

Marketing Strategy of Apple

Published by : WWW.studymarketing.org

Introducing Apple

Steve Jobs is the brain behind the very famous and very Popular Apple Company. Apple creates and designs desktop computers, Mac laptops, iTunes, iPods, the OS X operating system, the iPad and the iPhone. Apple has been in the business for quite some time now and they have indeed reported great success. It is currently one of the leading companies in the technological world and their products are growing in popularity with each passing day.

Apple's success was not automatic; work was put into achieving it. Proper measures were put in place and high quality and effective delivery of both products and services was ensured. In the year 2010, Apple went passed Exxon Mobile as the most valuable company in the entire world. This was attributed to the release of the iPad which impacted the world in a very big way. They were also in the same year reported to be United States' most profitable retailer. The question on every one's mind then and today still is how did they manage to achieve all these?

Below we take a look at the strategies that Apple chose to go with. There is no denying that these strategies played a very huge role in giving them the success that they are enjoying today. There are quite a

number of leaves that businesses all over the world can borrow from these strategies.

Apple's Marketing Strategy

Just one word can be used to describe the Marketing strategy that Apple has been using; Empathy. Empathy is simply the ability to understand another individual, to be able to connect with them at a deeper level, get deep into their innermost desires and wants and provide them with a product that greatly benefits them to the point that they practically cannot live without it. Apple chose to get their customers a product that is so useful to them that they would not even think of going for its substitute. They opted to go for a product that is easy-to-use, clean and simple to ensure that their customers were getting what they want without having to put too much effort into it.

This is what set Apple apart from all other companies in the entire world and this is also what contributed to the huge success of their marketing strategies.

Steve Jobs came back to Apple in 1996 and at this point the company was almost going bankrupt They had reported a \$1 billion loss the previous year and they had just ninety days left before they hit bankruptcy. Steve then came back and put his marketing strategies in

place Apple then reported a \$5.9 billion profit. Steve then raised Apple stock market cap to \$702 billion from a mere 43 billion. This is actually more than Google who have \$218 billion and Microsoft who have 4226 billion. You might be wondering how he was able to achieve all this. Mind you, he was able to do all that in just ten years.

It all started with the brilliant mindset that Steve had. First and foremost, Steve said that so as to take Apple to the top, the mindset that Microsoft has to first come down has to go. The competing mindset had to be let go of, immediately! He instead chose to work with the mindset that for Apple to get to the top, it has to really work hard. The most important thing should be Apple's ability to create value; Apple should be able to make great contributions to the industry.

The following year, Apple released the premier computer that gave users easy access to the internet. At that time, for one to connect to the internet on most computers, they had to contend with hours of complex set ups. Apple brought in the Mac that allowed one to connect to the internet in just ten minutes, at most! It was very clear to Steve Jobs that he needed to concentrate on meeting the customers' needs and giving them exactly what they wanted if they were to continue spending their money on Apple products

Due to the fact that Apple concentrated more on catering to the customers' needs above every other thing, they really did not need to compete with others on price and they had the chance determine their own prices. This is simply because they were bringing into the market something that outshines every other thing that a company can bring into the market, value!

What differentiated Steve Jobs from all other marketers the world over is the fact that it was clear to him that as a marketer his primary role was not just to increase sales and make more money. He also made this fact clear in the way he chose to present his products.

Below are a number of quotes that show the focus that Steve has in business:

- 'Being the richest man in the cemetery doesn't matter to me. Going to bed at night saying we've done something wonderful; that's what matters to me.'
- 'You've got to start with the customer experience and work back toward—not the other way around.'
- 'If it could save a person's life, could you find a way to save ten seconds off the boot time?'

Steve greatly simplified the process of marketing; if you provide customers with exactly what they want, educate them on exactly why they need that product, make it clear to them how it will benefit their lives and why no other product available in the market can give them the ease of use and convenience that they will get from your product, customers will buy your product.

The marketing strategy that Apple uses mainly depends on developing products that they themselves can use. For instance, the iPhone was actually developed for the Apple employees who were not satisfied with what they were getting from their mobile phones. They went out to create exactly what they would like to use.

When developing the iPad, the one thing Apple wanted to achieve was a product that made it fun, easy and effortless to read books, watch movies, listen to music and browse the internet anywhere anytime. Apple's first step is usually to develop a product that the customer would want then they move on to bringing the product to the customer. Apple has been able to go above Microsoft because Microsoft opts to first earn money. Their main focus is on competing with Apple and not giving their customers an experience that would really satisfy them and leave them happy. Believe it or not; customer experience plays a very

important role in determining whether or not customers will buy your product.

Simply put, Apple gives customers what they want and they do not take any time to play games like many other companies do.

Key Strategies to Learn from Apple's Marketing Strategy

There is really no denying that Apple is at its best. The secret is not only in their design standards and product line. The secret is also not only in the strict adherence that Steve Jobs has to the core philosophy of Apple. It goes beyond all that.

Taking a look at its most recent revenue models and product lines, anyone would be a fool to underestimate it and not call it exactly what it is. Apple is:

- A movement
- A design Firm
- A computer builder
- A media Platform
- A software Powerhouse
- Publishing Company

If you take the time to individually look into all the bullets listed above, you will discover that Apple is indeed a leading company in its industry. Putting them together will however show you that Apple is definitely one of the most influential businesses in the entire world. Below are seven key strategies that you can learn from what Apple has been able to do and achieve to date.

