

Apple marketing plan – individual

Business



Principles of Marketing Individual Essay by Segmentation, targeting, differentiation and positioning strategies adopted by Apple for its iPad. November 2011 EXECUTIVE SUMMARY Paper examines segmentation-targeting-positioning process on the case of newest mass product of Apple - iPad. It is focused on specific nature of iPad, segment between established market segments - cell phones of third generation and notebooks/laptops.

Further iPad is direct competitor to eBook readers as well as competitor to some of the products from Apple portfolio, like iPods of different kinds.

Key words: Apple, iPad, strategy, STP INTRODUCTION This essay giving short overview of STP process and analyze as much as it is possible efforts of the Apple in promotion of iPad. It is not easy evaluate efforts of the company which is champion in development of the product greeted coolly and with some extent of irony by IT practitioners. However, at the end Apple is laughing with great enthusiasm for the future projects, and IT practitioners are staying confusing by growing segment of users of it toys. This paper is based on analysis of secondary data from credible web sites as well as from the academic journals.

It is mostly reflection of authors own thinking and attitudes in some extent, as well positions of leading commentators of development in hi-tech. The main goal of this paper is to identify key factor of success of Apple brand extension and importance of psychographic variables using. ANALYSIS AND DISCUSSION Segmentation is the process of identifying stratum of the customers with common or similar needs and similar patterns of shopping. Understanding of segmentation is essential in preparing appropriate marketing strategies for each chosen segment.

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Segments are usually described as the peaces of the tangerine that are entities with fragile connection under one surface.

(Lehmann, D. and Russell S. 1994) Criteria of segmentation are endless and depend from characteristics of particular markets. Some firms use gender, sex, race, age, education, nationality, class and other well known variables and creates useful segments and choose which of them to target. In the case of more complex products with strong brand equity it is rather issue of using creative variables like extent of freedom i everyday life, sport style, IT fun etc.

Indeed if one analyze customers of iPad it is not big wisdom see that this company is not focused on the segments that fits to old-fashioned segmentation.

Instead of that basic characteristics that creates one segment are not visible at glance and usually it is issue for human behavior experts. There is short list of common characteristic of segmentation process, for either chocolate or iPad: 1. Viability of segment and chances for revenues harvesting. Fluid and ephemeral segments are not interesting for even middle run marketing efforts. Bearing in mind that IT is everything but not short time business, viability is essence.

Further, some segments are coherent and viable, but segment of crack users is not interesting although members share same life style and number of users is constant - their average income is not sufficient to launch this segment on the list of Apple's targets.

2. Accessibility of segment is second issue. One segment could be homogeneous and with high income but far away from the efforts of the company. Community of Amish is one very logical segment, but access is not possible. (Bernhardt, K. L.

and Thomas C. 1991) 3. Measurability is the final issue.

One can say that some segment is logical, but the ultimate test of logic is choose segmentation to enable measuring of marketing efforts. Apple is use by psychographics as the criteria for the years - such as lifestyle or beliefs. It is not easy find what are the all segments discussed in Apple marketing teams, but some of them looks like logical choice: ? High income young professionals ? Funs of gadgets and IT devices of all kinds ? Trend catchers After identification of the appropriate segments interesting for concentrated marketing efforts, company should choose targets.

Some resources and efforts should be focused on each targeted segment, and mix of tools should be different. (Lehmann, D. and Russell S. 1994) In the case of iPad marginal efforts in targeting of each chosen segments are the key of whole process. Apple continually target own existing and potential customers. In the Casa iPad targeting is investment of extra efforts that are enhanced on the roofs of enormous bran name capital.

Therefore targeting is easier, but mistakes are also more dangerous. In the case of, for example iPad failure, company brand losing non-proportional amount of brand equity.

Therefore, this situation in Apple is blessing and curse. Most important issue in targeting is magic word HOW. In the case of iPad it is specific mix of promotion, formal and informal in order of attracting the potential buyers.

iPad is basically toy, gadget or whatever, friend of PC/Mac rather than device per se. In some extent, it is computer for dummies and Apple invested lot of efforts to change picture of blond buying iPad and using it together with scarves, purses and shoes. Therefore, action had to be directed into the creation of atmosphere of cool product for cool people. iPad is shown as matter of life style, useful supplement, competitor to e-book reader and iPhone. The most challenging task in targeting is estimating of efforts success, bearing in mind that development of iPad in some extent reduces iPod results on the market. On the other hand users of iPod expect something completely new instead of incremental changes and iPad fits into this expectations.

