Apple Inc New Product Division

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The failure or success of a company entirely depends on the managerial decisions formed by the leadership of the company. Every company’s corporate strategy must be aligned with the set objectives and goals and requires continuous assessments and evaluations to ensure goal focus is maintained. Over the years, Apple Inc. has been one of the most valuable companies in the world whose success has been greatly influenced by the managerial decisions. The corporate mission statement of the company focuses completely on the existing products and offering by the company in the preset day. Since, a corporate mission defines the future vision of the company; Apple Company is driven by its corporate mission (Liu, Kim & Wang, 2016). The company mission statement has evolved overtime to cater for changing market conditions and organizational changes. This paper will focus on Apple Inc., new product division as well as analysis of the company’s key strategy and brand innovation.

New product division of a company provides an important avenue for innovation when it comes to new product development. Currently Apple incorporation deals in designing, developing and selling of consumer electronics, online services and computer software. Having a new product division that will develop mathematical calculators with apple logo is a viable business that the company can really maximize to improve their annual revenues. It is important to note that new product division is one way a company is able to diversify its operation so that the risk of loss from one division can be minimized (Liu, Kim & Wang, 2016). Since Apple incorporation sells manufactures and develops electronic consumables, this new product division will fit within the company’s operational procedures as the company will require hiring less manpower as most of the manufacturing procedures will be undertaken by the existing expertise. Having a new product division that manufactures electronic mathematical calculators will improve the company’s annual revenue as the demand for calculators by high school students is growing in the market as well there is little competition in the market.

Apple Inc. should market its products through linking both internal and external markets. This can be achieved through ensuring that its employees have a passionate and emotional connection with the new products and services even before they are availed in the market. In winning the internal market, the company must be able to maintain its value creation and innovativeness of its products. Apple products have for a long time been known as one of the best electronic products in the market. The company’s products are manufactured with the best level of technology and with its proposed new product division; the company should be able to do much in the market. Quality and innovation should drive the company general mission as this directly links the company’s employees and their external and internal market environment and customers. When the apple employees care about and believe in the brand, they will be inspired to perform and it increases their loyalty to the company. A common identity and sense of purpose unites employees hence motivating them to spread a positive word of mouth about the company and all its brands. The marketing department should be able to convince the employees of the brand power and the brand uniqueness. They should also inform them of the branding efforts and the new advertising campaigns about the company new products without basically selling them the ideas.

Apple utilizes distinct and unique features when it comes to product development. This has made the company to have a more diverse customer portfolio that has greatly enabled the company to become one of the most trusted companies when it comes to product design. With the company’s new product division, the company should focus more on promoting the new product to gain acceptance in the market just like any other existing product of the company. For instance, all marketing materials and product lines should be different in packaging, branding, advertisements and even quality to entice customers each in its own way that is incomparable to the competitors. Apple should also utilize the strategy of marketing the new products through making clear presentation that reveals all the details about the new product to market and consumers, the people and mass media and impressing them on the uniqueness of the new product before it is actually launched in the market. This ensures that the expectations of the consumers are embraced and the brand image is maintained for the success of the new product in the market. The company should also continue to invest heavily in advertising and social medial marketing of the productto create a wide knowledge of the launch of the new product its capabilities to prepare the consumers of what they should expect(Gruner, Homburg & Lukas, 2014).

In order to maximize on profits, Apple utilizes skimming strategy at the launch of its products before its competitors create substitute products at low prices. The company utilizes a multifaceted strategy that Steve Jobs its former CEO had developed. The strategy involves the creation of small number of new products that focus entirely on high end, prioritizing maximization of profits over market share developing such and effect on the customer’s expectation to crave for more of Apple new products. Its objective is to initiate premier new products with features of high quality compared to the competitors and add a premium on the prices. For instance, the market share of Apple ranges between 15% and 12% compared to the global market share of Samsung which is 32%. The company increases the demand for its products through marketing attractive and unique products with price differentiation sin different segments in the globe. Despite the high competition, Apple has been able to align its marketing strategies with marketing position and corporate mission through attaining power over introduction of new products, product differentiation, effective branding and packaging, and innovative advertisements. It has therefore been capable to set up artificial entry obstacles for competition by concentrating on customers who are enthusiastic to pay more and sustain a premium price per unit volume cost.