✓ Ignore your Critics

More often than not, entrepreneurs hear a lot about how they should take the time to get to know exactly what people in the market want. This requires them to go out and carefully listen to what their critics have to say and at times it requires one to be more patient than they would like to be.

Apple instead opted to flip the script and concentrate more on developing what they wanted to develop regardless of the costs perceived. When the iPad was debuted, the critics all lined themselves up and hurled each and every insult that they could think of. They were all of the strong opinion that the iPad would be a huge failure. Look at the iPad today, it is doing great! Every time Apple chose to be innovative, it was dismissed but it still came out on top every time. Albert Einstein said that, "Great ideas often receive violent opposition from mediocre minds."

- ✓ Transform the Ordinary into something brilliant

For a significant amount of time, PC fans had to contend with purchasing parts for themselves and creating tower systems for themselves. PC makers were also busy developing for standard applications standard hardware. Apple chose to take a different route. Apart from pioneering the features of standard computer systems and operating systems, Apple also chose to reinvent the standards of designs also. This is what resulted in us having the iPhone 4, MacBook Air, iMac and all those other amazing Apple products in the market today.

While others are busy just taking into account a single aspect of the equation, Apple is busy taking into account all the aspects of the product and this has paid off very well for them.

- ✓ Price Justification

We are currently living in a world where pricing strategies are being thrown around. People are not really sure of the right price to charge and in a large number of cases they opt to race to the bottom and not make use of strategic pricing to a market that can easily handle the cost.

Apple again chose to go against the norm. Apart from selling their products at prices that are more than twice what their competitors are selling theirs for, Apple does it so confidently.

You might wonder just how it was able to pull this off. Well the answer has two sides to it:

- They develop brilliant products for customers who are simply in love with the said products
- The unmatched benefits and features that they provide justify the prices that they charge for their products.

There is no product in the market that has higher value than the Apple product and there is no software in the market that is more intuitive than the Apple Software. Compare any other smartphone to the iPhone 4 and you will think that it was developed by rookies. There is just no way of comparing the two.

Critics might argue that both have the same core features. While we cannot deny that this is so, this is not the point to be made here. The main point here is that Apple is the top layer of the design and technology world and their customers are gladly willing to pay whatever it will cost them to get that Apple product.

✓ Speak the Language that your Audience speaks

There is really no point of talking to your customers about processing power, gigahertz and megabytes. They do not understand a thing about that and they are not in any way interested in it.

Take a very cautious look at any Apple, page and you will discover that all the technical information and product specifications are carefully hidden behind all the benefits that the customer will get from the product.

You will not get display resolution written there, instead descriptions like 'LED backlighting', 'retina display' and 'edge to edge glass' will be used. The jargon is not completely gotten rid of. It is still provided for the few who can understand it and are looking for it but it is given in such a way that makes it interesting and not scary.

✓ Extend the Experience

Do you know what 'unboxing' is? Not so many people actually know about it until they get to learn that Apple customers actually store the packaging after they have bought the product. There are actually a large number of Apple customers who record themselves getting their new Apple products out of the box. A quick search on YouTube will show you a great deal of videos of people 'Unboxing' their Apple products from many parts of the world. No one pays these people to do this or even

tells them to do it. They do it completely of their own accord because the process is just too Zen for them to not do it.

Apple has been able to achieve this by ensuring that the experience of their products does not cease when one pays for the product. They put in the required time and effort into coming up with a user experience that caters for every step from unwrapping to browsing. This greatly depends on their brilliant installation procedures and incredible packaging.

By decreasing installation to the lowest possible common denominator, they turn into a snap the buying of new products and putting into packaging as much time as they do into the individual products, they have been able to ensure that what the customer gets from inside the box is the same as what the customer gets from the box itself. This has resulted in Apple being able to develop a user experience in the market that is second to none.

✓ Develop a Tribe

There is no denying that Apple currently enjoys a fan base that is among the most hardcore in the entire world today. They are not referred to as the 'fan boys' for nothing. Most of the talk that is doing rounds about Apple and its fans is mostly out of jealousy and not anything else. Apple

however does not really care about that. They are well aware of the fact that they cater to a very elite audience and they choose to embrace this fact and not shy away from it.

✓ Become 'The Name'

You do not shop for a smartphone, you shop for an iPhone.

You do not shop for MP3 Players, you shop for an iPod.

Do you get the gist of what Apple is trying to do here? It is not just satisfied with holding the number one position as far as sales are concerned alone, they are looking to win the market and this is the reason as to why they have engineered iTunes into the number one music provider that it is today. This is also the reason as to why the iPad is dictating the trend for all tablet devices that will be brought into the market in the future. This is taking into account the fact that it is the premier tablet in the market.

From this point forward, each and every other thing will be compared to the iTunes, iPod and iPad. The sad fact is that it is not very easy to duplicate such a thing but it is however not impossible. You will just be required to have either of the two things below:

- A clear head start as far as being the pioneer in the market is concerned

- A USP that sets your product apart in such a way that makes customers wish that it was brought into the market first.

The iPhone was not the pioneer smartphone in the market but Apple was able to engineer it in such a way that it is unique and one cannot help but look at it as a pioneer smartphone in the market. The iMac is not the pioneer all in one in the market, but it turned out to be the most significant one in the market.

