

# ***Research on the Marketing Strategy and Future Development of Commercial Companies Based on 4Ps Theory: A Case Study of Apple***

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**Abstract:** In 2022, Apple was the largest technology company by revenue, with US \$394.3 billion. As of 2023, Apple was the fourth-largest personal computer vendor by unit sales, the largest manufacturing company by revenue, and the largest vendor of mobile phones in the world. Based on 4Ps marketing theories to analyze the management and the marketing method of Apple Inc and discover how and why it can become a such successful company. Furthermore, through 4p research, this paper may find out what the company's strengths are, and more importantly, find out the existing and potential issues in the area of price, product, place, and promotion strategies. Then gives out reasonable suggestions to improve the weaknesses. Meanwhile, evaluate the potential opportunities and the threats to Apple Inc. Overall, this paper provides a valuable insights in apple's current marketing strategies in order to make apple company to become a sustainable success company and an role model for other companies seeking for a success.

**Keywords:** 4Ps of marketing, marketing method, potential issues, Apple.

## **1. Introduction**

As of 2024, Apple Inc. remains one of the most influential technology companies globally. It holds a leading position in the consumer electronics market, renowned for its innovative products. Apple continues to set industry standards with its high-quality hardware, intuitive software, and integrated ecosystem. Financially, Apple consistently ranks among the top companies in terms of market capitalization, often voting for the title of the most valuable company worldwide. Its substantial revenue comes not only from hardware sales but also from its expanding services segment. Recent achievements include the continued growth of its services division, advancements in artificial intelligence and machine learning through products like the M-series chips, and a focus on sustainability and reducing its carbon footprint. Apple's commitment to privacy and user security also remains a key differentiator in the technology industry. Due to the success of Apple Inc, this paper studies the marketing method of Apple Inc which could be studied by other companies that seeking for a success. Furthermore, this paper evaluates Apple Inc by using 4Ps marketing theory and SWOT model in order to give Apple Inc a better suggestion in the future marketing.

## **2. Literature Review**

### **2.1. Apple Inc Market Position and Financial Condition**

By 2020, Apple Inc market share was 15.22%. In 2021, its market share was 17.05%. In 2022, its market share was 18.48%. As the latest data available, in 2023, its market share was 19.80% [1]. From these key statistics of Apple Inc market share, it significantly shows an increasing trend where it implicates the sustainable development of this company. However, it should be noticed that Apple Inc is facing a decline of its revenue and earnings, meanwhile, in this situation its earnings per share increased marginally, “showcasing Apple’s resilience in maintaining profitability amidst declining sales.”. Furthermore, Apple Inc gains a great percentage in investing in its operations and R&D. Turning to the stock performance of apple company, it shows a stable performance as well [2]. After all, despite a slightly drop in the revenue, apple inc still maintains a strong profitability.

### **2.2. 4Ps Theory Concept**

In order to make an in-depth study of Apple Inc, we will analyse four aspect which is called 4 Ps theory of marketing. The term "marketing mix" refers to the assortment of decisions that firms must make when introducing a new product or service to the market. 4Ps of marketing involves the product, price, place, and promotion. These are the key factors that are involved in the marketing of a good or service. First comes to the product. Ideally, a product should fulfill existing consumers demand and making more demand from the society. Business executives must have a strategy for handling products at every stage of their life cycle, and marketers must comprehend the life cycle of a product in order to be successful. Secondly, it comes the price. The price must be connected to the items and their perceived worth by marketers; this requires taking into account supplier costs, seasonal sales, and-above-all the prices of rival companies. For example, marketers are considering when is appropriate to make a discount in order to attract more consumers, in another side, making discounts may shows and gives the impression that the product is less exclusive and devalue the brand. Therefore, executives use different pricing strategies to make their brand to be more success. The third is place, where company should sell the product and how to deliver it to the market. Most of the time, the product should be put in the area where more demands are. The last one is promotion. It includes advertising, public relations, and promotional strategy. To reach their primary audience and create their brand image, marketers often combine components of placement and promotion.

