% of the market share. Its core product is the Sans Clip Zip AMP Player, which retails for \$49. This AMP player resembles the iPod and it offers similar features at a fraction of the price. However, it doesn't have the brand recognition and loyalty the iPod has. Source: NYPD Group, 2009 Apple faced legal issues with record

labels and media companies, which claimed that the pod facilitates the use of pirated digital content.

As a solution, Apple unveiled iTunes in 2003, which is an online music and video store. More importantly, Apple faces legal and reputation problems in the area of supply chain management. Some of Apple's largest suppliers have been accused of illegal labor practices and sweatshop-like working conditions. Foxconn, a key supplier, has been under investigation for the high rate of suicides in its factory as well as a couple of explosions. Pageantry Corp., which is another important supplier, was recently in the news for a factory explosion, which injured 61 and hospitalized 23 employees.

While the U. S. Government was not involved, the Chinese government and several NGOs were investigating the case. If not managed properly, this situation could be a public relations nightmare for Apple, now that it has claimed the title of most valued company in the world. The pod was envisioned for customers on the go, who value style and entertainment. The pod's core product benefits are mobility, functionality, style, and entertainment. The pod is a portable handheld device that delivers entertainment—music, video, and games; and Internet connectivity through Wi-Fi.

Lastly, the pod's design is intuitive and stylish, appealing to a wide sector of the population. However, Apple recognizes that not all the population has the same income and attempts to reach additional market segments, by offering a wide price range and diverse product characteristics. Specifically, Apple has created four main devices with incremental price points and features. The

pod shuffle is the lowest price point, retailing for \$50. It is a small, sleek, and portable AMP player. This product is aimed at people of lower income and socioeconomic status.

The pod Anna has a middle range price point, retailing at \$130. This product has an LCD screen and it plays music and videos. It also has a camera and comes with pre-installed applications. However, it is unable to run third-party applications, such as games. The most popular product is the pod Touch, which retails at \$200. This product is aimed at gamers, primarily white male teenagers. Steve Jobs said, “ it’s [pod Touch] a cheap gaming device, and Apple wanted to concentrate on getting the price down to the magic \$200 price point” 8.

Finally there is the pod Classic, which sells for \$230. This product is aimed at people who value high storage capacity and music quality, such as music collectors. Since the pod is a product with a wide appeal, the ideal distribution channel must reach the mass markets. Big box retailers, such as Wall-Mart and Target, are ideal channels because of their large sales volume and market reach. Also, a proprietary company website, such as Apple. Com is necessary to explain the product benefits, to maintain brand image, and to engage in direct sales.

However, an Apple Brick and Mortar store is also necessary to showcase its products and to allow customers to experience the pod. Currently, Apple has 300 retail stores in the world and they are the most profitable stores measured in terms of sales per square feet. This is a key element in the marketing plan because when experiencing the product in a controlled and

designed environment, like an Apple store, the brand image is going to be reinforced in the consumer's mind. The last main channels of distribution are online retailers, such as Amazon and Overstock. Com.

These retailers play a key role because consumers are shifting towards online shopping and Apple wants to reach as many consumers as possible. Advertising is the best way to promote a mass-market product, like the pod. In other words, advertising is the best way to communicate and persuade buyers to purchase a pod because it has the largest reach. Apple has crafted a precise image for its products portraying them as hip, high tech, and urban. Moreover, the pod's advertising campaign was presented in mass-media channels, such as billboards, TV commercials, and print ads.

The print ads were published in magazines that targeted technology lovers, such as Wired Magazine. It also placed pod ads in magazines targeted to men, such as Sports Illustrated. By advertising in magazines targeted to men and technology lovers, Apple is able to reach its primary target market of male teenagers and young adults. TV commercials, featuring the iconic anonymous black silhouettes dancing to a new pop song, are another main pillar supporting Apple's image.

All ads feature dark silhouetted hip, young people who are dancing with the pod and its white headphones, contrasted with a bright colored background. The first campaign had the slogan of " 1, 000 songs in your pocket" 11. Since the original campaign, Apple has unveiled several others, such as Dance, Vertigo, and Grid. Also, appeal to the young and trendy target market.

Moreover, Apple targets specific racial groups by using traditional music, dance, and language from that particular group.

For example, Apple unveiled the iPod 56 with a commercial in Spanish called *Mi Swing Sees Tropical*, Spanish for my dance moves are tropical 2. The commercial features young and stylish characters dancing salsa and other tropical rhythms dressed in traditional Latin outfits. This commercial was aired in TV Aztec, Telemeter, which are traditional Latin TV stations, but it was also aired in NBC during *Heroes*, the most popular TV show in 2007. Apple has targeted the teenage market by partnering with MET Music Video. In fact, several iPod commercials were either shown or premiered in the MET Video Music Awards 13.

As a result of these campaigns, the iPod not only became a mainstream product, but also a pop culture phenomenon. In conclusion, Apple has unveiled one of the most influential products of the 21st century, the iPod. The iPod has not only revolutionized the way we listen to music, but also how we entertain ourselves. Apple has created a product with a broad appeal and it has marketed the iPod brilliantly, to the point of becoming a pop culture phenomenon. In fact, some critics say that the iPod was the saving grace for Apple, which was struggling with weak finances and a blemished brand before.