The 4Ps Analysis of Apple's Marketing Strategy in China

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Abstract. As the world's largest smartphone market, China has both significant opportunities and complex challenges for global technology companies like Apple Inc. This study analyzes Apple Inc.'s marketing strategy in the competitive Chinese smartphone market by using the 4Ps framework (Product, Price, Place, Promotion) and academic reports or essays. This study shows the advantages of Apple's marketing strategy and identifies several aspects that Apple could improve. Base on the analysis, Apple's main strengths are integrated ecosystem and premium brand image. However, Apple has several parts that can be improved, which are slow innovation, limited market share, lack of distribution in lower-tier cities and lack of promotion on live streaming and social media. Therefore, the study provides four recommendations. Firstly, Apple should localize their products in order to match Chinese customers' demand. Secondly, Apple may launch diverse products with difference prices to attract wider range of customers. Thirdly, Apple can open more shops and provide more services in smaller cities to reach a higher market expansion. Fourthly, Apple must adopt with the Chinese digital market by campaigning promotion activities through live-stream on online platforms.

Keywords: Apple Inc., marketing strategy, Chinese market, 4Ps of marketing, localization.

1 Introduction

China is the largest smartphone market all around the world, so it is very important for global technology companies, such as Apple. For Apple, it is very essential to dominate in the Chinese market, but there are many challenges that Apple needs to face. Apple must compete with several local companies in China, such as Xiaomi and Huawei, who are famous for their lower price and innovative design. These strengths allow them to attract a lot of customers. Since 2009, Apple has successfully entered the Chinese market and built its high-end brand image. However, it faces a significant problem: how to adopt Chinese customers' local tastes.

Many studies discuss about Apple's global marketing strategy, but very few studies analyze how the company uses its marketing mix — the 4Ps of marketing that include product, price, place and promotion — and how this strategy is used for the Chinese market. Therefore this study aims to fill this gap. This study is vital because it demonstrates how a global brand adjusts its marketing strategy in order to fit the local

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market. The findings can also give practical advice to Apple and other companies on how to improve their competitiveness and customer loyalty in China.

The main topic of this study is about Apple's marketing strategy, specifically in China. The objective of this study is to see how well Apple can compete with other local companies in China, and to give some suggestions to improve on the problems.

The methodology will use two main approaches. First, the study uses a literature review of academic articles and reports to ensure the knowledge base. Second, a case study analysis of Apple will check its strategies, performance data, and challenges in China.

The research objectives include three perspectives. Firstly, the research plans to study Apple's market position and its marketing mix (4Ps) in China. Secondly, the research plans to evaluate how effective these strategies are in competing with local companies and attracting more consumer demands. Finally, the research plans to create practical and specific suggestions to help Apple grow in China.

2 Apple in China

2.1 Overview and Rationale for Case Selection

Apple is a perfect example to study this topic because, as a top global brand, Apple also wants to adapt and survive in China's unique market [1]. China is Apple's most essential market outside the Americas and China also is the core of its global supply chain [2]. Seeing how Apple balances its global image with local needs will teach people who related to marketing a lot about international marketing strategy [3].

2.2 Company Background and Market Development

Apple officially entered China in 2009 through cooperating with China Unicom to sell the iPhone 3G [4]. Sales grew slowly at first, but the iPhone 4 got a huge success that making Apple became a symbol of high technology and an ambitious brand [5]. Since then, Apple has expanded greatly. In mainland China, there are over 40 Apple Stores and many authorized resellers [4]. China is also essential to Apple's manufacturing. Although there are many challenges, Apple still put a lot of resources into the Chinese market, as evidenced by its continued investment in its retail, online, and service ecosystems [6].

2.3 Current Market Position and Competitive Landscape

Apple has been the top brand in China's luxury smartphone category (product price > $600). That is, Apple has an overwhelming share of the upper-end smartphone market in China. Many of China's largest local smartphone manufacturers – including Huawei, Xiaomi, OPPO and Vivo – sell the majority of smartphones below the $600 price point. Local brands operate with lower prices, rapid product introduction cycles, and take advantage of the availability of local applications. The competitive landscape becomes

very clear: Apple has a lead in brand reputation, profitability, and customer loyalty; local brands have a lead in total volume, distribution, and continued innovation with features that consumers in China have demanded, such as more advanced photography capabilities for use on social media.

