

Critical evaluation of marketing strategy assignment

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Introduction to 'My-apple' Established in California in 1976, 'My-apple' corporation is now one of the most successful design and manufacturer of personal computers, portable music players and mobile communication equipments. In addition to above products 'My-apple' sells array of other personal computer and mobile related products such as software, printers, headphones, accessories and peripherals. 'My-apple' also provides support services for major products through out the world. After few decades in low-profile, company came to the forefront of computer technology in 1997 with the introduction of 'My-apple' computer.

Since then 'My-apple' has been able to win the hearts and

Current Market Situation 'My-apple' main focus has been on improving and integrating its wide range of products to suite the evolving digital life style of consumers all around the world. In recent years 'My-apple' has revolutionized the digital world with the introduction of 'my-pods' (portable music player) and 'my-phones'.
3. 1. Product Overview The company offer range of computing products, for the purpose of this evaluation I will only discuss some major products of 'My-apple'.

Product Portable computers
0 my-book Customer Needs Designed for consumers & education users. Features/Benefits 13-inch wideners; built in video camera; Intel dual core 2. 4 GHz processor; wireless and Bluetooth.
5/17 inch wideners; Intel dual core 2. 8 GHz processor; all other features in my-book. Price \$1299
0 my-book pro 0 my-book air Designed for advance consumers and professionals to meet the demand for performance, networking and expansion. Designed for business and professionals who are always on the run. Intended for younger music loving generation. 1 599
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Ultra-slim; backlit wideners display, full-size backlit keyboard. 80/BIBB capacity to hold up to 20, 000/40, 000 songs respectively. Rush of battery life. Larger 2-inch display; new user interface; rush battery life and KGB/KGB size; variety of colors. Mobile phone; my-pod touch; internet communication device (WIFE); email; web browsing; searching; maps; Bluetooth; built in camera; and loads of other software features. \$1999 Portable music players 0 my-pod \$329 Smaller version of my-pod, easy to carry around. 199 Mobile phones 0 my-phones Intended to consumers who want all-in-one combination product. \$879 Table 1 3. 2. Market Segments ' My-apple' consists of the following market segments. Page 3 of 14 Demographic & Behavioral ' My-apple' products are mainly popular amongst the younger generation. Introducing features like high storage capacity, Wife access, and id?? e gaming in popular products has enabled the company to attract the younger generation. ' My-apple' has also focused on appealing to all genders by providing personal laptops and music players and accessories in glossy pink, red and black. My-apple' products are also popular among students and white collar workers. It helps them to perform many functions with out having to carry multiple devices and also as a fashion statement. ' My-apple' has an incredible consumer loyalty status when compared with other big brand companies. Ability to distinguish loyal customers and to-so-loyal customer gives ' My-apple' advantage over its competitors when developing new products. Geographic ' My-apple' has now become a popular brand all over the world. It has grown in most regions including Americas, Europe, Japan and Asia- pacific.

Figure 1 shows net sales figures in major geographic segments \$16, 000 \$14, 000 \$12, 000 \$10, 000 \$8, 000 \$6, 000 \$4, 096 \$4, 000 \$2, 000 \$0 \$3, 073 \$924 \$6, 658 \$5, 460 \$9, 415 \$11, 596 \$14, 573 \$7, 622 Japan Europe Americas \$1, 082 \$1, 509 2005 2006 2007 2008 Figure 1 (Net sales in Millions) 3. 3. Macro environment Changing age structure of the population has greatly influenced ' My-apple' products. Especially with its new range of personal computers, mobile phones and portable music players have directly appealed to the consumers born in Generation Y.

Millennial are considers as " Digitally Native", they are always connected to friends and family via mobile phones, backbone, twitter & MS chat. ' My-pulp' products have identified these changes and incorporated features like backbone, online banking, web browsing and other popular software components into their products Page 4 of 14 In recent years ' My-apple' launched several initiatives to make greener products considering the natural environment. This includes reducing green house gas missions at every stage of the product life cycle, starting from manufacturing, transportation, product use and recycling. . 4. Brand ' My-apple' brand is a very powerful asset to the company; it represents the relationship between the consumer and the company. When compared with year 2007 brand ranking at ' My-apple' has come forward form 39 the to 20th in 2008, showing a significant increase in its brand value. Computers: HP: Hewlett-Packard holds has wide range of computers with pre- installed windows operating system. DELL: Similar to HP comes with Microsoft Windows installed. Dell offers direct and online marketing giving them a distinct advantage on distribution.

