

Research on Apple iPhone's Marketing Strategy in China

Guoqing Zhang^{1,*,†}

¹ Global health&social justice msc, Kings College, Shenzhen, 518109, China

*Corresponding author: zhangg11@miamioh.edu

Abstract. In recent years, people's income has increased due to economic development. Mobile phones have become one of the most popular consumer electronic products. As an international giant, Apple's marketing strategy in the Chinese market has significantly impacted the iPhone's success in the Chinese market. According to the statistics on Apple's product category revenue from 2015- 2021, the percentage of iPhones has decreased from 20015 to 2021 in the past five years in the Chinese market. Focusing on this problem, this paper studies Apple's marketing strategy in the Chinese Market. This research adopts the literature research/analysis method to analyze the marketing environment, marketing status, and trend of Apple mobile phones in China. Then, it analyzes the problems in its marketing mix strategy, the reasons for these problems, and gives corresponding suggestions, including implementing a differentiated product strategy, adopting a customer-oriented price strategy, adopting a diversified channel sales strategy, and diversified promotion strategies. This paper mainly analyzes the issues of Apple's marketing strategy in the Chinese market, hoping to provide valuable suggestions for Apple's marketing work in the Chinese market and provide a reference for the Chinese smartphone brand in delivering marketing strategies.

Keywords: Apple iPhone; Marketing Strategy; China

1. Introduction

1.1 Research Background

Near the end of January 2022, the number of smartphone use of China Mobile has reached 961 million. Such a huge smartphone consumption market has attracted many foreign mobile phone brands to seize the Chinese market one after another, and the competition has become increasingly fierce. However, in China, with the economic uncertainty, including unemployment and inflation, coupled with the bottleneck of chips and supply chains, the sales of mobile phones have declined. However, while the global sales of mobile phones have declined, the shipments of Apple mobile phones have increased. In accordance with a recent report from canalys, international smartphone's shipments dropped by 9% in the second quarter of 2022, while Apple gained 17% of the market share, an increase of 3% year-on-year [1]. Why is the iPhone so popular? There are many reasons. In addition to its humanized product performance, the marketing strategy of Apple's mobile phone is also one of the important reasons for its popularity. This paper mainly analyzes the issues of its marketing strategy, hoping to provide valuable suggestions for Apple's marketing work in the Chinese market and provide a reference for the Chinese smartphone brand in delivering marketing strategies.

1.2 Literature Review

Li analyzed the macro and micro environment of an apple retail company in China and the company's marketing strategy at that time, pointed out the problems in the marketing strategy, discussed them with SWOT analysis, and then proposed suggestions for the company's marketing strategy improvement based on the 7p theory of marketing [2]. Li's article provides theoretical guidance for this study of Apple's iPhone marketing strategy, especially applying the 7p theory in optimizing marketing strategies. Lu analyzed Apple's marketing strategies in the Chinese market. Li's concluded that Apple's marketing model is a model in the industry because its strategies increased profits and attracted many loyal customers through marketing [3]. This paper was newly published and offered Apple's general marketing strategies, including its price and Huger marketing

promotion strategies in China. This paper gives an insight into Apple's marketing strategies. Yu analyzed Apple's differentiated marketing strategy, found the factors affecting it, and suggested that Chinese domestic brands pay attention to brand culture and product positioning and customize customized, differentiated marketing strategies [4]. It brings enlightenment and improvement suggestions. This article provides reference and guidance for the writing of this paper in terms of differentiated marketing strategy.

Apple Inc. The report contains the application of the major analytical strategic frameworks in business studies such as SWOT, PESTEL, Porter's Five Forces, Value Chain analysis, 7S Model on Apple [5]. These give tools to analyze Apple's strategies. Seven key points have made Apple successful in its sales in the world. They are Apple's simple product appearance and its effective marketing, its ways to target customers, well-appreciated customer experience, the mystery around the product, loyal users community, product value, and its concrete product placement [6]. Based on external and internal analysis of Apple, it can be found that there are a few important strategic issues affect Apple's overall performance, and then the paper comes up with a solution to the problems [7]. This essay provides insights on the issues of Apple's strategies and gives some tools to analyze marketing strategies.

1.3 Research Gap

There is a lot of research on marketing strategies, and most of the research on Apple's marketing strategies focuses on Apple's macro marketing strategies. Few scholars study the marketing of Apple's iPhone mobile phones, especially the marketing strategies of smartphones in China. This paper takes this as the breakthrough point to explore the marketing strategy of Apple's iPhone in China, hoping to put forward optimization suggestions for the marketing strategy of Apple's iPhone in China and, at the same time, provide a reference for the formulation of the marketing strategy of China's local smartphones.

1.4 Research Framework

This research first analyzes the marketing environment, marketing status, and trend of Apple mobile phones in China, then analyzes the problems in its marketing mix strategy, and then analyzes the reasons for these problems and gives corresponding suggestions.

2. Methods

This study uses the literature research/analysis method. Literature research refers to the second data collection. This study chooses the secondary data collection methodology, in which the researcher extracts the previously published data collected by other researchers [8]. This study will search numerous resources to collect secondary data, including academic databases, online sources, books, journals, and official publications [9].