The marketing angle is really never the most important aspect; the most important aspect is the ability of the customers to identify with the marketing angle that you choose to go with. Take time out today to look at any product release that Steve Jobs has done and you will notice that he takes time to tell you the reason as to why all other products in the market cannot stand up to what he is offering you. Go for an angle that your target market can identify with.

Apple's Product Strategy

It seems like Apple is on a kick of delivering product refreshes to punctuate its cycle of major releases. They are doing this by making tweaked versions and changes to devices that greatly surpass what it has done in the past as far as spec refreshes are concerned. It seems that very soon we will be witnessing a new era of light changes that will be

geared towards catering to market trends and optimizing product viability.

If you take a look at the number of mid-cycle changes that Apple has done during the year, you will come up with a very long list. The list would include the Air improvements and Retina MacBook Pro done in February that included new processors. For many years now, Apple has been doing a number of internal specs on the Mac line. A number of the very huge changes that have been made to the operation of their product cycles are the new 16 GB iPod touch, iMac with VESA mount and the 128 GB fourth generation iPad.

All these updates were not really loudly launched compared to all the other launch events that Apple has been holding over the years. These updates usually just get updated on the online store or get a press release done on them. However, a lot of press still surrounds these updates and despite the fact that there is no denying that they are mostly not sufficiently ground breaking to warrant huge events. They are however signs that Apple is committed to continuous improvement, improvements that could lead to dramatic changes in the usual operation of Apple's product cycles.

Tim Cook was once the COO in Apple. His primary role was to help Apple develop one of the most efficiently and effectively run supply chains in the history of the entire world. This simply translated to Apple seldom having inventory just sitting around in the warehouse whilst costing it money. It also meant a very drastic decrease in error incidences in the entire manufacturing process. He was also charged with the responsibility of ensuring that adaptations and improvements were continually made to ensure that the profit margins remain high. Chances are high that Cook is still the one directly responsible for a large amount of the continued optimization on that area. It is however very sensible that he would use the same skills on the actual product themselves and not just the manufacturing process.

All the updates that have been listed above contain a precise optimization. Where the iPad is concerned, the storage bump allows it to remain up to date with all other products that are being introduced into the market including the enterprise, better service education and surface users. Where the iMac is concerned, Apple looks into the one big flaw that was pinpointed by reviewers when they were making comparisons of it with the generations before it. When you look at the iPod touch, it closes up a gap in the lineup of the company, makes the supply chain much simpler and makes it much easier for developers to be able to come up with optimized designs for screen sizes in the future.

The new approach adopted towards the products that Apple is producing seems to reflect much more flexibility. Things are currently more mutable compared to before Cook was in control. The question of avoiding angering the early buyers of their products still begs. This is because one who buys an iPad immediately it is introduced into the market does not want to look at the newer model four months later and regret their choice to buy it four months before. However, these updates significantly appear to be precise tweaks made to increase a potential audience and not leave out the existing one. Provided that this type of precision refreshing continues to be used, Apple is guaranteed to benefit a lot from this enhanced approach to the development of their products.

Microsoft and Google both have the ability to develop a phone that will rival the finish and fit that is provided by the Apple product but the fact still remains that they do not have the ability to attract the long lines of customers that Apple does. Apple tends to be set apart from all these other companies in the market, it stands alone. On the other hand Windows and Android devices have the tendency to compete against their own kind.

Apple's Pricing Strategy

Comparison shopping for the latest electronics in the market tends to be addictive and fun. To get the good discount that you are looking for, you will be required to have that great eye for good deals, a bit of luck and some patience. As a matter of fact, in the current economy, discounts are among the fundamental mechanisms that are used by retailers to compete against their rivals.

Bear in mind though that when you are in the market looking for Apple products, all bets will be off. Both the Macs and IOS devices appear to be extremely impervious to the discount game. As a matter of fact, it is very rare to get a substantial price variance between different retailers than when you do actually get it, significant press coverage is warranted.

There are quite a number of laws that regulate competitions among retailers which makes you wonder how Apple actually manages to get away with this brilliant feat. You will be surprised to find out that Apple makes use of a strategy that is fairly straightforward which goes by the name price maintenance. This strategy benefits from the popularity of the Apple products and takes advantage of a quirk in the way retailers are let to put up advertisements for their merchandise.

A large number of products get from the manufacturer to the retailer via a whole network of distributors. Despite the fact that each and every product comes with a 'manufacturer suggested retail price' or MSRP, every retailer is granted the freedom to set the price they are willing to sell the product at. This is the reason as to why you can get a laptop that costs a retailer \$250 dollars to buy and that comes with an MSRP of \$500 going for \$350 and accompanied by a great discount of 30%. You might even get a different retailer selling it at a much lower price so as to increase the amount of traffic coming into his store. You could even get a retailer who is in the crisis of lower sales volume which forces him to sell the product at a much higher price.

All of these variations in price are made possible by the big difference between the MSRP of each unit and the wholesale price of each unit. This difference leaves open a gap wide enough to allow every retailer to set their own policies and at times come up with a substantial market prices range for one product.

However, Apple only allows for a very small wholesale discount on its iPads and Macs to the retailers. The real numbers are a highly guarded secret that is shielded by confidentiality agreements between the resellers and Cupertino. Chances are however high that the difference only amounts to a very small percentage off the official prices that you

get at the Official Apple stores. With the gap available to play around with being this small, a large number of retailers do not have the chance to offer huge discounts and still be able to earn a profit.

