

Marketing Analysis and Strategies of AAPL

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Abstract. AAPL is the representative of the Internet companies, which promotes the development of personal electronic devices and the media industry. Although AAPL currently has the largest market share, it faces vast threats and challenges due to the development constraints and continuous rise and growth of other companies. This paper investigates the popularity of the company's various products and AAPL's future development strategies by comparing the company's product sales and company operation spending details in the second quarter of 2021 and 2022. At the same time, it also presents AAPL's strengths and weaknesses, as well as opportunities that can be utilized and threats to face by analyzing AAPL's mobile phone market share and existing competitors. AAPL's strengths are its well-known brand image and huge customer base. However, the high price of its products has led to the loss of customers in the low-end market. Therefore, to expand sales and demand, AAPL should develop cheaper products and invest in new product technologies to create new product lines to attract more customers. With this in mind, this study also analyzes the industry's current difficulties and provides strategic advice for future development for technology companies similar to AAPL. These results shed light on guiding further exploration of business and marketing strategies.

Keywords: Apple Inc., Analysis, Marketing Strategy.

1. Introduction

With the continuous development of technology in the field of information technology, the beginning of the digital revolution, and the popularity of the Internet, the demand for personal computers has exploded. Numerous IT firms have been developed to keep up with the new, brisk pace in the realm of electronics. They create, produce, or sell electronic devices like computers, software and services for computers, as well as electronic parts and goods. Consumers sought multitasking computers capable of handling many photo, video, and audio applications, and entrepreneurs such as Steve Jobs seized the opportunity to create AAPL. Nowadays, the company has held a monopoly for decades.

Addison, in his report, claims that some of AAPL's strategies would not succeed without its loyal consumer base [1]. In addition to its marketing strategies, the company's success is also attributed to its large number of loyal consumers, the use of simple language and explanations in its devices, the location of its stores, and the in-store experience AAPL offers its consumers. A value-based approach to all business operations and the company's quality products are consistently produced. Marrero believes that the sales of AAPL have flattened recently due to a lack of innovations [2]. Year after year, AAPL makes only minor upgrades to its devices without delivering the shock that Steve Jobs presented years ago. Such a lack of creativity and surprise turns off devoted customers to the company.

Aljafari recommended that AAPL use its potent R&D division to create new product lines in light of TOWS analysis in order to satisfy the market's rising demand for smartphones, wearable technologies, and accessories [3]. The company can gain more profits by entering these emerging markets ahead of competitors. In addition, Johnna Montgomerie also investigates AAPL's limitations [4]. He points out in the report that AAPL's physical supply chain relies heavily on the flexibility of suppliers. Daylin Van De Vliert's proposal is to slightly lower product prices, target the entire middle class, and improve positioning for market price pressures [5]. In addition, AAPL should intensify its innovation efforts and maintain its technological leadership, thereby enhancing competition with big brands such as Samsung and Huawei. Myesha Tasnim believes AAPL has a unique combination of flat, centralized organic organizations. This structure enables organizations to perform in

extraordinary ways [6]. A culture of emphasis on technological innovation and flexibility creates the impetus to seize opportunities faster. AAPL should delegate some power and decision-making authority at all levels to balance power and existing structures and culture.

Although AAPL has an unshakable position today, it has also experienced a situation where it is close to bankruptcy. Analyzing how AAPL got to such a position today and how it overcame challenges can help companies learn marketing strategies and understand the way to expand the market to attract more customers. The following sections of this report are structured as follows. The Section 2 presents the corporate background of AAPL. The third section presents analysis of AAPL's balance sheet for the second quarter of 2022 and 2021. The fourth part introduces AAPL's existing market, including market share, marketing strategy, competitor analysis. The fifth part is limitations and prospects. Eventually, a brief summary is given in the last section.

