

# Analysis of iPhone’s Marketing Strategy

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**ABSTRACT**

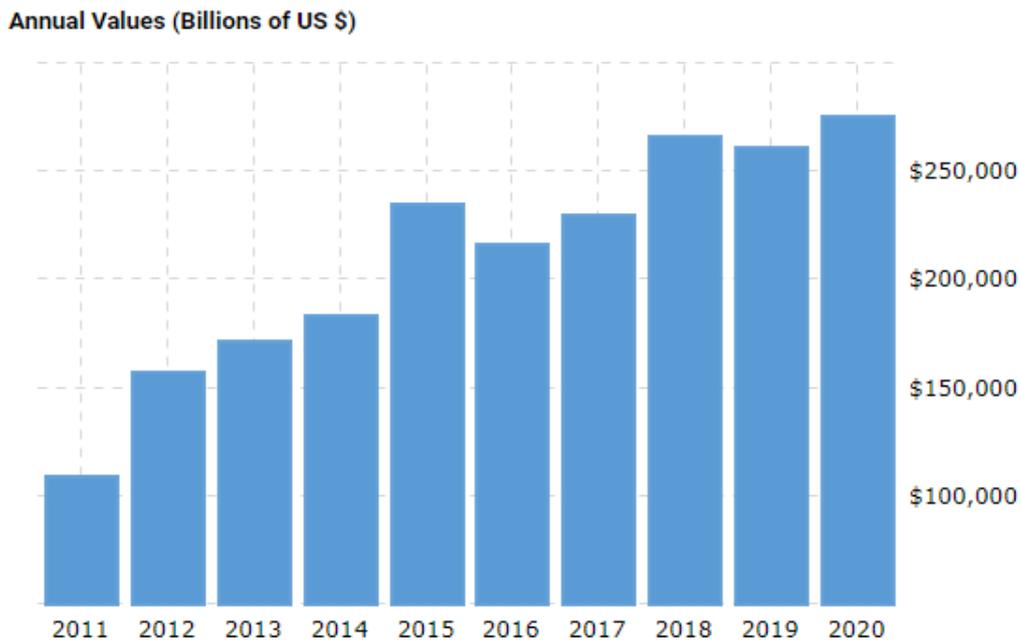
As technology grows, People's need for better electronic devices goes high. Apple Inc. held this opportunity fast and did a lot of development to products and marketing strategies. It makes a huge profit every time a new product is out. From 2005 to 2020, the annual revenue of apple grows from \$13,931 to \$274,515. This paper will analyze the marketing strategies of Apple, especially iPhones, using the 4p model that is product, price, place and promotion.

**Keywords:** *Apple, Marketing Strategy, 4p model*

**1. INTRODUCTION**

The headquarters are located in Cupertino, California. It was started by Stephen G. Wozniak and Steven Jobs. They wanted to invent microcomputers and promote them into the business field. After successfully making the first micro computer, Jobs knew that he needed more funding. The company was successful and the profits and size grew rapidly. In 1980, they had more than a thousand workers and the revenue was over 100 million dollars. Taking the iPhone as an example, in 2007, the touch screen iPhone

(iPhone 1) was out. In 2008, iPhone 3G and iPhone 3G S were out. In three days since they were out, the sales both reached 1 million. In 2014, iPhone 6/Plus was out and it was the best iPhone model ever. It was the top seller and it had 222,400,000 sales and it was almost three times the iPhone 8 (second best sell) which is 86,300,000 sales. Until 2020, Apple is ranked 12th on the fortune 500 lists [1]. The reason why Apple Inc (especially iPhones) made such successful sales will be illustrated from product, price, promotion, and place point of view.



**Figure 1.** Apple Revenue 2006-2020[1]

## 2. PRODUCT

### 2.1. High Quality

The appearance of the product gives a sense of simplicity, modesty and high class. This is in line with the company's target customers, which are people who peruse high quality lives. Apple maintains the frequency of launching a new iPhone product every year, and each new iPhone does not fail to satisfy the expectations of Apple customers. Apple holds its value proposition in developing new iPhones very well, which are its ease of use and unique design[2]. From the

Apple's official website, the color of the phone gradually increases from black and white to gold, red, rose gold, bright black, purple, green, yellow and so on. The variety of colors can attract more female customers. Because women in the middle and high class love beauty, a nice color of a mobile phone will greatly increase their desire to buy a mobile phone. Let's say the iPhone 11. This is the phone with the most colors. It comes in six colors. The majority of iPhone 11 buyers were also women[3]. This mobile phone has made \$75,000,000 in sales and it is ranked fourth of all iPhone models.