The price maintenance strategy is a double-edged sword. The incentive that the retailers have to stock Apple products or provide them with advertising and retail space is quite small taking into account the fact that the profits they stand to earn are quite low. On the flip side, large chains are known to transform a barely profitable product into a 'loss leader' so that they can raise the amount of traffic coming into their stores and increase the amount of ancillary goods that are being sold like cables and accessories. These ancillary goods usually hold a higher profit margin.

It is at this point that the second part of Apple's price maintenance strategy becomes relevant. Apple supplements its small wholesale discounts to retailers with monetary incentives that are more significant that are only given under the condition that the retailers advertise the Apple products above or at a certain price that is usually referred to as the 'MAP' or the 'Minimum Advertisement Price'. This agreement allows the retailers to earn more money for every sale that they make but it does not allow them to provide their customers with significant

discounts. This is what produces the almost homogenous Apple pricing that is witnessed everywhere in the world.

This strategy is advantageous to Apple in quite a number of ways. First of all, the company gets to earn more money from direct sales and it is not forced to compete against prices that have been marked down by its own retailers. Owing to the fact that the retail operations operated by Apple itself are among the top in terms of profits in the entire world, undercutting their prices to get a bigger distribution network would prove counterproductive for it.

The most important point being made here however is that the narrow range in the variability of price prevents a single retailer from setting up a market position that is strong enough to provide it with an advantage when negotiating with Apple in the future. The huge store chains have been known to use their heft to get higher and higher discounts out of manufacturers. This has at times gone as far as forcing the said manufacturer out of business.

By ensuring that the prices of its products are maintained on an even keel, Apple greatly decreases the possibility of conflict arising in the future within the distribution channels that it uses. This also allows it to maintain in the black its retail operations.

The iPhone situation has however been a bit out of the norm, Despite the fact that the phone's current retail price is in the hundreds, a good number of the buyers buy it together with a three or two year cellular service plan. To allow them to charge the iPhone buyers \$70 more every month, the carriers choose to reduce the price of the phone itself which results in it being sold at a much lower price than it would go for if it were to be sold contract free or unlocked.

To the retailers, the 'phone-and-service-contract deals' are beneficial to them not because of the selling price that the phone will go for but because of the commission that they eventually earn from the carriers. The commission depends on the cost and the length of the mobile plan that the customer opts to go with. This is the reason as to why you will get a good number of stores selling you the iPhone at a good discount which you will only get if you also purchase the 'in-store activation. This is because if you fail to get the 'in-store activation' the retailer will not get their promised commission.

This also helps to make it much clearer why a good number of stores opt to break rank and provide discounts on the Apple phones. Chances are very high that when this does happen, Apple usually has no involvement in the deals. It however usually results in serious

repercussions as competitors make attempts to match up the prices being provided with these deals.

The pricing strategy that Apple has opted to go with is in no way illegal and is as a matter of fact frequently used in the industry. For instance, the MAP is nearly certain in use anytime an online retailer needs you to include into your basket a certain product before they let you know how much it costs and also when carriers give kickbacks to retailers for a good number of the smartphones. Simply put, Apple has distilled these standard tactics into a very effective retail strategy that has so far highly benefited them. It has also greatly gained from the seemingly unending lust that the public has for the Apple products.

The Apple pricing strategy has resulted into a cumulative effect on customers that is quite difficult to pin down. On one side, customers have been denied the chance to enjoy the benefits that usually result from price competitions in the free market. The very familiar phenomenon that Apple products have the tendency to cost more than what the products of their competitors cost is not automatic, it does not happen magically. It is actually very easy to get a laptop in the market that is not that expensive but it is very hard for one to get an Apple laptop in the market that is not expensive.

On the other side, it is also very difficult to find an Apple laptop in the market that is inferior or of low quality. The same applies to each and every other product that is produced by Apple. A very tight grip and control over its entire distribution network and high profit margins have allowed Apple to bring into the market goods of very high quality that go for prices that are modestly above the prices charged for rival products. In the long run, customers get to enjoy a much more enhanced general experience that is fully satisfying when they opt for Apple products.

Regardless of how you choose to look at it, the pricing strategy that Apple uses is a very interesting aspect of the notorious controlling nature that Apple is known of. All other factors constant knowing the price stability that the Apple products come with significantly reduces the stress that would be involved in shopping for them. The only time you will be expected to exercise patience would be when you are waiting for the product to get to you!

Apple's Branding Strategy

Apple has made use of the Apple brand to penetrate a good number of extremely competitive markets. These markets include the personal computer industry which it managed to penetrate using its Macintosh computers and all related software, the iPod it used to get into the

consumer electronics market, the iTunes Music Store it used to get into the digital music distribution industry, the iPhone it used to get into the smartphone industry just to mention but a few.

Where marketers are concerned, Apple has also managed to set up an extremely strong presence that has allowed it to rival Google where advertising is concerned through the iAdnetwork and its Apps Business. A 'mobile devices company' is the description that the co-founder of Apple, Steve Jobs, gave it. It is actually the biggest the world over as its current revenues are higher than those of Sony, Samsung and Nokia. For a large number of years, the product strategy used by Apple was mainly about developing innovative services and products in line with the 'digital hub' strategy.