Apple's core customers in China include urban professionals, young high-income consumers, and young people living in urban areas. All three customer segments value the brand equity, ease of use, and privacy that associates with buying an Apple product.

2.4 Relevant Market Data and Environmental Context

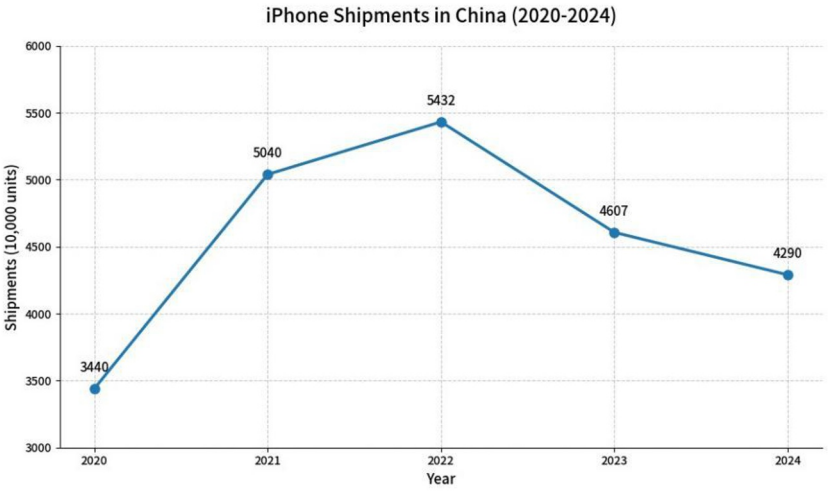


Fig. 1. iPhone Shipments in China (2020-2024)

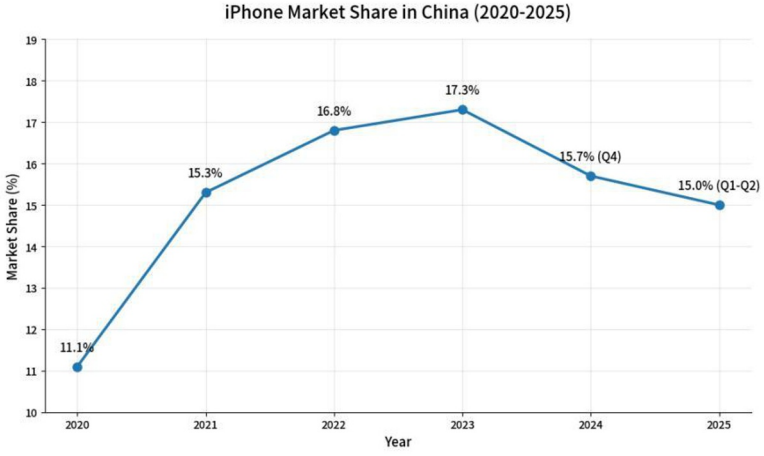


Fig. 2. iPhone Market Share in China (2020-2025)

Apple relies on the Chinese market for its sale of products and services. The company's sales revenue will grow by 38% from the year before, due to promotions during Chinese holiday shopping weeks (figure 1) [7]. However, Apple faces some challenges because of the level of tech-savviness of Chinese consumers and the fact that they spend the majority of their day engaging with applications such as WeChat, Douyin (TikTok) and Xiaohongshu (figure 2). In addition to being very tech-savvy, the level of national pride being expressed by people in China has resulted in many consumers showing a much greater consumer preference for support of domestic Chinese companies [8]. Adding to Apple's challenges are the regulations surrounding technology and data that have been established by the Chinese government which makes the environment more challenging for foreign businesses such as Apple to compete in the Chinese.

3 Analysis of Marketing Strategies

3.1 Product Strategy

Apple has one major competitive advantage in China - its integrated ecosystem [7]. Apple's devices iPhone, iPad, MacBooks and services such as iCloud can all connect and work together seamlessly, creating an integrated ecosystem. Devices from other manufacturers are not able to connect to this ecosystem, thus not being able to use many of the functions available on Apple's devices. In addition to these two competitive advantages, Apple also has excellent design and stable software for all of its products [5].