Apple is using multi-segment approach. In fact, iPad is one segment in marketing efforts of company, and iPad segment is divided into sub-segments. iPad is announced by targeting different segments in different times of life cycle of this product.

Positioning is the favorite useful tools of most of the marketers. Segmentation and targeting is roof job, positioning is soft skill of marketing. Kotler (1999) suggest a " six-step question framework for successful positioning: 1.

What position do you currently own? In the case of Apple it is position of superior producer of style. 2. What position do you want to own? iPad is just

extension of product brands portfolio to one new segment that partially overlap with existing ones. 3. Whom you have to defeat to own the position you want? iPad attack refined products of Sony, Microsoft and other hi-tech companies.

. Do you have the resources to do it? Superior quality, design and proactive and provocative marketing are the main assets. 5. Can you persist until you get there? Of course, in the case of Apple. 6.

Are your tactics supporting the positioning objective you set? Experiences from iPod and revolutionary thin laptops show that Apple did it. It is mostly about perception of product, and Apple tries to position its product in the high quality - high price segment, although quality in the terms of performances is not extraordinary. On the other side price is sometimes presented as affordable rather than expensive.

Therefore, there are small lies of diminishing high price and increasing overall value for money. But it is not drastic. Competitors do the same, in some industries poor quality is often presented as the excellent.

Some of the companies tries mission impossible to position itself as providers of high quality with low prices. Apple is relatively honest and basically without dilemma where it belongs. Graph 1 iPad's Positioning Map [pic] Apple positioning statement in the case of iPad could be defined as Offering product that suits to the need of segment which is not substantially tackled by effort of neither Apple nor other competitors.

In the case of iPad it is mostly positioning on the boundaries of more traditional segments and catching the pieces of each of them - elements of Mac business potential and elements of iPhone communicative potentials. Value for money is the ultimate issue.

Kotler, P. (1999) In this field many commentators and serious consultants emphasize that value is overestimated. Choosing one from the five most common ways of value proposition - more for more; more for the same; the same for less; less for much less; more for less - is matter of attitudes rather than measuring. One can say that toy is not something aluable; other would say that iPad is communication device with elements of laptop that perfectly suit. Other could use the old joke about women that choose car thinking about their color, but color is definitely important - lemon yellow is not common, as well as color of petroleum. Therefore device which looks like book is not joke, it is device with extra style.

Apple shall continue to surprise its competitors. It is one of the most creative companies and creative people use its products. Some of the people likes such spirit although creativity is not strongest asset of themselves.

CONCLUSION AND RECOMMENDATIONS Different people have different attitudes. Mac is perceived as the tools for creative and aesthetic people.

They see Apple as provider of creative tools. They were rather users of software on the nice hardware. However, such market is limited. Competitors on this market are strong -Dell, Hewlett-Packard, Microsoft, Google, Sony - too long list. Therefore, Apple decided to invest some efforts into big

segment of “ ordinary” people with ordinary needs, ordinary mediocrity and great wish to be perceived better.

Therefore, they wish to buy device for consumption rather than for creation. iPad is not something to be upgraded by users, it is finished entity for limited usage, but it fits to needs of most of the people. It is like Mercedes of A class, Armani Exchange, D&G - extension of the brand for covering of the segments of ordinary people.

All abovementioned brand are still vital, core users of high quality products are still proud on their choice and see users of popular brands as the copycats with limited style and knowledge. This short analysis showed strength of Apple in STP process.

Apple is the company with carefully developed brand, image and overall position on the market. It is highly differentiated from competitors and able to enjoy in development of toys such as iPad. Segmentation process shows importance of different identification of segments. Contrary to the traditional view, Apple segments are based on psychographic segmentation and therefore they are intangible in some extents.

Targeting is result of choosing right segments. Apple realized limits of existing products and existing customers and decided to enter into the market of non-experienced users as well as snobs.

It is wise to target wisely by brand extension. One can say that this conclusion is sharp and impolite, but it is not far away from the truth. Apple position is comfortable. Enjoying position of high quality/high price with strong brand equity does not demand revolution, but rather constant guard.

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It is not easy challenge Apple and bearing in mind that Apple showed great willingness to learn from own mistakes future is nice. The group that actively dislikes Apple is not overcrowded and loud, compared for example with Microsoft. Some of the challenges are still important.

Easier upgrade is important as well as easy synchronization. More gadgets are also recommended and better cooperation with provider of software and content important for users of iPad. However, these are not critical problems and future of iPad will be at least successful as the past of iPod and iPhone.

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