The Apple Macintosh computers were to work as the digital hub for all digital devices including the still cameras, digital video cameras, cellular phones, personal digital assistants, the iPod just to mention but a few. In the recent past however, Apple has begun to concentrate more on developing a well-organized and well thought out brand strategy.

It is opting to go with a brand strategy whose central focus is the customer experience. The Mac has lost its position as the hub of all Apple products. Today Apple provides an integrated, synchronized and

harmonized user experience across all its products with the help of the iCloud. The iCloud is the new hub. Apple is currently in the process of expanding this experience to environments that are not Apple controlled by bringing in deep integration with Twitter and Facebook on the Mac, iPhone and iPad.

The Core competence of Apple as a company lies in its ability to deliver experience that is second to none through brilliant user interfaces. The product strategy that the company uses is all based on that. The Apple Apps Store, the iPhone and iTunes have all played major roles in ensuring that this is actually achieved.

✓ The Personality of the Apple Brand

Believe it or not, the brand strategy that Apple uses is emotion-centered. The Apple brand personality centers around power-to-the-people, aspirations, hopes, dreams, passion, innovation, liberty regained, imagination and lifestyle all via technology. The personality also centers on simplicity and getting rid of all complex things in an individual's life, developing a product design that is people-driven and becoming a real humanistic company that holds a real and heartfelt connection with its entire customer base.

✓ The Customer Franchise and Brand Equity of Apple

Apart from simply being intimate with its entire customer base, the Apple brand is also loved by its customers and it has managed to develop a real sense of community among a good number of its users. The customer franchise and brand equity that is embodied by the Apple Brand is actually very strong. For example, the preference that people have for Apple products in the 'Mac Community' has been able to keep the company going for a good part of the entire 1990s and has also allowed the company to sustain premium pricing over all of its competitors.

There is no denying that the premium pricing that Apple enjoys in a good number of its product lines has played a big role in ensuring that it remains in business.

PC vendors enjoying a very small market share and having a much weaker brand have for long fought to compete with the manufacturing economics and supply chains used by Dell. Apple on the other hand has however made great advances in making its operations, logistics, supply chain and manufacturing much more efficient. There is no denying that the product costs that are incurred by Apple are very similar to those incurred by Dell. However, Apple still enjoys a cost advantage as they are not required to pay any other person to get operating system licenses.

This gives Apple an advantage over Dell where the final price quoted to the consumer is concerned.

✓ The Customer Experience from Apple

The huge promise that the Apple brand holds without a doubt places the company at a very difficult position. This is simply because it has to deliver on this promise. The technologically-leading, highly ergonomic, beautifully designed and innovative products that are provided by Apple are both designed to deliver on the promise made by the brand and to also ensure that the promise is kept. The latest focus on the design standards and manufacturing build quality of the iPhone 5 is a good example of this importance.

Apple has a clear understanding that each and every aspect of the customer experience is very important and that each and every brand touch-point has to reinforce its brand.

Apple is currently operating its own retail stores in many cities around the world. The stores have been strategically located in quality and up-market shopping venues. This was done so as to help Apple enhance and expand its distribution capabilities. It has also formed agreements with other companies to either distribute or co-brand their services and

products. A good example would be the agreement with HP to co-brand the iPod.

These retail stores have actually reported a lot of success and have managed to provide prospective customers with the direct experience that one gets from the brand values of Apple. All the visitors to these stores get to experience a no-pressure and stimulating environment that allows them to get to know more about the entire Apple family.

They also get the chance to experiment on Apple products and receive practical help on all Apple products. All the staffs working in these stores express their enthusiasm without being too pushy or braggy and are also informative and helpful. The general feeling that one gets in these stores is that of inclusiveness from a community that has a deep and clear understanding of what effective technology should feel and look like and exactly how it should be integrated into people's lives.

✓ The Brand Architecture of Apple

Where the Brand Architecture is concerned, Apple chooses to maintain a brand identity that is monolithic. Each and everything is related to the Apple name.

Currently there are quite a number of product families under the Apple brand apart from the iTunes and iPods. It currently has the iCloud, iPad, iPhone, iWork, iLife, iBook and iMac. Despite the fact that it has significantly invested in the marketing of the iPod, Apple has really not well established the 'I' brand. This prefix is used on a good number of its consumer products but not on all of them. Apple also has the Mighty Mouse, QuickTime, Safari, Airport Extreme, Apple TV, MacBook and Mac mini just to mention but a few.

The trademarks that Apple holds under its belt are a reflection of a past that was quite jumbled up. Since January 1984 when the Apple Macintosh was introduced into the market, the Apple Mac has always been the pre-dominant sub-brand. Products that are also used by the users of Microsoft Computers such as the Safari, QuickTime and MobileMe have been given these names to ensure that they remain a bit neutral and more acceptable by the Windows users. There are also other products that have been specifically designed for a more professional market such as the Xserve, Final Cut Family and the Aperture among many others.

✓ The Halo Effect of the iPod

Despite the fact that the Apple iTunes Music and iPhone businesses are successful in their own rights. Apple's decision to venture into these

product lines was influenced by its strategy to make use of the music business to help enhance the appeal of its computing business.

Apple is currently making use of the iPad, iPhone, iTunes and iPod to re-invigorate and reinforce the personality of the Apple Brand. These product initiatives are also simultaneously becoming appealing and relevant brand images in the minds of customers that Apple had not reached out to before.