Apple as a company is keen on understanding consumer behavior and tailors their products to meet their specific need. Understanding consumers need and what is expected in the market has helped the brand to structure a core segment of enthusiastic discipline of its consumers. For instance, there are some consumers who are fanatically devoted to Apple products to the extent of buying two iPhones for oneself. The company possesses a rare ability of creativity genius and marketing that has enabled it to get inside consumers’ minds and understand what really captivates them. The consumer behavior is influenced by psychological, social, personal and cultural purchase influence as well as other non-controlled factors such as social classes and subcultures. This Apple love affair with the consumers has enabled the company to successfully introduce new products in the market and has produced stunning sales and profit results(Jefferson & George, 2014).

Apple consumers have high affinity for products that represent lifestyle and values that are distinct from many others. The products should have a lifestyle personality that represents exclusive intellectual characteristics that differentiate a person or a group like defensiveness, self-confidence, adaptability, autonomy and dominion. This gap in the market has enabled Apple to grab the opportunity and close it through availing new products that meet the consumer needs of lifestyle and values. Apple consumers seek information to fill their need in the Apple stores. The company has provided an environment whereby the consumers can interact at an individual level with experts at the retail stores where they connect and air their needs and expectations in the new products. This enables the company to tailor made the products specifically to meet the specified needs of the consumers through putting their consumers first(Nielson, 2014).

The products of Apple from the old to the new launch of Macs can be purchased through Apple stores, retail stores and online in the Apple website. With the new product, the company will be able to utilize its key marketing strategies that it has employed on it existing products. Consumers will also have the choice of collecting adequate information about company new product online from the internet shopping sites like Amazon.com and other consumer-generated review sites like Epinions.com. This site offers the consumers price information, buying tips and product rating that they can rely on before making the bold decision of investing in product. Other buyers consider company websites, salespeople, brochures and advertisements to collect information about a product before buying them (Jefferson& George, 2014). This has enabled global availability of the company’s products in different market segments as well as adequate information about the products making it easy for customers to access and know what they want and buy it.

The target market for the company includes teenagers, university and college students, business people, adults, young children’s and kids. The target market choice of Apple products is the best because it caters for all types of customer needs. On the same note, the target market for the company’s new product new division will include school going students, Collage and University students. Since Scientific mathematical calculators are widely used in schools and tertiary collages, the company will have an opportunity to improve on its annual revenues. The demographic distribution of the company’s customers encompasses young children, teenagers, university college students, business people and young adults who have passion for lifestyle products made by Apple Inc (Jefferson& George, 2014). For instance, the teenagers prefer to use MacBook, iPads and iPhones to quickly and tidily record notes. In addition, the devices are very light and portable hence can be carried anywhere. Business people also find it convenient to use Apple products in communication as well as sharing well organized documents with colleagues and business partners making the devices perfectly fit for the purpose. Adults also find iPhones mesmerizing in terms of camera quality, browsing in the internet, communication and map directions enabling them to maintain their loyalty with the brand. The brand has therefore been able to reach the needs of each of the stated target markets effectively and efficiently gaining competitive advantage through market segmentation and product positioning(Larivière et al, 2013).

Most companies faces two categories of costs that include fixed and variable costs. Fixed costs are costs that remain constant during the entire financial period and are independent of output. Such costs are not subject to change hence are considered sunk and they range from rent, machinery, building among others. Variable costs on the other hand represent those costs that are subject to change and rise at a constant rate with respect capita and labor. They may include production materials, wages, utilities and many others. For instance, considering the short-run production of iPhone 5;

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| iPhone 5 per unit | Amount |
| Fixed Costs | $61.18 |
| Variable Costs | $226.85 |
| Item price | $650 |
| Mark up | $ 68.9 |

The company managed to sell 12.3 million iPads in 2014 the third quarter and the fixed cost per unit can be determined by apportioning the fixed cost with the number of unit sales. In comparison with the information with the previous year’s iPhone sales, the current market for the devices has in the last five quarters declined significantly. If the company continues to lose its market share, there will be a significant fixed cost per unit rise in the long run causing a decline in profits forcing the management to develop new strategies that are less expensive and offer faster updates(Liu, Kim & Wang, 2016).