3. Results

3.1 Sales Status and Trend Analysis of Apple Mobile Phone

In 2007, the first generation of Apple's smartphone came out. As soon as the first generation appeared, the iPhone attracted numerous consumers in the world with its unique appearance, and moreover, its touch screen design promoted the smartphone industry's rapid development. iPhone is Apple's most valuable product and is the primary generator of Apple's revenue, responsible for 50% of its revenue.

Apple is one of the most successful companies in the US and its sales has been increase in the US. At the same time, revenues have increased in all regions. Apple's revenue was 58.7% in China, and its percentage decreased in the following five years. It dropped to 40.3% in 2020. This steady decline in sales between 2015 to 2020 was primarily due to increased competition in China [10]. In terms of

iPhone sales in China, Apple has steadily fallen since 2015. However, it saw a slight bump in 2021. According to the statistics on Apple's product category revenue 2015- 2021, the percentage of iPhones has decreased in the past five years.

3.2 Marketing Strategy for Apple iPhone

Enterprises use strategies to affect people's interest in buying their products or service. Marketing or sales strategy is one of the determinants of business success [11]. The following will analyze Apple's product, price, place, and promotion strategies.

First of all, it is Apple's product strategy. The core part of its product strategies is providing products and services required by customers. Only by offering products and services required by customers can customers be attracted to buy. The core concept of Apple's iPhone products is its simple design.

iPhone hardware has the excellent quality, unique design style, and humanistic design. The design and technical innovation that come down in one continuous line with other Apple products ensure the uniqueness and competitiveness of the product. In addition, its IOS operating system is stable, fast, and easy to operate. It has rich and powerful software expansion functions with a software library unmatched by any smartphone. Apple's mobile phone has captured the hearts of most young Chinese people with its simple and fashionable appearance and sound functions. In addition, Apple mobile phones have strong R&D and exploration capabilities, constantly introduce new products, improve their market share, and firmly control the psychological changes of consumers.

iPhone adopts the premium strategy in its pricing strategy. The premium pricing strategy refers to selling products at a premium price. When the new product of Apple is released, it will launch new products at a high price. In addition, it will use promotion methods to obtain high profits at the initial stage. Later, the price will be reduced with the product market expansion. On the whole, iPhone successfully adopted a premium pricing strategy in product pricing.

One of the critical issues in the brand pricing strategy is to accurately understand consumers' perception of the brand value. Apple divides the Chinese market according to the price and quality of Apple's mobile phones. Apple chooses the high-end consumer market with a price of more than 5000 yuan. The target customers of Apple mobile phones are young people, white-collar workers, and business people who pursue fashion. In terms of Apple's promotions, the company uses advertising, personal selling, sales promotion, and public relations to access its target audiences.

3.3 Problems and Causes of Marketing Strategies to be Solved

Apple's revenue decreased from 2015 to 2020. There are many reasons for Apple's five-year decline in the Chinese market, but the main reason is the impact of local Chinese brands' mobile phones, such as HUAWEI and XIAOMI. In addition, the product types of Apple mobile phones are not rich enough, and the launch cycle of new products is long; the other problem is the bottleneck period of products. Although Apple strives to innovate on its products. However, Apple has lost some innovation ability as the world's top mobile phone brand. For example, in the recently launched iPhone 14 series, only the Pro version uses the latest A16 chip, while the iPhone 14 still uses the previous generation A15 chip.

In addition, the price of iPhone smartphone is high. On the one hand, the price of the iPhone is on the high side, and the rapid development of domestic smart phone companies in China. Huawei, one of the famous smart phone companies in China, has made consumers think more about cost performance and give up buying Apple. The positioning of the iPhone smartphone is the high-end market in China. This makes Apple iPhone products lose its market shares in broad middle market in China. Apple is also facing fierce competition in terms of the Chinese market. Some smartphone companies, such as Huawei, OPPO, and Vivo, in China are developing rapidly. The speed of those companies to launch new products from the competition with Apple. iPhone consumers will likely turn to these smartphone brands, resulting in fierce competition among diversified brands in China's mobile phone market. Apple is no longer the only choice for young people.

4. Discussion

4.1 Implement a Differentiated Product Strategy

Differentiated product strategy refers to businesses using the marketing strategy of product differentiation to distinguish their products from their competitors [12]. To continue to stand out from the crowd, Apple needs to employ a differentiation strategy to attract consumers. Apple should optimize its original iPhone products and expand its product categories. Significantly, Apple should innovate iPhone products and modify and add new elements to the design based on the original product. For high-income business customers, Apple needs to pay much more attention developing office software and functions. Those office software with large storage capacity can help improve those customers' work efficiency. Besides, it also needs to advance iPhone's design. In terms of those young consumers, Apple had better have a full range of entertainment functions to bring customers a better entertainment experience. iPhone also needs to add the health detection function based on the Apple smartphone to detect people's health.