With the use of the iPod halo effect, as it is so-called. Apple hoped that the iTunes and the iPod popularity enjoyed by the new customers would influence them to buy the computer products that Apple was offering. This seems to have actualized. Since the launch of the iPod, a dramatic rise has reported in the market share and sales of Apple.

A number of years ago, the aspirations that Apple had for the halo effect were highlighted really strongly when Apple decided to use the slogan 'from the creators of the iPod' to promote the iMac G5 Computer. At this point, the Apple brand completed a full cycle. It began as a brand that originated in the personal computer market which then leveraged itself into the consumer electronics market and then moved back into the consumer personal computers market.

The extension of the halo effect has been realized from the huge success of the Apple iPad. Exceptional customer experience gotten from the iPhone blended together with a product that is exceptional in its own right has resulted in the iPad being a greater success which has in turn resulted in more and more people being drawn to the Mac Computer products provided by Apple.

The Mountain Lion OS X version that was released in mid-2012 included a large number of small changes to the user interface. These changes transformed the style of use on Mac very similar to that on the iOS and the iPad. The introduction of such changes clearly showed that Apple has made the decisions that they can manage to sell more of the Apple Mac via selling to the users of the iPhone and iPad than they can manage to if they choose to simply increase the sales made to long-term Mac users.

The choice to generate a common user experience among all users of the Apple products was enhanced in mid-2011 when the Apps Store was introduced to the Mac OS X Mac users now have the chance to buy application for their OS X and get to enjoy the same convenience that iPhone and iPad users do.

The experience of the iPad and Mac users was further harmonized in mid-2012 when Apple brought into the Mountain Lion Version more features from the iPad. The introduction of this version saw Apple remove the Mac part of the operating system's name. It is currently known as just 'OS X'. This was a small change in the branding but it was still a very important one as it opened up avenues for Apple to consolidate all the software used on its many devices.

✓ Anticipate the Speaking of the Halo – Siri and Beyond

The next dimension that Apple will be looking into to get synergy across all its devices is speech. Anticipate the introduction into the iPad of the natural language speech interactivity capabilities and processing that came with the iPhone 4S in October of 2011.

Apple is making speech interactivity more substantial by choosing to give it a character; the personal assistant that goes by the name 'Siri'. It is possible to in a way customize Siri by making use of various idioms and languages. It is presumed that various other personalization and customization features will be introduced.

Siri brings out the marketing genius in Apple. Speech interactivity and control are not new phone or computer features. For instance, smartphones using the Windows operating system have provided such kind of functionality for a good amount of time now. The creation of the

'Siri Personal Assistant' Character by Apple provided customers with a hook that they could finally use to gain a clear understanding of what is entailed by speech interactivity.

Simply put, Apple is now through with showing customers how to use touch gestures and is now busy showing the same customers how they can talk to computers.

✓ Financial Success from the Strength of the Apple Brand

Until today, the branding strategy that Apple has chosen to go with has been successful. For instance, reports show that half of all the computer sales that are made through the retail channels are made to people who are new to Macintosh. Apple's margins and sales have been steadily increasing since 2006.

So as to further extend its brand, Apple launched the iPhone by leveraging the iPod. In the first half of the year 2007, Apple employed amazing buzz marketing efforts that resulted in the release of a product that falls in the category of the 'most highly anticipated'. It also resulted in the introduction of Apple into a market that was completely new to them; the mobile phones market.

By mid-2008, the buzz created about the iPhone 3G brought in over one million sales that were reported within the first three days of it being released in more than 20 countries all over the world. There was a repeat of this success in 2010 when the iPad computer was first introduced into the market and also in March of 2011 when the iPad 2 was launched. The iPad 2 managed to sell one million units in just twenty four hours.

- ✓ The iPod and iPhone Halo Effect used by Apple to re-enter the Corporate Market

Despite the fact that there is no one at Apple who would actually come out and say this is true, Apple seems to have shifted strategy to concentrate on penetrating into the corporate marketplace.

Many years ago, Apple enjoyed a very huge market share in very big companies. Towards the end of the 1970s, on the Apple II the VisiCalc was launched. This was actually the premier spreadsheet program. The premier PC to operate on a Microsoft Operating system was not introduced into the market until 1981. In 1984, when Microsoft launched into the Market the Excel Spreadsheet, its first appearance was made on the newly released Apple Mac. This goes to show you the huge presence that Apple enjoyed among finance and accounting departments.

Despite the fact that Apple withdrew itself from actively competing for corporate business in the 1990s, the Apple Mac is still made use of in

corporate environments today. There is still a very dedicated and vigorous development team in Microsoft whose main responsibility is to come up with business software to be used on the Apple Mac. New Microsoft Office version to be used on the Apple Mac are still currently being introduced into the market approximately two years before the same functionality is introduced in versions to be used on the Windows operating system.

Chances are very high that over the next number of years Apple will choose to concentrate on the corporate marketplace.

The company gives regular updates on the number of fortune 500 companies that are either deploying or trialing the iPad and the iPhone. The introduction of the 'Snow Leopard' in 2009 included features that let Mac computers completely support Microsoft Exchange.

This allows Corporate IT Departments to provide support to business users who contact their main email clients using Apple Macs. The Lion OS X comes with functionality that allows for Mac to be used as a business server.

