

The innovation of the ipod innovation assignment marketing essay



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Abstract

This report reveals the creative and innovative aspects of the iPod. It will say where it originates from, what has influenced it, and where any potential threats or opportunities lay with all iPod related matter. The development and upgrading of technology will be looked at and how the timing of the release of the iPod may have had a massive effect on its success. The report will also be noting on the core competencies, networking and strategies of Apple when it comes to any crucial matters that may move iPod up to the next level. All aspects that contribute to its successful or not so successful innovation will be mentioned and what an hinder it along the way.

Introduction

Innovation is the successful implementation of creativity and relies on creative and alternative thinking. Without creativity there cannot be innovation and without implementation, creativity can never be more than just a thought. In simple words, innovation cannot exist without creativity. (Appleyard, M. 2009) An innovation is when you do something in a new way. To start with, an innovation is valuable only to the architect except it is presented to the public, however niche the market may be. If the creation improves a product for the public, then that mechanism becomes an innovation or an 'innovative product'. An innovation can come in all sizes whether it is colossal or minute. Pristine or just a little diverse, it doesn't matter. An innovation can be very complex or outwardly uncomplicated. Innovations are frequently considered in terms of technological attainment, but they could also be something unphysical such as a design. The nature, industry and chic of innovation are beside the point.

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One of, if the best most successful innovation of our generation is the Apple iPod. It was launched on the 23rd October 2001 and as of 9th September 2009 more than 220'000'000 iPod's had been sold worldwide. It currently holds the record for the best-selling digital audio player series in history. It has owned over 70% of the market for all types of players since October 2004. In ' AdWeek' and many other magazines and polls and has been named product of the decade.

The iPod and its history

Apple had in effect recognized an opening inside the digital music market. They had acknowledged that there was a drop in sales of digital music players due to the goods presently on the market being inadequate. Apple will have believed that the then current crop of music players were insufficient thus prompting them into designing the phenomenon that is the iPod. Due to the success of the Song Walkman, Apple decided they wanted to enter the music player market. Therefore the company expanded from the core product of computers and software manufacture into many areas including personal music/media players (iPod). The creator of Apples iTunes was Steve Jobs, an in-house software creator. Apple released the first iPod into the market place on 23rd of October 2001. It proved hugely successful due to the software created by Steve Jobs which allows users to download music directly from the internet to the device a first at the time of launch. Today, over 40% of the profits Apple makes come from iPod sales. iTunes was completely invented from " scratch" (new technology emerges) by Apple which was a push to produce iPods. Apple recognised the change in market sentiment and behaviour, were other players persist in alternative

explanations (cd, mini disc, etc). Apples IPod was a platform innovation created by Sony (The Walkman).

The first iPods were produced with an unambiguous structure and a straightforwardness which proved to have its advantages against their competitors and proved to be their core competencies. Nowadays, however, the hardware fight has grown to be much stronger, predominantly within the “mini” sector which is growing at a rapid pace. Since the iPod was debuted, not one of the changes we have seen have been drastic, we have just seen many refinements, these including:- slicker designs, colour screens, camera's, lesser form factors, updated applications, and slightly modified interfaces. The ‘simpleness’ of the iPod is another competence. Anybody no matter how technologically advanced they may be would be able to use one.

The iTunes is probably one of the reasons the iPod has been such a hit. It allows customers to purchase music and other content on the internet in a downloadable form which is legal. It was the first innovative program that was made specifically for just the one music player, making the iPod the only compatible player to download onto.

The marketing campaign behind the iPod was another reason why it has been so successful. MP3 player technology had already been invented, however apple took the next step with introducing huge memory and a new slick design. They are constantly looking at and finding ways to improve their product so they are always ahead of competitors by redesigning and establishing themselves as the only MP3 to buy. They appeal to a mass audience of all ages, thus breaking into all segments of the market. Apple

has made sure the iPod is a household name, and due to this it is hard to find a teen without one. Continual sales figures prove iPod's success at market development as all their sales figures are streets ahead of any competitor.

The worldwide success of the iPod would suggest that they have a very effective strategy in place. Apple's COO Tim Cook explained Apple's iPod strategy at a Goldman Sachs conference: ' Sell less, make more. Worldwide iPod unit shipments were up 5 percent December-to-December – relatively low growth, thanks to slumping sales of Apple's cheap Shuffle. But iPod revenue still grew 17 percent'. " Shuffle pulled the units down, the iPod Touch pulled the revenue up. Frankly, it was much more important for us to have a great launch on Touch and to establish that product ... than it was on units," he said. (<http://valleywag.gawker.com>).

If you were to ask Apple what the reason behind driving the iPod's success was, the corporation may flaunt its integration. Undeniably, manufacturing a product with the advantage of firm integration habitually causes you to lose the first-mover benefit. Apple's integration has seen colossal profit for the iPod and this has happened at a stage whilst digital music has been mystifying and awkward for many listeners and the business is more than likely going to continually uphold an improved lead here than it would in either hardware or software per se.

SWOT Analysis

Many strengths and weaknesses from inside an organisation can determine the outcome of whether a product is to be a success or not. Here are some strengths and weaknesses of Apple and the iPod.