2. Basic Descriptions of AAPL.

The American firm APPL was established in 1976 by college dropouts Steve Jobs and Steve Wozniak and is headquartered in Cupertino, California. It is a business that specializes in creating and marketing consumer electronics goods, software, and internet services, such as smartphones, media players, tablets, computers, software, and operating systems[3]. In 1983, Wozniak left AAPL as his interest in AAPL's day-to-day operations waned. John Sculley, the head of PepsiCo, was then hired by Jobs. This action, however, backfired. Jobs left his position as chairman of AAPL in 1985 and sold his AAPL stock to found NeXT Software following a heated fight with Sculley. As soon as the windows 95 operating system was released, AAPL's market share fell to the point of almost total collapse [7]. Experts predicted the company's demise in 1996. Because APPL urgently required an operating system, it acquired Jobs' business NeXT Software and appointed Jobs as acting CEO. Since he was appointed CEO, Jobs has made a lot of changes at Apple. He joined together with Microsoft to produce a Mac version of their well-known office program. An operating system based on Jobs' NeXT Software was released by AAPL in 2001 under the name Mac OS X. Targeting both professionals and consumers, it finally blends the dependability, security, and usability of UNIX with the simplicity of the Macintosh interface [7]. In the same year, Apple's digital music player, the iPod, was a huge success. Sony's Walkman series was defeated by Apple to claim the top spot for portable music players thanks to its exclusive iTunes network paid music download system. The iPod product line helped AAPL maintain its unchallengeable dominance in the market for commercial digital music. A touch-screen phone called the iPhone, which has become one of the most well-known devices in the world, was introduced by AAPL in 2007 [7]. The business has since released a number of updated versions. The Apple Watch and iPad tablets are two additional well-liked goods. The company has expanded its offerings to stream original Apple-produced content in addition to these electronics, including Apple Card, Apple News, Apple Arcade, and Apple TV+.

Cook took charge after Jobs passed away in 2011 but made no big changes to the business and largely continued to run it in the Jobs era's fashion. For more than 30 years, tech goliaths have been opposing Apple's monopolistic dominance. Over the past seven years, AAPL has hired a number of senior executives as a result of this new rivalry. Innovation, not sales, is AAPL's current problem. Tim Cook is in charge of APPL's future and continues the inventive legacy of his predecessors [7]. Defeat important tech firms that are catching up to AAPL. In 2021, the corporation made \$365 billion in revenue. It is the fourth-largest PC supplier by unit sales, the second-largest PC supplier by mobile phone manufacturers, and the second-largest firm in the world by market value as of May 2022. Along with Alphabet, Amazon, Microsoft, and Meta, it is one of the top five American information technology firms.

3. Balance Sheet

As shown in the Table 1, comparing the second quarter of 2022 to the same period in 2021, total net sales climbed by \$7.7 billion, or 9% for APPL. Apple released the iPhone SE® with 5G technology, the iPad Air® with the Apple M1 chip, the All-new Mac Studio™ with the Apple M1 Max or the new Apple M1 Ultra processor, and the All-new Apple Studio display during this time period [8]. The introduction of the new products led to a sharp increase in revenue for Services, iPhone, and Mac, which raised overall net sales..

The company's new iPhone models had higher net sales, which led to an increase in iPhone net sales of 5% in the second quarter and the first half of 2022. Net sales of Mac grew by 15% in comparison to the second quarter and first half of 2022 [8], with higher net sales of the MacBook Pro® partially offsetting decreasing net sales of the MacBook Air. Similar to how stronger iPad Pro® and iPad mini® net sales more than made up for reduced iPad 10-inch net sales, iPad net sales increased by 2 percent [9]. During this time, net sales of the Apple Watch, AirPods, and accessories grew. Additionally, a 17 percent increase in net sales of advertising, App Store®, and cloud services were made possible by higher net sales of these services [8].

Owing to higher net sales of the iPhone, Services, and Mac, net sales in the Americas for the second quarter of 2022 climbed by 19% as compared to the second quarter of 2021. Higher net sales of services and Macs were the primary drivers of the increase in net sales in Europe during the second quarter of this year [9]. The negative effect of European foreign currency relative to the U.S. dollar on net sales in Europe, however, resulted in net sales rising by just 5% [8]. The scenario is the exact reverse in Greater China. Greater China's growth in net sales was driven by higher net sales of services and iPhones, but it also had a positive effect on the currency's strength versus the dollar. Net sales in Japan remained unchanged in the second quarter of 2022 compared to the second quarter of 2021, primarily as a result of the Japanese yen's depreciation against the dollar. The second quarter of 2022 saw a decline in net sales across the remainder of the Asia Pacific region, mostly as a result of reduced net sales of iPhones. Additionally, the U.S. dollar's value relative to other currencies in the Asia Pacific area had a negative influence on its net sales [8].

