

The Market Strategies of Apple in China

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ABSTRACT

The purpose of this paper is to find the Apple' marketing strategies in Chinese market, one of the most successful smartphone brands in the world. This paper will give the details of Apple marketing strategies in China, a marketing strategy refers to a business's overall game plan for reaching prospective consumers and turning them into customers of their products or services. A marketing strategy contains the company's value proposition, key brand messaging, data on target customer demographics, and other high-level elements. A thorough marketing strategy covers product, price, place, and promotion. The methodology is literature review that the market strategies in China and why Apple can keep the lead in China smartphone market. Apple had use a good market strategy, whether in attracting customers or selling the product.

Keywords: *Apple, Market strategies, Chinese smartphone market.*

1. INTRODUCTION

Apple is the biggest phone producer in the world, it has companies in most countries, and this essay will discuss the market strategies in China. In China, the smartphone market has developed rapidly in recent years, whether it is domestic or foreign products. Competition in the Chinese mobile phone market is also increasing, but Apple still in the first place, so whether it is from product quality assurance or marketing strategy, Apple is still in a leading position.

In April 1976, Steve Jobs, Steve Wozniak, and Ronald Wayne founded Apple. In January 1977, the company's name was officially identified as Apple Computer, Inc. The first time Apple sale their product was On October 30, 2009, China Unicom's iPhone 3G was officially launched on Beijing Shimao Tianjie. When Apple first entered the Chinese market in 2009, its brand awareness in China was not high. The author thinks the main reason is that the iPhone 3GS product itself does not have strong appeal. And there are no characteristics, and there are relatively backward places. One point behind is that it does not support WiFi. Because 2009 is an important stage of my country's WiFi development, after all, it is a technology that is about to be introduced, so many people are looking forward to it.

The iPhone 4 was really hot. When Jobs opened the screen, the whole world was excited. It can be said that

the iPhone 4 is an Apple mobile phone that makes Chinese customers crazy. This is due to the desire for the latest technology. October 28, 2021 Apple today announced the results for the fourth quarter of fiscal year 2021 ending September 25, 2021. The company announced that its September quarter revenue reached a record US\$83.4 billion, a year-on-year increase of 29%, and its diluted earnings per share for the quarter were US\$1.24.

2. PRODUCT STRATEGIES OF APPLE IN BUSINESS

According to the Yang Ying's essay on the marketing strategies of Apple iOS product for business in China, realize the marketing strategy of enterprise application product portfolio[2]. IBM and Apple reach an agreement they can provide the data calculate for company or the business, as a result we can see the most of bank, insurance and finical industries they use Apple more than other technology companies' products. According to Baker and Hart(2007) stated that the product strategy defines what your product should achieve and how that help firms to contribute their profit[3]. The product strategy is composed of a variety of sequential process in order for the vision to be effectively achieved. The company must be clear in terms of the target market of the product in order for them to plan the activities needed in order to reach the destination and to achieve its goals.

Wei, et al. mention about the product strategy for Apple in essay[4]. “The adhocracy firm values innovation, novelty, and creativity as well as risk taking. These traits can operate independently of market responsiveness, motivating adhocracy firms to make product strategy changes as they fit. For example, over the years Apple has introduced a range of radically innovative products that, for the most part, have succeeded and set the trend for the industry to follow”

2.1. Product Ecological Chain

An ecosystem is defined as a biological community of interacting organisms. In tech terms, this means a group of devices with software to create one collaborative network. Many companies use this to create a ‘family’ of products but no company have mastered it like Apple with the Apple Ecosystem.

Third-party products are not usually compatible with Apple products and all products belonging to Apple portfolio work well with each-other. At the same time, the ecosystem of Apple is much more than just a collection of more than 1,5 billion active devices or services that work seamlessly[5].

