

# [Brand development strategy at apple](https://assignbuster.com/brand-development-strategy-at-apple/)

Building the World’s Most Valuable Brand: APPLE Inc.

Introduction

Apple Inc. within the last 15 years has transformed the personal electronics, telecommunications, media and computer industries. Accordingly, its products have offered a distinctive, designer, integrated customer experience level for all consumers (Heracleous, 2013, p. 92). Throughout its existence, the company has aided in accelerating the progression of industry limitations through the distribution of devices that offer convergent technologies. Accordingly, this led to them positioning themselves so that the company employs substantial power over the consumers and industry participants, accordingly, they have had exceptional performance results (Heracleous, 2013, p. 92). Apple Inc. has become the most valuable listed company next to its runner-up Google Inc., with a market value of $623 billion dollars reported in August 2012, in addition, accumulated the largest amount in cash reserves, $121 billion as reported in September 2012. The company consistently attains net margins that are above 20% in industries in which many competitors only end up with single digit margins(Heracleous, 2013, p. 92). The company is successful and continues to succeed through customer value, innovation, cannibalization and a successful business strategy and business model.

Decipher Whether Actions Over the Last Year Support or Dilute the Brand

Devise a business model that creates ongoing customer value

When Apple, Inc. incorporated in January 1977, its three-point marketing philosophy was the following (Moorman, 2012):

* Empathy: To truly understand their customers’ needs more so than any other company (Moorman, 2012).
* Focus: To do a good job of the things we decide to do, they company must eliminate all the unimportant opportunities (Moorman, 2012).
* Impute:  People DO judge a book by its cover. The company may have the best product, the highest quality, the most useful software, but, if they present them in a “ slipshod” manner, they will be perceived as “ slipshod”; if they present them in a creative, professional manner, the company will “ impute” the desired qualities (Moorman, 2012).

Apple has used the above philosophy to become the world’s most valuable company and one of world’s most valuable brands(Moorman, 2012). Apple business model is its ability to provide a quality product for the consumer that is set apart from any other on the market, hence, own the consumer (Moorman, 2012). Accordingly, the Apple business model is created to push consumers into its ecosystem and then hold them there, conversely, it has been a huge success and it has allowed Apple to employ enormous power in the end-to-end supply chain (Moorman, 2012). The current business model provides Apple with the exclusive capability to maintain a low-cost sourcing strategy while maintaining high price points and consequently locking the consumer in through elevated switching penalties. Additionally, a key factor of the Apple business model is safeguarding that Apple content can only be played on Apple devices, hence, this aids in sustaining the digital download market share and it also pushes sales volume for profitable hardware devices. Apple also maintains its multi-channel platform integration through legal and technological measures and extends its repetition of the control past the multi-platform to all partners in the supply chain, as well as suppliers and manufacturers(Montgomerie & Roscoe, 2013, p. 291). The staff at Apple store is passionate about the service that each customer receives and is empathetic to their every need regarding the product brands carried by the company (Montgomerie & Roscoe, 2013, p. 291).

Hire Customer Obsessed/Empathetic Employees

The Apple Store’s policy is the following: “ Building relationships is the secret to selling more products” (Sen, 2018). There are many companies that try to imitate Apple Store’s but fall short in the process, Apple stores is the most profitable retailer and claims the highest revenue per square foot of any retail store (Sen, 2018). Apple Stores success lies in its hired staff, they are trained to engage customers and treat them with respect and value their business.

Apple’s Custom Model

There are five steps that each employee is trained to exhibit to each customer, thus, the spell out the word APPLE, hence, the following (Sen, 2018):

A: Approach customers with a personalized, sincere and friendly welcoming manner (Sen, 2018).

P: Probe politely, this helps to find out the specific customer’s wants and needs (Sen, 2018).

P: Present a solution for the customer, for any given situation, to get the customer to take home an Apple product today (Sen, 2018).

L: Listen closely for and resolve any pertinent issues or concerns (Sen, 2018).

E: End with a warmhearted farewell and an offer to return (Sen, 2018).

Apple Inc. and its stores believe that if you treat your customer well prior to, the moment of and after the sale of their purchased product, they will continue to be loyal to your company as well as your products. Apple focuses on building customer relationships in which they want to maintain, so whether the phone or product was purchased at another location other than an Apple store, it is still an Apple product and they will tend to your needs for repair or any customer issues (Sen, 2018). The company takes care of their customers and listens to their needs, feedback and recommendations and takes all suggestions into consideration as a company (Sen, 2018). Moreover, there is no chain of command when it comes to customer issues, when Steve Jobs was alive, he received emails from actual customers in which he in turn personally answered and resolved certain issues. Furthermore, Apple appreciates every phase of a customer’s experience and always makes them feel valued; i. e., from the in-store experience, appealing product designs, product packaging and an outstanding customer support experience (Sen, 2018).

My a-ha moment: Apple focuses disproportionately on the purchase and post-purchase experience as well as the offline experience; whereas most brands focus on the digital pre-purchase ‘ journey’.

Cannibalization an Important Part of Building an Innovative Brand

Market cannibalization is the negative impact in which a company’s new product has on the sales performance of its similar products (Kenton, 2003). Accordingly, a new product takes away the demand for the current product, thus, reducing overall sales. Eventually, this damaging impact can negatively affect both the sales volume and market share of the existing product. (Kenton, 2003). Companies face self-cannibalization at different levels; i. e., replacing existing products with somewhat better products or replacing them with something totally different. Most companies find the changing to something completely different more difficult, but the best companies practice both forms (Yu & Malnight, 2016).

In the year 2005, there was a demand for the iPod Mini, the Nano was launched, and completely destroying the revenue stream of an existing product. Accordingly, while iPod sales were still relevant, Jobs launched the iPhone, which combined iPod, cell phone, and Internet access into a single device, and it was a huge success. Apple’s  CEO Tim Cook stated the following; “ when cannibalization becomes a determining factor in choosing which products to pursue and which not to, a company has already lost sight of what’s really important: the customer.” (DSCHLAEGEL, 2016)

## References

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