3.2 Pricing Strategy

Apple's skimming pricing strategy is used so that they can establish their brand as a luxury item. Not only is this strategy applied globally, but it is also applied within China as well. This strategy has created a large customer base who believe that the Apple products they own are a status symbol and do not mind the fact that they pay a premium for them.

On the other hand, Apple's high pricing strategy also presents them with the risk of losing the entire mid-priced market segment to their local competitors. As an example, even if an individual utilized an Apple financing program, many would still find it difficult to afford the purchase of an iPhone through that route. In addition, value-priced consumers are vulnerable to Apple's competitors if they drop their price or their economic condition changes.

3.3 Place (Distribution) Strategy

Apple's channel strategy is one of its major core advantages in China. Apple has a multi-channel sales strategy in China that involves sales through Apple Stores and online platform sales (i.e. Tmall and JD.com) as well as a large network of partner retailers to

get Apple products into the hands of consumers all over the country [4]. Apple Stores provide excellent customer service and an outstanding brand experience for customers; in addition, Apple products sold through Tmall and JD.com are very popular among consumers during major shopping events such as Singles' Day [4]. Apple also has a robust reseller network, including partnerships with cellular carriers, which makes it easy for customers to purchase Apple products all over the country [2].

Numerous studies show that the "Placement" strategy has the largest positive impact on consumers' ability to purchase Apple products in China [9]. And the more trustworthy and easy to shop for Apple products, the more likely consumers in China will have positive sentiment toward Apple.

There are some limitations. For example, Apple's only retail stores are located in major cities whereas the populations in much of China rely on third-party retailers that do not provide comparable retail experiences [6]. This creates a significant disadvantage for Apple when competing against similar brands (i.e. Xiaomi, OPPO, and Vivo), which have retail locations in most towns and cities throughout China [10].

3.4 Promotion Strategy

Apple's promotion strategy uses a simple, global message that conveys creativity and aspiration. Its worldwide launch events cause a lot of excitement among consumers and the media. This approach keeps the high-end brand image consistent around the world. Other strategy like "hunger marketing" creates a sense of scarcity for new products, which has worked well in China [4].

However, promotion is the weakest part of its strategies. This is because comparing to local brands, Apple's promotion is too normal and simple. One of the main problem is that Apple use less live streams than other brands. Chinese brands frequently conduct promotional activities on Chinese online platform through live streams, and they also invite famous people to attract more customers [8], but Apple rarely does it. Even when such activities occur, they are still too formal and less interesting than other brands' activities, which decreases the expectation of Chinese consumers of their promotional activities.

Another issue is social media marketing. Apple's accounts on online platforms like Weibo or Xiaohongshu mostly post announcements about their new products without creating any funny information or interactive content [3]. Nevertheless, other local competitors post them daily, therefore causes a lower participation of Apple's social media accounts. Furthermore, Apple's advertisements are often not able to resonate with Chinese consumers, because Apple's advertisements only focus on the simple translation of their global version. Although these advertisements are gorgeous and attractive, they don't have deep humor or emotional connection that can truly touch Chinese customers [1].

4 Strategic Recommendations for Improvement

4.1 Deepen the Collaboration between Products and Marketing Communication

Apple needs to create more products and promotional activities that are related to Chinese culture in order to connect with local customers. Other local brands can get successful because they perfectly integrate local trends and popular elements into their products and promotions [1,8]. Therefore, Apple should establish a dedicated R&D team to analyze the Chinese market and a marketing team that can deeply understand and take advantage of it [5]. This team should be responsible for developing products that connect with Chinese culture in order to attract Chinese customers [1]. A more important thing that the team should do is creating more interesting and attractive content on online platforms such as Douyin or Xiaohongshu [3]. This content must adapt to each platform's atmosphere rather than a simple translation of their global advertisements. Hence this marketing team must have a comprehensive understanding of each platform.