We all know the Apple's product ecosystem is one of the best among all technology companies. iPad, iPhone, iMac, MacBook, iWatch... the user can use iClouds to save the documents on one type of products and the user can see or use it on the other products, because the iClouds is a private cloud space makes it easy for Apple users to share personal data between different devices. The consumer will consider the convenient and the quality of the technology product, most Apple user are students or office worker, so they can use the ecological chain of Apple mobile phones to quickly transfer files and data which can save the time to find the data line. For example, airdrop, Apple TV, face time, iCloud, AirPlay and other[6]. Air Drop can send the documents straight to other Apple devices of others, steps such as copying and mailing are omitted. Apple made a lot of things convenient for consumers, so consumers will be attracted by the Apple products, and consumers will become Apple fan.

3. SALES CHANNELS

According to the essay ‘Research on Apple’ s marketing strategy in China’ written by Wei Qingxian there are five types sales channels 1[7]. Apple store, Apple store is set up by the Apple American and in 2008 the first Apple store was set up in Beijing. Until 18/09/2021 there are 43 Apple store in China (mainland), in the Apple store there are staffs help you and introduce the products to the customer, and sometimes there will be 1 to 1 training. Those service are all free.

After Apple store brought to China, the quality of service has improved a lot, and Apple could use the personalized service to attracting customer. And Apple will be training their staff.

The second sales channel is online store. In recent years, online shopping APP is constantly developing and improving, the APP like Taobao and Jindong all have the apple store, customer can buy the products on the Apple official website, which save the time on choosing mobile phones in the store and the time travelling to the shop. After the release of iPhone 13, more than 3 million people booked the iPhone 13 series on Tmall, and according to the Jindong, Chinese consumers have booked more than 2 million new Apple iPhone 13 series products on JD.com, because there are too many people want to buy the iPhone 13 online, Apple's official website was unable to connect to the apple store page or stuck.

The third sales channel is the agents, and those agents are the controller of T2 dealer, T2 dealer cannot book the products from the Apple, they need to book the products from those agents.

The other sales channel is the three major operators, China Mobile Communications Group Co., Ltd, China Telecom, and China Unicom, Apple will provide the customize phone to the three major operators. Because these three companies, the Apple could become so popular in China, at first the Apple only cooperate with China Unicom, when Apple see the benefit, they choose to cooperate with other two operators, so Apple use the three major operators cultivated many loyal customers.

4. PRODUCT SALES

According to the financial report released by Apple at the end of October last year, in fiscal year 2020, the company's revenue was 274.515 billion U.S. dollars (about 1.770 billion yuan), an increase of 5.51% from last year; net profit was 57.411 billion U.S. dollars (about 370.3 billion yuan). RMB), an increase of 3.9% year-on-year. In terms of growth rate, Apple's business growth has been slow in the past two years, and the growth rate of revenue and net profit has fallen to single digits.

From the perspective of the main business, the iPhone mobile phone is still Apple’ s largest business, accounting for 50.2%; followed by the service business, accounting for 19.6%, including advertising, AppleCare, digital content, iCloud and other businesses; again, wearable devices, The household equipment and accessories business accounted for 11.2%; the rest were businesses such as Mac and iPad.

4.1. Price Strategy

The price for Apple is different from other phones companies in China in consumer markets, because the Apple can set a higher price, but because the influence of

Apple products, brand effect, there are still people to buy the Apple, especially the price-insensitive Apple fans. But in the enterprise market, most of phone can satisfy the needs for the customer, so the price will be elastic, as a result the cheaper smartphones are more competitive, for example, the iPad market, iPad sales have been declining, because there are Apple's investment in the iPad is lower than that of other Apple products. As a result, the iPad's innovation is also small, and there are more and more competitors in the tablet market. The impact of other brands such as Samsung, Microsoft and Huawei are increased. So, Apple should adopt a price strategy that can expand its market share.

In 2021, at Apple's autumn conference on September 15th, the price of the iPhone 13 series was announced, which attracted many fans who watched the live broadcast to cheer. While the machine is upgraded in terms of chip and camera, the price of the iPhone 12 is also reduced by 300 yuan to 800 yuan.