Table 1. Products and Services Performance.

Time	Three Months Ended			Six Months Ended		
	March 26, 2022	March 27, 2021	Change	March 26, 2022	March 27, 2021	Change
Net sales by category:						
iPhone®	\$ 50,570	\$ 47,938	5%	\$ 122,198	\$ 113,535	8%
Mac®	10435	9102	15%	21287	17777	20%
iPad®	7646	7807	(2%)	14894	16242	(8%)
Wearables, Home and Accessories	8806	7836	12%	23507	20807	13%
Services	19821	16901	17%	39337	32662	20%
Total net sales	\$ 97,278	\$ 89,584	9%	\$ 221,223	\$ 201,023	10%
Net sales by reportable segment:						
Americas	\$ 40,882	\$ 34,306	19%	\$ 92,378	\$ 80,616	15%
Europe	23287	22264	5%	53036	49570	7%
Greater China	18343	17728	3%	44126	39041	13%

Japan	7724	7742	— %	14831	16027	(7%)
Rest of Asia Pacific	7042	7544	(7%)	16852	15769	7%
Total net sales	\$ 97,278	\$ 89,584	9%	\$ 221,223	\$ 201,023	10%

In the study of Danko, it used correlation and regression analysis to distinguish between two different forms of regression dependencies [9]. The regression dependence equation of a company's market value is generated on its intangible asset value using Excel, which he utilizes to determine regression and correlation coefficients. As illustrated in Fig. 1, the equation shows that the dynamics of a company's market value increases linearly. Since the calculated coefficient of determination (R^2) for AAPL is positive and 0.58, the market value of the firm and the value of its intangible assets are directly and typically correlated. The association (close/significant) between the company's intangible assets and its market capitalization is confirmed by the correlation coefficient of 0.76 [9]. Consequently, the company's market worth increases as intangible assets increase in number. As illustrated in Fig. 2, the second regression equation depicts how AAPL's intangible assets are dependent on sales revenue [9]. Since the coefficient of determination $R^2 > 0.8$ for AAPL, the relationship between sales income and intangible asset count is direct and significant. The calculated correlation coefficient (0.9) shows a significant association between AAPL's revenue and the value of its intangible assets. Marketing and consumers predominate in AAPL's intangibles' type structure. Companies focus on brand and business reputation, increase their competitive position by developing customer loyalty and successfully serving customer wants, and then pay attention to patents, license sales, know-how creation, customer database maintenance, and payment. AAPL shouldn't scale back its marketing initiatives. It is advised to strengthen the creation of innovative products in line with IT market trends and the requirements of target customer groups in order to retain it [9].

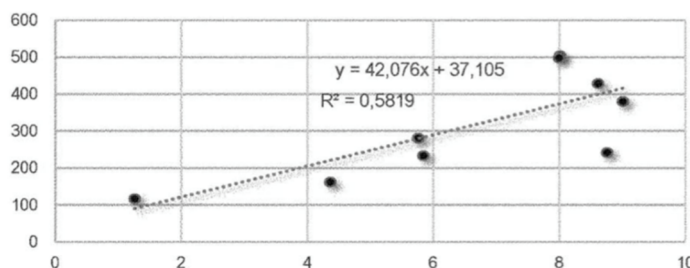


Fig. 1 Regression Dependence of The AAPL’s Market Value on Its Intangible Assets.

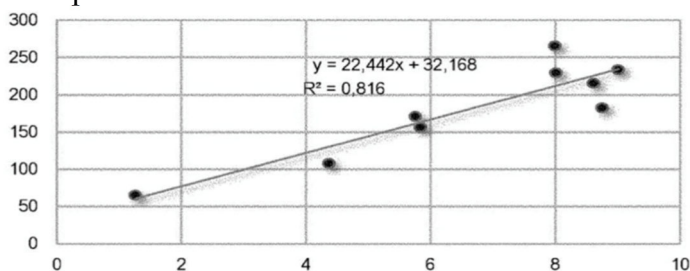


Fig. 2 Regression Dependence of AAPL’s Sales Revenue on The Value of Its Intangible Assets.