4.2 Introduce a More Flexible and Hierarchical Product and Pricing Structure

In order to attract more customers, Apple should launch products at different price points for customers at different income levels [2,5]. The company should position the latest Pro and ProMax series as its high-end products and set higher prices for them. However, Apple should also promote its older models, such as the iPhone 15 or 14, as official and more affordable options for consumers who want to join the Apple ecosystem [6]. These promotions should be run on price-sensitive online platforms like Taobao or Pinduoduo, because most price-sensitive customers will buy items on these platforms [7]. Additionally, Apple should advertise more frequently its financing plans and trade-in programs, presenting them as smart choices for consumers rather than choices for people who cannot afford the full price [2]. This strategy can protect the high-end image of flagship products and also enable Apple to be competitive in the large and profitable mid-range market [3]. This will help Apple sell more devices overall and grow its ecosystem by attracting more users [9].

4.3 Expand the Market Share in Low-Tier Cities

Apple needs to expand its brand influence in small cities in China in order to attract new customers and increase revenue [8]. Apple should consider to open small stores in second- and third-tier cities and allowing customers to experience the products in these stores [7]. These stores could be called "Apple Store Studios". These small stores can enable customers to try the products and receive technical assistance. Apple should also increase training and investment in local authorized dealers in these small cities. Therefore it will help enhance Apple's brand influence in the local area and make

consumers satisfied with the product quality. Apple can also use WeChat mini-programs for local promotions, sales and customer service, which will also help establish a connection between the brand and consumers in areas without stores [3]. This local-focused strategy can make more Chinese consumers who have not fully experienced Apple become potential customers.

4.4 Concentrate on Online Digital Platforms

If Apple wants to maintain its leading position in China, it must adapt to the unique digital marketing environment of China [3,5]. Apple should regularly conduct official live-streaming events on online platforms such as Douyin and Taobao, and invite famous people to attract more audiences [8]. These live-streams should focus on demonstrating the innovative features of Apple products and offer special discounts during the live-streaming to encourage more customers to purchase. Additionally, Apple needs to use its strong brand reputation to advertise personally on Chinese social media platforms [1]. Since Apple already has a very high level of popularity and a excellent brand image in China, directly encouraging consumers to consider and purchase its products is more suitable than promoting the brand itself [2]. By using the major digital marketing channels in China, Apple can achieve more sales and help it compete more effectively with local brands in the Chinese market [3,5].

5 Conclusion

By analyzing Apple's marketing strategy in China using the 4Ps of marketing, this study can identify a complex situation where Apple has both significant advantages and obvious disadvantages. Apple's main advantages is its integrated product ecosystem, which can maintain user loyalty and provide an excellent shopping experience for local consumers in big cities. However, local competitors like Huawei and Xiaomi have advantages in other aspects. They innovate products faster in specific functions, offer more discount or cheaper price for customers, and are more active and attractive on popular Chinese social media and online platforms. In contrast, Apple's own advertising and promotional activities seem to have less interactivity and do not focus on Chinese culture and popularity. Moreover, Apple's high prices and emphasis on large-store locations make it difficult to reach small cities or consumers seeking cheaper phones.
In the case of Apple, it is clear that Apple must adjust their marketing strategy significantly based on local market conditions in China - especially for promotional/sales efforts. As such, Apple must become more "localized" to remain competitive. Thus, there needs to be a more integrated marketing model which is in keeping with the Chinese culture and uses flexible pricing systems, as well as fully integrated within China's unique digital environment (e.g., live-streaming shopping), to build stronger customer relationships.

The main limitation associated with this study is its reliance on secondary data (i.e., academic literature and reports). While this provides a solid background for analysis of the situation, it does not provide the necessary direct/original data from the three most

important groups - Chinese consumers themselves, marketing decision-makers from both Apple and their competitors. Thus, a full understanding of consumer motivation and internal company strategy is virtually impossible.

Research must use original data to investigate this issue. Surveys of consumers should be conducted in various cities in China asking about the phone's base values. Researchers should also contact Apple's marketing managers to discuss Apple's current strategies and provide an avenue for learning about the actual strategies being used by their company. Finally, researchers should track the implementation of a new marketing plan (e.g., increasing the number of times that marketing through live broadcasts is done) over time to see if it results in increased sales of products.

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