Generally speaking, the iPhone is a smart phone product with a higher retention rate. According to the Manmanmai report, the iPhone 12 model lost an average of 34.5% of its value in the six months after it went on the market. Compared with the iPhone 11, which lost 43.8% of its value within half a year, the value retention rate of the iPhone 12 is particularly prominent. However, after the release of iPhone13, the price of iPhone12 was cut by thousands of dollars at every turn. According to the slowly selling price comparison platform, on the evening of September 16, the prices of iPhone12 series products such as the iPhone12 Pro 128G version on JD.com and the Vipshop iPhone12 Pro Max 256G version showed "historical lows". Among them, the iPhone12 Pro 128G version of Jingdong Mall maintained the original price of 8,499 yuan from the release date to the end of February this year. Until the release of the iPhone13, the product price was still fluctuating near the original price. But on September 16, the product price fell to 6,999 yuan. From early July to September 14, the iPhone 12 in Taobao's Apple Store's official flagship store started at 6299 yuan, but on September 15, the lowest price on this page fell to 5199 yuan.

4.2. Other Strategy

Apple will give discount to the students, student can use their student id to get a lower price, so the students become one of the most important customer population for the Apple[9].

Hunger Marketing is the common strategy that Apple used, "Hunger marketing", applied to the commercial promotion of goods or services, refers to the fact that the supplier of goods intends to lower the output in order to control the relationship between supply and demand, create a "false appearance" that exceeds supply, maintain the image of the product and maintain a higher price and

profit margin of the products[8]. When Apple want to release a new product, they will promote early, as a result the consumer will cannot wait to buy the products. Generally, Apple will only pre-sell products on its official website or on Tmall and Taobao, after the products release, it will sell out in half an hour or shorter, if this happens, the fans will wait for two or more week to purchase the new products. Maybe in some directly operated store, you can see the fans tent in front of the door, or seat in front of the door at 00:00 o'clock waiting to buy new products, Apple is the only one company who can do this. Because the Apple are doing great by using the hunger marketing, other company are following Apple, such as Xiaomi and Huawei. As we know the word of mouth is important to a company especially for those big company that sales commodities. There are now a large number of Apple fans, and they are the most excited and favorite people whenever Apple launches a new product. Because Apple has such a group of fans, Apple has never lacked a good reputation, nor is it afraid that no one will promote its products, so fans will make their friends buy Apple phones. Therefore, when new products are released, Apple is always the hot spot of public opinion and the focus of the media.

In the Apple Store, people can try the real phones and other product, they can touch the product and use the product, people can try the AirPods, take a photo by iPhone, draw the picture by iPad. Apple are always tried to satisfy the consumer. In the Apple store consumer can understand Apple's product philosophy, there will be one-to-one staff to take customers to understand and compare the differences between different models. Because of the interior decoration and the service attitude of the clerk, customers will be very satisfied with their feelings and experiences in Apple's direct-operated stores.

Use new product launches to create marketing opportunities, Apple has two launch events every year. In 15th Sep 2021, Apple release iPhone 13, new iWatch and iPad[10]. All the release conference are global live broadcast, before the launch events, every media will speculate on new products, after the launch events the news and medias are all report the new products, and on Instagram, WeChat and Twitter are all have the post about new products. Promotion is a classic marketing model, in 1st January 2017, Apple launches promotional activities, if consumer purchase the MAC or the iPhone, they can get a new Beats Solo 3 for free, it's the first time that Apple company make this decision in China market. In 2020 the Apple launched a back-to-school campaign for the university student, if students buy a designated product, they will be awarding a new AirPods and the teachers can also join the event. This is also Apple's purpose to give back to its users.

5. CONCLUSION

From above analyses it can be said that Apple's marketing model can be said to be a model in the industry, under Apple's marketing model, not only its own profits have increased, but Apple has also attracted a large number of loyal customers through marketing. In the future if Apple keeps using its own marketing model, it will always be a leader in the mobile phone market. But there are also somethings that Apple could improve. 1, accelerate the speed of innovation, because nowadays most of the phone producer, they can release new phones in a short period of time. 2, They need increase the investment on iPad, because there are more and more company want to challenge Apple. Apple's marketing model is worth learning from all electronic equipment companies.

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