4. Marketing

As shown in Table 2, Samsung's inability to refill its S21 series swiftly caused a -11 percent quarter-on-quarter fall in market share to 22 percent in the last quarter of 2021, whereas AAPL experienced growth of 67 percent quarter-over-quarter as a result of the introduction of new products. Due to strong demand for the iPhone 13 and channel fill for the recently released iPhone SE 2022, AAPL experienced growth of 8% annually in the first quarter of 2022 [10].

As shown in Fig.3, as sales in industrialized nations' oversaturated markets (e.g., the United States, Europe, and China), AAPL is progressively turning its attention to other growing regions.

They focused on the greatest emerging middle class in the world, e.g., India and Latin America [2]. AAPL is presently collaborating with the Indian government. The corporation aims to relocate its manufacturing activities to India in order to increase the Indian market and lower manufacturing expenses [2]. Android phones are selling far better in lower-income regions than AAPL ascribed to the massive price difference between iPhones and Android phones. As a result, AAPL wants to keep the cost of its pricey products low. It increased brand recognition by releasing the more cheap iPhone 5C in countries [2].

Table 2. Market shares of different companies.

US Smartphone Shipments Market Share (%)						
Brands	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Apple	65%	55%	53%	47%	56%	50%
Samsung	16%	27%	26%	34%	22%	24%
Lenovo	3%	5%	12%	9%	12%	11%
OnePlus	0%	1%	2%	3%	2%	2%
Others	16%	12%	7%	7%	8%	13%

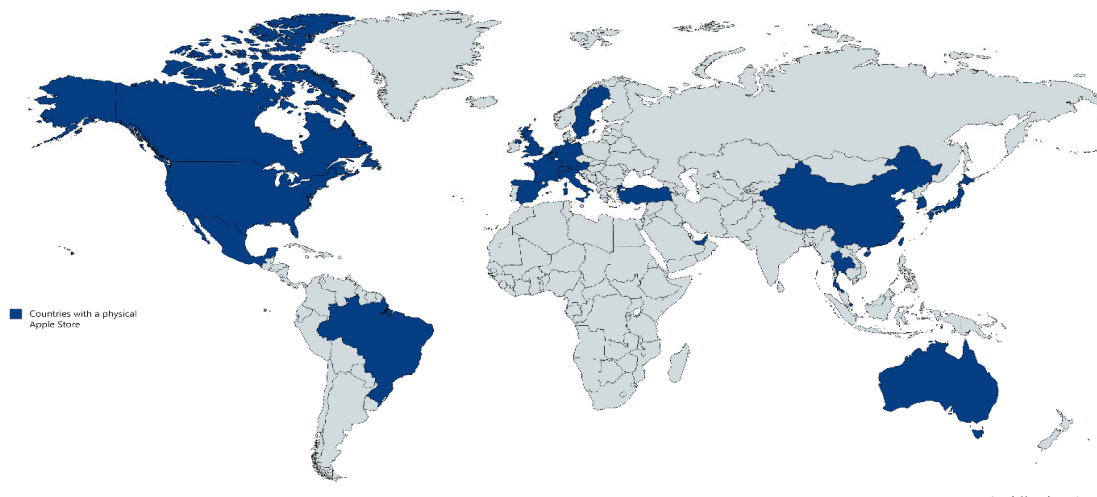


Fig. 3 Countries with a physical Apple Store.

The marketing strategy of AAPL is to create distinct target markets for people with various traits. The prices of its items are generally higher than those of comparable goods. AAPL employs many marketing strategies to draw customers with various traits. The main focus of its publicity for its target market of middle-class and upper-class people is quality because they are prepared to spend a little bit more and have the money to fulfill this goal [3]. Since millennials are typically more tech-obsessed than other demographics, AAPL's technology was used for advertising when that demographic was the target [3]. When music lovers are the target market, AAPL's marketing highlights iTunes, particularly the ease of its products and music downloads [3]. It is made for music lovers, and users can effortlessly save, share, and purchase music. Additionally, AAPL is drawing media and design experts by promoting its inventiveness [3].

Moreover, by employing knowledgeable salesmen, AAPL boosts product sales. They think that these salespeople can more effectively highlight to customers the many capabilities of AAPL products and convey to purchasers the value of hardware and software integration [3]. Additionally, many of AAPL's expansive retail store sites are in high-traffic regions that are ideal for drawing customers [3]. To assure a top-notch consumer buying experience, Apple Stores are all created to be simple and boost products in order to draw in new customers.