Microsoft is also continuously releasing advanced versions of the Microsoft Office that are intended for use on the Apple Macs. In mid-2008, Apple made the announcement that an iPhone software upgrade

that would let iPhones get full support from Microsoft Email exchange servers had been done. Corporate IT Departments now have the choice to include in their lists of email clients iPhones.

There is one aspect of the strategy that Apple is using that comes out very clearly in all this: to make use of the popularity that the iPad and the iPhone are enjoying so as to get back into the big corporations, to sell very many of these devices and to get Apple Mac back into the big corporations and also in the laptop bags of the executives of the big corporations.

There is no denying that both the iPad and MacBook Air are made for business markets and also for the consumers. Apple continuously displays the mastery that it has in morphing brand preference and customer experience from one product line to the next.

Despite the fact that no one in Apple will actually admit to their intention to move into the corporate markets, it is abundantly clear that they are intending to do so.

✓ Clouds after Halos

The step after halos in Apple's branding strategy is the Apple iCloud. The iCloud provides a seamless experience for sharing and using content

across all the devices manufactured by Apple. Simply put, iCloud allows a common 'it just works' experience for the use of content across all the mainstream products from Apple.

iCloud places the company at a position that will allow their customers to in the future have their digital lives and customer experiences transcend the hardware devices that they make use of. This also allows Apple to have their brand experience to move well beyond the individual products.

In Rural North California, Apple has established a data center that is 500,000 square feet long. The center will serve as the core of a data repository that is used for the iCloud services. This will allow Apple to leverage the customer franchise that it currently holds into an even bigger market space. The Apple iCloud is among the several ways through which Google and Apple are quickly turning into arch rivals.

✓ iKnow Siri?

The moment the users of Apple devices become accustomed to this kind of interactivity, it is presumed that the natural language speech interaction will be included in the Mac also; regardless of how much evolution the Apple full function computers will have gone through by then. Probably, over a longer time period, it is allowed to assume that

the user's Siri will be used to both embody and develop a feeling of a continuous experience across multiple Apple devices; it will appear as if Siri will be moving with the customer from device to device.

It will be possible to enjoy this continuity across devices because Apple is making use of the iCloud to provide customers with multi-device synchronization and device-independence; this means that whatever Apple device you use the experience will still be the same because the device that you have just moved to will be well aware of the actions that you were carrying out on the previous one. The new device will have the ability to continue dialogues like chat messages from right where you had stopped them.

Three decades have almost passed since the Apple Macintosh was launched in the year 1984. This computer has actually proved itself and it has gained a significant amount of popularity using the Apple II.

The Apple Mac was announced in a commercial that is among the most famous in the history of commercials as it was aired on 22 January 1984 during the third quarter of the Super Bowl XVIII. The formal release of the product was performed a few days later on 24th January, 1984. Apart from the very innovative user interface that the Apple Mac provides, the industrial design that it had them was very revolutionary

then. Interesting enough, it has the same screen size as the slightly new PC format, Netbooks and it was also just a bit smaller than the 10 inch that the MacBook Air and iPad products have today.

Most Vital Branding Lesson from Apple's Branding Strategy

There are quite a number of very important lessons that marketers can get out of the branding strategy that Apple uses. Out of all of them, one of them remains very prominent; branding starts out on the market's demand side.

Essentially, the customers, their emerging needs, what they desire and want, the quest they have to get a better life and the binding constraints that determine whether or not they make the decision to buy the product.

This simple translates to the fact that the branding of product should produce a display of a range of attributes that is wider. Branding should bring out the product characteristics and not only the affordable pricing and innovation. These attributes must at all costs 'seduce' the mind of the customer, take into account genuine emotions and anxieties and also be very innovative.

This should not necessarily focus on the technology that is used to develop the said products but should focus more on the value that the

product will add into the life of the customer. Branding should also bring out the advantages that the product has over all other conventional alternatives and should show the customers the gap that it will closer in their lives.

The iPod managed to become a very strong brand simply because it had a huge number of advantages over the Walkman player. iPad and the iPhone managed to become even bigger brands because they had a good number of advantages over all other mobile devices that were in competition in them.

This is how Apple managed to get itself at the top of the Most Powerful Brands list by Forbes and also the Interbrand's list. Since the year 2000, Apple has been on the Best Global Brands by Interbrand.

In this year, it was ranked position 36 and its brand value stood at a whopping \$6.6 billion. Apple currently has a brand value of \$98.3 billion. This is approximately 15 times more than what the brand was valued at in 2000. This great rise in the value of the Apple brand can be credited to seamless Omni channel experience that Apple created for its customers.

By ensuring that the customers remain at the core of everything it does, Apple gains the ability to anticipate what their customers will next want and be able to break into new grounds in terms of both performance and design.

Simply put; Apple's leading success factor lies in its great ability to continuously and consistently deliver extremely high quality values at prices that are highly rational with extremely long product durability and longevity. Apple looks at its customers as current day's deities.

Apple's Brand Positioning

The Apple logo was originally designed in the year 1977 and up to today it is among the most famous logos the world over. The branding strategy that is used by Apple focuses more on ease of use, simplicity and lifestyle.