Variable costs are also affecting Apple especially labor and raw materials in manufacturing new products. Based on research and development, the company is able to know the demand in which high demand results to high cost of production in terms of labor and materials. In the short term, this may cause the company to invest huge amounts in production of the new product causing a temporary loss. However, the variable cost should be controlled to ensure it does not go below the average amount. In the long run, the variable cost reduces as the company produces less of the product and gains more profit on the units already in the market (Jefferson& George, 2014).

Apple utilizes a premium pricing strategies for all its products because its objective is to provide a high quality device that gives the customers a great experience. It echoes the four plans by Steve Jobs that stated that the company will offer small number of products, focus on the high end, give priority to profits over market share and create a halo effect that makes people starve for new Apple Products. In this respect, apple products happen to be highly differentiated from those of competitors like Samsung hence occupy a very distinctive competitive edge in the minds of the customers. Samsung offers mobile devices at low-cost pricing strategy in comparison to Apple hence attract many customers due to affordable prices. This price differentiation is created due to the product differentiation of the two companies with Apple going for a more distinctive and unique touch that gives the customers a sense of expensive lifestyle and values. Even though Apple products are highly costly, the company has continually been one of the most successful innovations realizing huge profits that are much high compared to its competitors (Nielson, 2014).

Due to the brand effectiveness and reputation the company has built over the years it has been in operation, the customers have been able highly appreciate apple products from iPhone, iPads, Macbooks, iMacs among others highly distinct products. In this respect, the customers have been able to maintain brand loyalty and continually starve for new Apple products which quench their thirst of highly valued features they possess. Therefore, the customers are more than willing and able to purchase Apple products at a premium per unit item without complain with regards and appreciation of quality and uniqueness the products are identified with. For instance, the price of iPhone 7 32 GB is $399.99 and customers are willing to pay up to $670 for a 128GB iPhone. The customers are willing to pay at least $100 more for Apple products than for its competitor like LG and Samsung (Taylor &Granatstein, 2013). This is due to customer preference of the brand which has never disappointed in the past decade of operation in quality and uniqueness.

Apple products give the consumers the feel of being better simply because they possess an Apple phone. The advertisements are very attractive and breathe of lifestyle, value, class, passion, innovation and style that everyone would be part off. This has been the motivation of Apple customers to continually purchase the very expensive termed products as the company keeps evolving and availing new exciting and refreshing products launches. The company is consistent in its products and avails devices that are user friendly and readily available in all market segments(Taylor &Granatstein, 2013).

The skimming pricing strategy also known as premium strategy is the most appropriate for Apple Inc. this is because Apple customers are loyal and happy with new Apple products hence willing to pay a premium in order to acquire them hence the company is able to maximize on profits. Due to product differentiation, the company is able to attain a large market share as a result of lack of close substitutes in the market and there are barriers to market entry. Apple symbolic authority and power has been able to have excess control over the wallets of consumers despite the high prices for their products in comparison with androids with similar technical specifications. However, the gap between pocket-friendly and premium smartphone is narrowing and many people have started targeting the low priced smartphone a move that will threaten the future of Apple products if the company goes on with the premium pricing strategy (Taylor &Granatstein, 2013).

In conclusion, new product division presents an important through which a company is able to diversify its operation and achieve ideal strengths in the market. With the new product division, Apple Inc. is able to diversify its operation, capitalize on its current strength and gain market competitiveness. Apple has chosen a milestone direction within the market place. The company has over the years proved to have a strong organizational purpose within the market place, knowledge of consumer preferences and how to meet them timely with the appropriate pricing strategy that maximizes shareholders interest.

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