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Smart phones: MORTALLY: New Motto Q phone with built in Web, email build on Windows mobile 5. 0 operating system. BLACKBERRY: Blackberry offer range of smart phones. Blackberry Storms, Bold are some of the popular products with Wife support, tracked navigation, email. Portable music players Sony: Sony walkway brand and products are among the pioneers of portable music players. With Wife capabilities and integration with Sony laptop range provides market challenge for ' my-pod'. Zone: Owned by Microsoft provided similar sleek, powerful music devices with multi-touch navigation. . 6. Suppliers Most essential raw materials such as microprocessors, LCD, optical devices, integrated circuits are obtained from several suppliers. Intel, Samsung, Toshiba, INVALID, Broadloom are some of the key suppliers. Page 5 of 14 4. SOOT analysts Strengths 0 Brand Power 0 Better service levels 0 Physical appearance 0 Full power in portable music player market Opportunities 0 Growth of Gene-Y 0 Increase loyalty 0 Increase in online Sales 0 Partnerships. Weaknesses 0 Lower interest from business community 0 Limited on-line sales. Lower market share in computers. Expenditure. Threats 0 Increased and powerful competitors 0 Dependency on key impotent suppliers. 0 Technological advancements. 0 Pressure from music industry. Strengths: 0 Brand power: When consumers see ' My-apple' brand they can quickly recognize what products that are associated with the brand with its famous logo and is well known for its innovation and style. Opportunities: 0 Growth of Gene-y: ' My-apple' should consider the changing demographic forces and produce new products to satisfy the needs of a growing generation.

Weaknesses: 0 Lower interest from business community: Even though ' My-apple' brand is famous it still hasn't been able to penetrate into business market segment significantly. When it comes to smart over ' My-apple' products. Threats: 0 Increased and powerful competitors: ' My-apple' faces stiff competition from major laptop producers like MOM, DELL. Together with partnerships with Microsoft Windows operating system they have build an empire which would be hard for ' My-apple' to penetrate into and has potential to throw them out from the market place. Page 6 of 14 5. Critical Evaluation 5. 1 .

Product strategy Product and Life Cycle ' My-apple' lost its market share during mid to late 90 and re- invented itself in 1998. Customer driven creativity and new product innovation were the core elements to ' My-apple' success. For any product to have a successful product line it should have a solid foundation. Introduction of the SO-X (operating system) was the foundation for ' My-apple' successful product line. We will take a closer look at ' My-apple' new products and the life-cycle that they have entered. Product life cycle is the course of a products sales and profits over its lifetime.

No product especially technological products have an infinite life. Product life cycle strategies help companies to maximize profits of a product throughout its life cycle. Product life cycle includes five major stages and figure 2 describes each ' My-apple' product and its life yes stage that it has entered. Sales & Profits (\$) My-pod My Book My-phone Profits Sales Time Product Development Introduction Growth Maturity Decline Figure 2 - product life

cycle stage 2008 2007 2006 2005 my-pod 53 8, 305 7676 sales in millions
Page 7 of 14 Critical Evaluation of Marketing Strategy Products that are on the growth stage show consistent growth in sales.

This is a fact when you compare net sales figures given in table 2 for 'my-phone' and related services. In 2007 where 'my-phone' was introduced company recorded 123 million net sales and in 2008 this figure got to 1, 844 million his shows that product has entered into its growth stage very quickly following the introduction. Key characteristics of product in growth stage are rapid rising in sales, rising profits. Objective of 'My-apple' for 'my-phone' products should be to maximize the market share.

Some of the strategies practiced by 'My-apple' with its 'my-phone' range are to improve product quality and improve features. New my-phone range ASS was released in 2007-June with improved speed and performance, long lasting battery life, high quality camera with video recording and many other high-tech eateries. Products that are on the maturity stage would start to show slower growth in sales or level off. With 'My-apple' my-pod range products we can see that they are in early stages of maturity/latter stages of growth.

Figure 2 shows net sales has started to slow down since 2006 and average growth has been 7% since 2006, compared to 69% growth from 2005 to 2006. One reason to the decline in product sales can be due to competitors entering into the market. Introduction of 'my-phone' with built-in 'moped' could have also contributed to the decrease in 'my-pod' sales. Yet 'My-apple' as been able to attract niche market segment in the portable music

industry by introducing low price my-pod shuffle for \$59 and ' my-pod Anna' from \$149.