When it comes to strategy, it is common knowledge that a firm that is famous for delivering a specific value may in the end confuse customers or even undermining its own reputation and credibility it makes even a very small attempt to deliver an alternate value. The try to simultaneously provide customers with offering that are inconsistent with what they were initially offering will definitely negatively affect the strategic position of the firm. A large number of people are still rolling out a lot of criticism on the premium pricing and positioning that Apple enjoys.

The criticism comes from competitors, customers and the press. In the recent past, Microsoft has launched a PR campaign in which they talk of an 'Apple tax' which is the premium that is paid by each and every customer that buys the Macintosh computers from Apple's. This is the initial post in a series that makes a critical analysis of the product strategy that Apple uses with the focus mainly being on Macintosh. At the most fundamental level, competitive branding is deeply rooted in being able to differentiate your brand from that of rivals. For a large number of years, Apple has made use of the phrase 'Think Different'.

This marketing slogan did not only shape the perception that consumers have on its products but also made a representation of the internal activities that the company was carrying out. Currently, these internal activities are still aligned with this slogan despite the fact that Apple let go of it in the year 2002.

The mindset is still very firmly embedded in the culture of the company and is clearly evident in the approach that Apple takes towards ease of use, integration, software design and product design. So as to clearly understand these activities, it is imperative that Apple's strategic position be taken into account.

Apple has received a very wide recognition for being a premium brand that both earns and demands a price premium. The price premium goes across all the products that are manufactured by Apple including the iPhone, iPod, Macintosh, accessories and software. The positioning that Apple has is in line with targeting a customer that is less sensitive to price. Due to this, all the internal activities and culture of Apple are structured to cater the needs of the customers. Strategists refer to this as needs-based positioning. This means that Apple has managed to develop a set of activities and a culture that allow it to differentiate itself from all its rivals so as to allow it to cater to the needs of the customers that it targets.

In the event that Apple was to make any attempt to compete for all segments of consumers, it will be required to decrease the prices that they charge for their products. The disadvantage that comes with such an approach is that it would both get rid of and undermine the premium brand image that the company has been able to create for itself. It will also undermine the internal activities and culture that the company has been able to establish for itself.

Apple's Competitor Analysis

Once Tim Cook was asked about the competitive landscape that Apple was operating on and he simply answered that in his opinion the

smartphone market has always been competitive and it is only the names that have been altered.

There is no denying that over the years, there have been quite a number of companies that have been taken to be the primary competitors of Apple. In the phone market, Apple has had to compete with HTC, Palm, Nokia and Rim. In the iPod market, it has had to compete with Sony, Creative and many more than have long been forgotten.

Currently, we still struggle to determine whether Apple's primary competitor is Samsung or Google. The struggle also exists with the iPad; is it Microsoft or Amazon. With iTunes, is it Spotify or Netflix? There is no denying that the Mac is in stiff competition against Toshiba, Dell and hp. Google Drive and Dropbox are also greatly competing gains the iCloud. Google Docs and Office are also great threats to iWork.

When it comes to doing a competitive analysis for Apple, the greatest difficulty comes in when looking or whom to compare Apple to. Bear in mind that the companies given here may to some extent compete with Apple but they definitely do not compete against each other. It seems that the competition is not in any way transitive.

Google portrays revenue growth that is steady but it is in no way spectacular; its margins are decreasing. Microsoft on the other hand portrays revenue growth that is even more modest owing to the fact that it reports flat earnings. The revenue growth portrayed by Apple moderates from near to vertical while there is a pause in earnings. The revenue growth portrayed by Samsung is great but a great deal of doubts has been expressed about its sustainability. Amazon continuously grows its top line by 20% and does not have anything to show for it.

A significant number of the operating margins have fallen with the exception being Samsung who has managed to secure a modest increase due to its increasing dependence on smartphones. This increase is however not close to the level of the others.

Estimates show that Samsung in the last quarter managed to the crown for phone operating profit from Apple. These are however just estimates meaning that it is imperative that all the assumptions used are made clear.

So as to make estimates of operating margins, you will be required to make estimates of the gross margin and the amount that is allocated to operating expenses in a particular product line or division. The difficulty

here arises in the fact that Apple is in no way a divisional organization. This means that none of its R&D and marketing budgets are permanently assigned. There have to be moved around on the basis of what is being worked after that particular time.

To add onto that, it is imperative that the big SG&A costs related to the Retail and iTunes are accounted for. Both of these take up a huge amount of resources which cannot be directly allocated to a single product. There are around 41,000 staff members in retail. To add onto this, a good number of the expenses incurred for iTunes are overhead and cannot be taken to be the cost of sales. These are also categorized as SG&A. There is also the design and research which are not particularly allocated to a single product. Removing these costs leaves very little available to for instance the iPhone.

This then goes to say that in the event that you decide to place the iPhone as a separate business unit, it would bring in a large amount of profit. There is a very big gross margin of 46%. This then means that with a 5% of sales being spent on marketing and engineering just 41% will be left over for the operating margin. In the event that you take into account the entire Samsung IM division which is made up of phones, tablets and PCs, it will have just \$5.6 billion dollars of operating profit compared to Apple's which is \$7.4 billion.

Please remember that that this comparison is just artificial. Apart from being an analysts' estimate, the profit split between the groups is an estimate for Apple itself as it only has a single P/L.

Regardless of what different opinions sat, the fact still remains that Apple is a very successful company. One that has been able to put in place effective marketing and branding strategies that have taken it to the top. It is definitely one company that businesses can learn a lot from.