5. Limitation and Future Outlook

This article mainly analyzes AAPL’s existing strengths and weaknesses based on its existing financial reports and market shares, and identifies potential opportunities and threats that need to be addressed according to them. As illustrated in Fig. 4, AAPL offers a lot of advantages. They have developed a solid brand equity and image. Through a successful innovation process, the company has developed a strong brand image throughout the years. By developing products that are incredibly user-friendly and simple to connect to one another, they have transformed their business. Thanks to this reality, AAPL can increase its consumer base significantly and foster strong customer loyalty.

Although AAPL is a well-known, established firm with numerous advantages, they do have some drawbacks. The high-end market is the only focus of AAPL's distribution network. All of AAPL's goods are on the more expensive end of the spectrum. Consumers will select their competitor’s product over AAPL's since it is significantly less expensive if they can't buy it. Additionally, some of AAPL's products have battery life difficulties. Customers have claimed that several functionalities offered by AAPL products result in non-conductive battery life after extended use [3].



Fig. 4 SWOT Analysis Matrix.

On the other hand, there are some areas where AAPL can be improved. They can broaden their distribution network to penetrate new markets and wrest some market share from some of their rivals. Additionally, in order to keep its current clientele and draw in new ones, AAPL can create new product lines. The business could, for instance, use virtual reality (VR) technology in its software development. Additionally, AAPL might advance a different branch of artificial intelligence at the same time (AI) [2]. However, these analyses only work for what AAPL is currently facing, and any changes in the market could change the results of this analysis. In addition, only the market share changes of the iPhone are analyzed this time. Although it accounts for most of AAPL's sales, it can only provide reference opinions on the sales trends of all AAPL products.

In addition, this article also provides an overview of AAPL's main competitors. Samsung Galaxy and AAPL iPhone are engaged in an intense battle to gain market share. Samsung and Huawei are only a couple of the many competitors that Apple encounters in the industry. Samsung has the most market share for smartphones. The Galaxy smartphone line is regarded as a pioneer in the market [11]. The market share of the iPhone has been significantly impacted on the one hand, while negatively impacted on the other. Affordable phones can be produced by Samsung. Samsung has a sizable market share in the laptop sector but is not AAPL's main rival in this sector.

The biggest iPhone rival of AAPL is Huawei. In the international smartphone market, Huawei has made Apple's iPhone more challenging. With a market share of over 20%, Samsung continues to be the industry leader in smartphones [11]. The “GPU Turbo” technology that Huawei has introduced will increase consumer awareness of the Chinese tech titan. A game-changer in terms of cutting-edge

technology, AAPL enjoys high levels of brand loyalty and trust. The smartphone market is dominated by competition between the two companies, Huawei and AAPL.

AAPL must change as rival firms grow more powerful. New elements influencing worldwide consumer purchasing could be taken into account in future study initiatives. Sustainability, environmental effect, VR, AR, and AI are some of these elements. Customers across the world are looking for items and equipment that are "green" for the environment and give them the impression that they are preventing climate change. The new technologies of VR, AR, and AI will be included into their products [2], but AAPL will vary from its rivals in other ways as well. A straightforward software update was no longer sufficient, in this case, APPL will need to make significant updates to existing products or create totally new ones.

6. Summary

In conclusion, APPL has developed into a well-known brand and one of the most valuable businesses in the world. The corporation faces numerous difficulties despite supremacy in computing and mobile devices. According to AAPL's quarterly total net sales report, the introduction of new products can boost overall product sales. As the Asia-Pacific region's sales trends level out, AAPL ought to think about creating new target areas. The business should also keep putting more money on developing fresh goods and services. Based on AAPL's financial statements earlier research reports, market analysis is carried out in this study. To be specific, this paper examines the present business environment for AAPL and other IT companies, identifies the primary issues that many businesses confront, and offers solutions. Nevertheless, the current analysis is only applicable to the current market situation, and the scope of the investigation is limited: mainly from its financial reports and iPhone market share analysis. In the future, research could consider the way that AAPL could incorporate emerging technologies into its own products or develop new product lines to expand its market. Overall, these results offer a guideline for exploring business and marketing strategies further.

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