By methods of ' modifying the market and modifying the product' my-pod has still been able to maximize profit while defending the market share. Services Customer service and support services are another important aspect of creating a sustainable product strategy. ' My-apple' stores consist following customer service levels: 0 Concierge: Answers questions and point customers to the right direction. 0 Specialist: Explains product features and answers questions. Geniuses Bar: Provides hands on technical expertise and repairs on products. Personnel Shopping: Let customer's book appointments with a specialist to get guided tour at a convenient time. 0 Workshops: Free hands on workshops, starting from beginner to advance skills in understanding the power of ' My-apple' products. Company offers a variety of valuable services to consumers that other competitors don't offer, and through these services company hopes to attract in new customers and convert PC (windows) customers into ' My-apple'. This fact is more evident when considering its free workshops. Page 8 of 14 5. 2.

When considering setting prices to products any company would have to consider an upper and lower limit. These limits are determined by customer perception of value (higher price) and product cost (lower price). ' My-apple' has selected for most of its products a value based pricing strategy. Value based pricing strategy, is to set the price based on consumer perception of product value. Firstly let's take a look ' My- apple' laptop range and its values proposition compared to other competitors on the market. ' My-

apple's sleek screen and distinct graphics system gives smoother video ND graphics experience. My-life' application suite includes photo editing, audio editing, web page creating, DVD burning applications that comes pre-installed with the ' My-apple'. ' My-apple' has a better SO which is more reliable and easier to use. ' My- apple' has fewer viruses than Possessions attract therefore users buying a ' My-apple' don't always have to buy antivirus software. These are some of the values that ' My- apple' offers compared to its major competitors. Product line pricing is considered as setting price steps between products in a product line based on cost difference and customer value perception.

When considering ' Maypole' products we can clearly see several product lines in the market. With the laptop range there are three main products my-Book, my-Book Pro and my-book Air, table 1 list product lines and prices. Market-skimming pricing is to introduce high price to a new product and gain maximum returns from each market segment. ' My-phone' product is a good example of market-skimming strategy. ' My-phone' prices were reduced from \$599 US to \$399 US. Initial high prices allowed my-apple to win the market segment of ' die-hard' loyal consumers.

It also allowed company to recover its research and development cost sooner. Reducing ' my-phone' prices allowed ' my-apple' to penetrate into the market. Hype generated by my-phone enthusiast and lower pricing strategy would allow ' maypole' to introduce new features to ' my-phone' which would eventually allow company to win higher percentage in the smart phone market. Page 9 of 14 5. 3. Distribution Strategy ' My-apple' cannot win

the market by itself; they also require great assistance from their supplier delivery network.

This network consists of two main sections. 'Upstream' supply chain consisting of all suppliers who provide raw material and 'Downstream' which mainly consist of distributes. 'My-apple' Online Stores Specialist Staff Business partners Distributes 3rd Party Retail Stores Consumer Segment 2 Consumer Segment 1 Consumer Segment 2 Figure 3 Business Segment 1 Multiplicand distribution system is a distribution system where a single company setups up two or more marketing channels to reach one or more customer segments. My-apple' has taken advantage of the consumer market segments and advanced channel capabilities and implemented multiplicand distribution system. Above diagram shows a possible multiplicand distribution system that 'My-apple' currently follows. 'My-apple' Stores (Retail Stores) Company considers that the best way to sell its reduces and value offerings to consumers is by having sales persons. With this channel objective in mind 'My-apple' started to expand its distribution by opening more 'My-apple' retail stores. Company currently has over 200 stores worldwide and plans to open more stores.

If the company opens more retail stores it has to incur higher expenses for staff, lease, utility etc. On the other hand having large number of 'My-apple' stores has enable the company to establish a infrastructure, which can reach to a larger consumer segments. The increase in 53% net retail sales in 2008 compared to 2007 was due to the high customer demand for 'my-phone' & 'my-pod' products. Having established a large number of retail stores,

company was able to facilitate the high demand. Horizontal marketing system is where two or more companies join together at one level to explore new marketing opportunities. My- apple' has joined partnerships with major car manufacturers like Mazda, Audio, Ford and many more to integrate the famous ' my-pod' series to the car audio system seamlessly. They have also established partnerships with Nikkei and developed joining with many leading companies ' My-apple' has been able to enter into a niche market segment in the portable music player industry. 5. 4. Promotion Strategy A company should use its promotion strategy to clearly and convincingly communicate its product and values to the consumers.