Case Study:
Apple Inc. in 2015.

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Agenda

- Current strategy and targets
- Problem definitions
- Price-Performance-Matrixes
- Chosen strategy
- Strategy implementation
Strategy and Targets

Current Strategy

- Set itself from the competitors (connectivity among devices and cutting-edge aesthetics in design)
- Taking Apple to next level: Apple Watch

Targets

- Making the Apple Watch and Apple Pay be another home run, similar to the iPhone and iTunes.
- Sustaining its growth with the introduction of truly new products.
Problem Definition

1. Decrease in iPod, iPad product sales
2. Competition in Smartphone industry
3. Competition in music industry
4. Losing market share in PC industry
5. Synchronization with devices of other brands
Decrease in iPod and iPad Sales (2010-2015)

- Decrease of 19.3% in 2015 for iPad and 45.5% in 2014 for iPod, comparing with previous year
- Apple is no longer reporting iPod unit sales
Decrease in iPod Sales

Why

▶ No longer any need to own an iPod as a separate device
▶ The decline of MP3 players Constant internet connection
▶ people increasingly get their music from streaming services,
▶ Apple has not updated the iPod classic in over four years
Development of the iPhone and iPad has led to the cannibalization of the iPod (product obsolete)

What to do

▶ Declining business ? kill off the iPod entirely
▶ Hire managers to direct a new product launch in the iPod line
Decrease in iPad Sales

Why

▶ Self-cannibalization
▶ Increasing competition from PC vendors with detachable tablets and larger smartphones
▶ Competition from other major platform vendors - Google (Android) and Microso (Windows)

What to do

▶ New features (e.g. support for flash technology) ? increased quality
▶ Possible move to lower price-segment
Competition in SmartPhone Industry

Android: 81% market share in 2014
iOS: 15% market share in 2014

- More variety, lower prices, and a comparable set of applications powered Android-based phones.
- Threat: Chinese based Xiaomi doubled its sales in 2013 and tripled in 2014, worldwide shares became 4.4%, and also has ambitious plans for the future.
Competition in SmartPhone Industry

Why

► Android based phones launch variety of products, that address different type of customers (has a price and model range).
► Apple launches just a new model with the exact price.

What to do

Apple should launch products, that should have:
► Price range
► Model range
Competition in Music industry

Why

▶ Industry moves from online music stores to streaming platforms
▶ Streaming platforms offered additional benefits to customers
▶ Apple’s response: iTunes Radio, acquisition of Beats

What to do

▶ Combine store with streaming service
Losing market share in PC industry

Why

▶ Since 2000, Apple is not in the top PC sellers
▶ Strong enterprises like HP, Dell, etc. developed strategies to gain more market share

What to do

▶ Keep strong differentiation between PC and OSX through innovation.
▶ Strategy to lower cost and make Mac more accessible
▶ Enhance image of ?the best of PCs are Mac and MacBooks? If Ghandi would have a PC, it would be a Mac.
Synchronization with devices of other brands

Why

➤ Apple products are only compatible with each other
➤ Barrier for customers that may want only one type of product: They will not use a 100% of its functionalities

What to do

➤ Allow compatibility with more products and Android OS
➤ Enhance image of the power of Apple Watch + iPhone, to make people change from the Android to the Apple
Competition in SmartPhone Industry

Smartphone Comparison

![Smartphone Comparison Graph]

Smartwatch Comparison

![Smartwatch Comparison Graph]
Competition in SmartPhone Industry

Tablet Comparison

Laptop Comparison
### Problems and Solutions

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<td>Kill off the iPod entirely or come up with innovation in this product category</td>
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The Problem: Threat of substitution

Overlapping functions

- iPod
  - Music player
  - Synchronize via iTunes

- iPhone
  - Communication
    - Calling
    - Messaging (internet)
  - Personalize with apps

- iPad
  - Portable computer
  - Organizing, planning (e.g. mail app)
  - Leisure (e.g. reading e-books)

Combines all functions
Strategy implementation

Continue to bring out new innovative products

Do something differently, discover new markets

Invest in new businesses, new emerging start-ups

Oculus rift, Google glasses (Augmented reality)
Strategy implementation

1. Keep up with the iPhone and iPad and invest in incremental innovation
   -> drop iPod or come up with a radical new product

2. Collaborate with start-ups and do open innovation to get creative input and insights in new fields

3. Live and support the apple spirit throughout the whole company
   => especially the CEO should be a leader, not only a manager