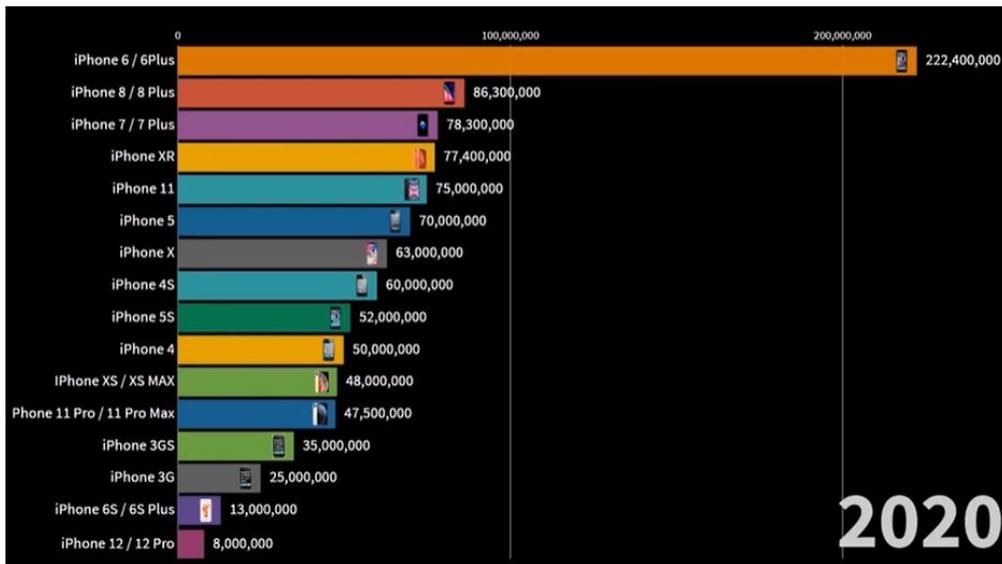


Figure 2. Sales ranking from iPhone 1 to iPhone 12[3]

The iPhone on the product itself has three big breakthroughs. The first is the birth of the iPhone 3G. This is a phone that can connect to the 3G network, and the App Store was born, too. The second is the iPhone 6, which is the top-selling iPhone of all, nearly three times higher than the second. Back then, many other mobile phone brands came out with big screen phones to attract customers. Apple entered the fray and made the iPhone 6. This is a large screen smart phone, and it feels very comfortable in the hand.

### 2.2. Screen is Enhanced

Compared to the iPhone 5s, the thickness of the iPhone 6 reduces the 7 mm, screen size from 123.8 mm X 58.6 mm to 138.1 mm X 67.0 mm. This model is more closely related to the modern requirement of mobile phone size. For old people, the mobile phone with a big screen is convenient for them to read. For children, the mobile phone with a big screen can protect their eyes from fatigue. Many adults will choose to use this mobile phone for giving away, working and playing with children. iPhone 6 has been an unprecedented success in terms of sales.

The third is iPhone X. This is another change to the model. iPhone X has a full screen. The full screen only leaves a single handset on top, and unlocking the phone isn't the same as using a fingerprint. Instead, it allows for more secure Face ID facial recognition. However, this mobile phone did not bring people as big a surprise as the iPhone 6, so the sales of this mobile phone are not as high as the iPhone 6, but it is also a leap forward.

### 2.3. Apple Care

Apple Care is a must-have product that gives consumers the best insurance and allows them to buy a new phone at a low price[4]. Sometimes, iPhones may occur some problems of their own, the Apple company will provide maintenance services. If there is any damage, Apple will provide repair according to the situation, and the price of the repair will be capped. For example, if the iPhone X' screen is broken, according to apple's official website, the price to repair is about 2149 RMB. With Apple Care, people only have to pay 188. And Apple Care has a service of changing iPhones every year. For example, when iPhone 11 comes out, and if Apple Care for iPhone X is bought, iPhone 11

with a 50% discount can be bought. For the Apple company, Apple Care makes money and allows customers to buy their new products. For consumers, Apple Care can help buy new iPhones at the most affordable price and bring security to existing iPhones.

### **3. PRICE**

All apple's products are more expensive than the other smart mobile phones. It uses the price skimming method[5]. The idea is to take advantage of high prices and make people think that the product is good and worth that price. For example, for two masks that are the same, if the price of one mask is \$1, a bad experience will make people assume that the mask is bad. If the price of the other mask is 50\$, a bad experience will make people think that they used it wrong or it's their face's problem. The pricing strategy was a great success. Apple had earlier technology that was more sophisticated than other companies, and apple took advantage of that by setting its initial price high. It not only attracts many people who pursue high-tech products to buy Apple products, but also attracts "Apple fans".

Taking Apple's first iPod as an example, it went on sale in 2001 and the price was \$399. In 2001, this price was a very high presence. But such a high price is worthy of the quality of the iPhone at that time. Because of this, high prices brought a good reputation for Apple. Now, price skimming has survived, even though apple's phones are not as prominent as they used to be as the technology has grown. Everyone assumes the price of the iPhone. For Apple fans, no matter what the price is, they will buy apple products.