Where there is demand, there will be a product. Some users have the demand of a smartphone with dual SIM cards. However, some iPhone smartphone do not have a dual card function up to now, which will cause Apple's mobile phones to lose some users who need dual cards. Therefore, it is necessary to develop this function. Apple needs to develop and design personalized products to meet the needs of consumers. Therefore, no matter in terms of the iPhone appearance innovation or function innovation, Apple needs to do enough market researches in the Chinese market to give the best experience and meet the needs of Chinese consumers.

4.2 Adopt a Customer-oriented Price Strategy

When the product matches consumers' needs, customers can truly feel it is worth buying. Suppose an enterprise wants to be recognized by consumers in the market. In that case, it must, from the perspective of consumers, constantly reform and innovate, reasonably priced, meet consumers' needs, and attract them to buy. Specifically, Apple needs to adopt the customer-oriented pricing strategy. Meanwhile, Apple needs to set different prices for its iPhone products with varying memory, screen sizes, appearances, and users' acceptance of the price.

Specifically, Apple needs to adopt the customer-oriented pricing method and set different prices for iPhones with varying memory sizes, screen sizes, and appearances according to different user acceptance of prices. Apple can increase sales through price discounts; for example, Apple can give discounts to students. Apple will give a discount to the students, and the student can use their student id to get a lower price, so the students become one of the most critical customer populations for Apple [13]. Apple needs to analyze the company's strengths, weaknesses, and expectations of products and prices, adopt flexible pricing strategies, provide timely feedback on consumers' feelings, and formulate competitive pricing strategies.

4.3 Diversified Channel Sales Strategy

Sales channel refers to the sum of all links and driving forces experienced in commodity transfer from enterprises to consumers [4]. Channel strategy means how an enterprise sells its products or services to customers. Formulating an effective channel strategy is critical in ensuring that enterprise products are known to customers.

Apple should expand its sales channels and adopt multi-channel sales in Chinese market. It is known that there are a few sales channels in Chinese market. Apple can set up offices and branches for some fixed major customers, and find new and potential customers in some regions around those major fixed customers simultaneously. The addition of agents will enable Apple mobile phones to reach more ordinary consumers and further open up new markets among regular consumers. Online store, an official website established by Apple itself for sales.

Besides diversifying its channel sales strategy, Apple also needs to make its present channels shorter and more effective. Thus, it can meet the customers' needs effectively and save Apple's costs.

Moreover, Apple should fully use Internet technology and the online trading environment to expand channels by entering the e-commerce industry and cross-border cooperation by penetrating consumers' lives and increasing the coverage of physical stores.

4.4 Diversified Promotion Strategies

Apple should adopt specific sales promotion tactics such as discounts, perks, and privileges, special offers, and after-sales services such as warranties and customer support [14]. In addition, good public relations is also one of the important promotion strategies. Good public relations build Apple's good brand image and reputation. Apple can use a variety of promotional media. For example, Apple can use outdoor billboards and car advertisements to diversify its promotional ways. In addition, it is necessary to improve the sales attitude of sales personnel and provide better customer service. By participating in public welfare projects, Apple can enhance people's awareness and loyalty to Apple phones and then provide market share for Apple phones.

In 2017, Apple mobile phones adopted preferential discount policies to seize market share. This policy provides discounts for new mobile phones. When consumers go to China's direct sales experience stores, they can have a certain amount of discount when they purchase new models. This strategy can stimulate old customers to replace their new phones to drive sales, and at the same time, it can attract Android users to buy Apple's mobile phones to seize China's mobile phone market share. Apple can continue to use this discount policy.

5. Conclusion

5.1 Key Findings

This paper studies and analyzes the marketing strategy of Apple's iPhone in China. Through analyzing its marketing strategy, it is expected that the paper will apply relevant theories to propose corresponding improvement strategies against the adverse trend of Apple's iPhone sales decline. Through research and analysis, this paper finds that Apple's iPhone sales strategy has product, price, channel, and promotion problems. Specifically, the product types of Apple mobile phones are not rich enough, and the launch cycle of new products is long; another problem is the bottleneck period of products. In addition, the price is high, and the market competition in China is fierce. The paper proposes the corresponding improvement strategies, including implementing a differentiated product strategy, a customer-oriented price strategy, a diversified channel sales strategy, and diversified promotion strategies. In addition, the successful aspects of Apple's marketing are worthy of complete reference for Chinese companies and innovation-based consideration.

5.2 Research Significance

The research is to find out Apple's advantages in term of its marketing and existing problems and provide suggestions for Apple's strategy adjustment and improvement in the Chinese market to improve its market competitiveness further. At the same time, the significance of this paper is to provide a reference for domestic mobile phones in formulating marketing strategies. Moreover, the marketing strategy of Apple's mobile phone has several inspirations for China's mobile phone enterprises, mainly in four aspects: making good target market positioning, enhancing enterprise innovation ability, flexibly using experience marketing, and improving brand awareness and user loyalty. Theoretically, the research of this paper promotes the study and discussion of marketing strategies in theory. In a practical sense, it can give suggestions to domestic smartphone manufacturers and encourage innovation and reform of the domestic smartphone industry.

5.3 Limitations

This paper has some limitations in research methods. For example, this paper lacks the use of primary data and mainly uses secondary data. For future studies, the preliminary data can be obtained through surveys, interviews, etc.

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