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Strengths

Apple is an extremely strong company. Sales of its iPod music player are ever increasing all around the globe. The positive brand perception has also lead to a sales increase in other goods such as the Apple Macintosh computer. Thus the iPod is giving the company access to a larger number of sectors that are buying into the other areas of Apple's brand. Sales of other products such as the ' Notebook' are also growing, and are also helping to increase Apple's revenue.

An established brand image is very important. Apple is up there as being one of the most recognized and triumphant IT brands in the world, and has a very loyal set of thriving repeat customers that advocate the brand. Such great levels of customer loyalty means that as well as constantly recruiting new customers Apple will also retain their current ones i. e. they will use Apple's products and services once again, and Apple will be able to extend their new or updated products to them, for example the iPod.

Weaknesses

It has been said that the Apple iPod Nano might enclose a flawed screen. The company has commented that " a batch of its product has screens that break under impact, and the company is replacing all faulty items." (<http://marketingteacher.com>) Along with the problem with the screens there was also a reported problem with their batteries, whereby Apple presented clients with complimentary battery cases.

The topic of music download has been huge as of late. Businesses are going into liquidation and bands in the music industry feel something needs to be done as people aren't buying their CD's anymore, instead opting to download them from the internet. Apple is facing pressure from the industry to increase the price of its music downloads. Apple has sold about 22 million iPod digital music players and more than 500 million songs through its iTunes music store. It accounts for 82% of all legally downloaded music in the US. The company is resolute, but if it gives in to the music producers, it may be perceived as a commercial weakness. (<http://marketingteacher.com>)

As well as influences from within a company there are also external factors that affect the goings on, these include opportunities and threats. Here are a few.

Opportunities

Apple have chance to widen their iTunes and music player technology into a mobile phone format. Mobile phones are now being made with colour screens, personal stereo speakers and sophisticated camera systems. A new adaptation of Apple's iTunes has been created for mobile phones so that the user is able to handle the tracks they lay up on it. Innovative technology and tactical alliances propose opportunities for Apple to become an even greater force.

Threats

One of the prime dangers to technology based businesses such as Apple is the soaring level of rivalry within their market. If you are a success you are

automatically going to attract competition as others will want to take a slice of your profit and become successful themselves. Therefore Apple must work very firmly on research, development, marketing and advertising to maintain their competitive location and advantage. The popularity of iPod and Apple Mac are subject to demand, and will be affected if economies begin to falter and demand falls for their products.

Within Apple's market there is a lofty product substitution effect. At this current moment iPod are the rulers, however it wasn't long since CD's and Vinyl's were. Apple needs to be able to adapt to change.

(<http://marketingteacher.com>)

PEST Analysis

Other external factors also have a massive influence on how well a product does.

Political Factors

Apple's are a worldwide business therefore many political factors will effect them. War, terrorism, geopolitical uncertainties, public health issues may affect the company's business greatly. All these events are far beyond the company's ability to control therefore adaptation is crucial.

Apple has outsourced its applications, merchandise manufacturing, shipping and logistics management to numerous intermediary manufactures to lower their overheads. Various manufacturers are positioned outside of America.

The merchandise development in these countries may get interrupted by political proceedings. If this was to happen Apple would be unable to deliver

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its products on time to its customer and could potentially lose money. This would harm the image of the company to both consumers and retailers.

Economic Factors

By large the global economy is not good at this present time. With consumers facing unemployed in the face, they are likely to spend less in purchasing luxuries goods, such as buying a new iPod. This is more than likely to have a damning effect on Apples sales.

The exchange rate between the British pound and the American dollar has fallen harshly due to the credit crunch, consequently they may be more expensive than before which would lead to consumers hesitating in buying new iPod's.

Social Factors

Environmental care is becoming more of an issue around the globe with all companies trying to keep an eye on their carbon foot print. An array of policies and laws including health and safety etc, may negatively affect the company's economic state and operating results by entailing a secure discarding or recycling system of Apple's commodities. Specific Apple merchandise is facing health issues due to a design hitch. Evidence suggests that the improper use of the iPod may possibly cause a hearing impediment for its users.

Technology Factors

The market for portable music players has many different competitors and is also subject to swift technological modification. The petite product life, threat of new innovative merchandise and the persistent enhancement in product presentation, performance and image demand Apple to constantly invest in research and development in order to stay above the other market leaders. Apple's management of the whole construction procedures of the iPod is a comprehensible benefit they have over their rivals. (<http://www.associatedcontent.com>)

CONCLUSION

The iPod has probably been the most successful new product of all time, with its sales levels since it was launched continually rising, and it has now gained a market share of just over 60%. This triumph can be accredited to a number of contributing causes examined above and summarised below.

Apple had recognized an opening in an emergent market and they have exploited it successfully by inventing a new products and notion that is appreciated by consumers. The new innovative idea of the iPod was swiftly entered into the market, and all of Apples competitors were unable to match its exceptional design and functionality. New product's need to be: exclusive, advanced and differentiated and the customers need to be able to acknowledge that it is good value for what they are paying for. Every aspect of this criteria is indeed met by the iPod. Apple have a team constantly trying to find ways in which they are able to make the iPod development grow even more so it is able to prolong its market control. It is almost certain that the success of the iPod is liable to persist into the future. ' Companies achieve

competitive advantage through acts of innovation. They approach innovation in its broadest sense, including both new technologies and new ways of doing things'. Micheal Porter (1990) *The Competitive Advantage of Nations*, MacMillan, London.