### **4. PLACE**

Apple has three sales channels. The first is Apple's own store. It is normally located in a very well-known area. The whole store sells only Apple products. There are the most complete Apple products and the best Apple services. All staff members have a deep understanding of Apple products. Here people can experience all the new Apple products. This is not only a great place for customers to experience the products that they want to buy, but also a great place for people who don't plan to buy an Apple product and have a good impression of the company and its good service. For those who want to buy the product, a good experience will deepen their desire to buy the product. A bad experience can make them feel like they've saved money. They will use the money to buy other Apple products that they have a good experience with.

The second is independent Stores. It's usually in a mall. This store will sell other brands as well as Apple products. This marketing channel allows non-Apple customers to experience Apple products while shopping, and gives them a flash of inspiration.

The third is to buy online. Buying Apple products online is already available on a number of websites such as apple's official website, Amazon and eBay. Online shopping is popular these years. Because during the COVID-19 epidemic, between around March and July, stores around the world were closed, which means people can only buy online. It's also very convenient and fast. Especially if people buy it on the official website, it will be delivered to their door in around half an hour.

These three sales channels perfectly meet all consumers' needs, whether from experience, professionalism or purchasing mode.

## **5. PROMOTION**

### **5.1. The Price**

As the competition gets more intense, so do Apple's competitors. In order to bring new ideas to Apple customers and make a profit for The company, Apple releases a new iPhone every year. With the release of each new iPhone, the price of other iPhones will be lower than before. "According to the general thinking, after the release of the iPhone12 series, the iPhone11 series should gradually become less popular," [6] said a sentence in AI science and technology news. First of all, Apple's target customers are middle and high income people. They are willing to pay more for an iPhone. In such cases, when a new phone comes out, most people will choose to buy a new phone and forget about the old model. The price of the old mobile phone became more popular after the price was reduced. The iPhone11, for example, starts at 5,499 yuan when it goes on sale. When the iPhone 12 went on sale on October 14, the starting price of the iPhone 11 immediately dropped to 4,799. It's down 700 yuan. This price is more acceptable to the public. What is not expected is that sales of the cut-price iPhone 11 are still high; On a few websites, iPhone 11s have been brought out. This shows that price reduction is a very good strategy.

### **5.2. Hunger Marketing**

Every year, Apple holds a presentation before it launches a new product to introduce the advantage and improvement to this product. To introduce and promote the product and at the same time retain the product's mystique. Launches tend to amplify the good points of their products and make people want to buy them. The best example was apple's fall 2020 presentation, which introduced the Apple Watch 6 and iPad 8. However, the iPhone12, which was supposed to be released, did not appear. It was delayed because of the outbreak of coronavirus. iPhone12's mystique has attracted a lot of attention. The iPhone 12 was bought out soon after it went on sale online on October 16. "Many netizens said that they did not expect to grab the goods so quickly.

They even got rid of the slag when they were hesitating between 64GB and 128GB." It only took ten seconds to sell out. It's fair to say that the iPhone 12 has been a huge success in terms of sales because of the way it has been delayed.

### **5.3. Word of Mouth**

It has to be said that Apple has used this promotion strategy very well. According to an article wrote, "in fact, the current from the apple iPhone do not have too many technical pioneering, just because of apple's products have unique aesthetic temperament and consumption, its unique design, ease of use of science and technology, creative and fashion culture together. "[7]Apple has not been very innovative, but it has maintained very high sales. This is entirely dependent on the uniqueness of their products and a long term good reputation. At the height of the iPhone's popularity a long time ago, Apple seized the opportunity to gain a lot of fans. These people set a good foundation for future sales. At the same time, Apple used word of mouth. Many Apple fans have posted comments about the experience of the iPhone online, which has gone viral, exposing millions of people to see the benefits of Apple products. Word of mouth has another benefit that it does not need money. These are entirely voluntary reviews by the consumers. So the reason why Apple's sales are only going up is that Apple used viral marketing and word of mouth.

### **5.4. Advertising**

Every iPhone comes with some advertising to promote its product. Advertising is simple and advanced, innovative and very eye-catching. Normal advertisements are annoying to watch, but Apple's ads don't make people feel that way. Such as the iPhone XS Max's video ads "growth spurt"[8], AD starts with a little girl taking pictures of a cat, the cat gets bigger, followed by her toast, it also becomes bigger after taking pictures, and so on. The AD ends with the sentence "Everything you love just got bigger." Images and text highlight the iPhone XS Max's selling point - the big screen. The AD also faintly introduces Apple's new group chat feature.

## **6. CONCLUSION**

With more and more competitors in electronic products, Apple has its own marketing strategy. In

terms of products, Apple is striving for innovation and trying to improve as much as possible on the product itself. At the same time, Apple Care is used to ensure its benefits and bring benefits to Apple fans. For the product price, the company adopts the price skimming method. Because Apple's target customers are middle and high class people, Apple sets the price high to obtain higher income. In terms of sales channels, there are Apple's store, independent stores and people can shop online. In terms of promotion, Apple Inc. reduced the price to some extent, made use of hunger marketing and virus marketing to make more people follow Apple products, and increased the investment in advertising. This is the reason why Apple has always kept very high number of sales even though it has less room for innovation and improvement.

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