## **3. Analysis of Apple Inc Marketing Strategy Based on 4Ps Theory**

### **3.1. Product Strategies**

Based on 4Ps theory, for the product, it needs innovations to stand out from the competition and has to be the first in their category. It should be noticed that in 2007, the first touchscreen smartphone with internet browsing, music playback, and call functionality was developed by Apple. It helped touchscreen technologies become popular worldwide. In addition, Apple creates a series of products: Mac, iPhone, iPad, AirPods, Apple watch, etc. (Table 1). Furthermore, it provides a broad line of services even digital services, including iCloud+ cloud-based data storage service, Apple Pay, Apple books, and iTunes Store. That software ties all the devices of Apple together, and also shows the diversification of the brand. Apple makes its own operating system, which is called iOS system, it is different to windows system. 74% of computers worldwide run on windows, in comparison, iOS system only operates for Apple mobile devices. The advantage is that iOS devices and apps are designed and optimized to work seamlessly with each other. Therefore, when a customer starts to use Apple device, they tend to choose to buy in a bundle of Apple device. For instance, people with

iPhone would prefer using iPad instead of other brands' tablet, because they all belongs to iOS system where it can sync the information from iPhone and iPad.

Table 1: Apple product

iPhone 16 128 GB	£799	AI-opening possibilities
AirPods 4	£129	Active noise cancellation
iPad Pro	£999	Portable(thinner), AI capability
MacBook Pro 14	£1699	Save with Apple trade in
Apple Watch SE	£219	Water resistance

### 3.2. Pricing Strategies

Apple used four main pricing strategies: psychological pricing, skimming pricing, premium pricing, and segmented line pricing.

Executives at Apple focuses a lot on consumer behaviour. They used psychological pricing or more specifically, decoy pricing. It entails enhancing another alternative to make it appear better by adding the decoy, a less appealing option. Customers are guided toward a target selection by the price of the decoy. There is a classic example, a movie theater offers 3 popcorns' size: small for \$3, medium for \$6.5, large for \$7. Because it is significantly more expensive than the little one but not significantly less expensive than the large one, the medium serves as a decoy. By using this pricing method, the large popcorn seems like a better value than it actually is. Because they believe the large offers the most value for their money, the majority of customers are inclined to buy it [3]. Take in account in Apple, Apple released the iPhone 11 in 2019 with a \$649 price tag, the iPhone 11 Pro at \$999, and the iPhone 11 Pro Max at \$1099. Given the slight price difference between the 11 Pro and 11 Pro Max, the iPhone 11 Pro served as the decoy. As a result, a buyer would be duped into comparing the iPhones and ultimately purchasing the priciest model under the false impression that they would be getting better value.

Apple is also persisting the skimming pricing strategy and premium pricing; these two pricing strategies are similar. Skimming pricing demonstrates that setting a high initial price for a new product or model in order to grab the maximum profit in the short term as the goal rather than to get the maximum sales. Then gradually lower the price over time as newer models emerge. Premium pricing basically refers to providing the products at a price higher than the usual prices in the market.

When it comes to iPhones, for example, before each generation is released, they have already piqued consumers' psychological excitement and expectations. However, when the new model is introduced to the market, its relatively high price turns off a lot of buyers. Its relatively high price is not a threat for the company, as their products are unique as a result of innovation. More significantly, a high price helps Apple maintain its premium reputation in the eyes of consumers and generates amazing sales in the process. It also attracts a large number of devoted customers, which helps the company meet its objective of building brand loyalty. The high-quality image is set to distinguish itself from other manufacturers in the business.

The strategic utilization of skimming and premium pricing serves multiple objectives: it reinforces the brand's image, enhances customer loyalty and profitability and cultivates a perception of innovation. Despite the high degree of rivalry within the industry, these two pricing strategies enable firms to maintain a dominant market position and it's a leader in Stackelberg's model.

At last, Apple used the segmented (product) line pricing or product differentiation. It is a group of related products, categorized by function and price, enables potential customers to position themselves for products that are most likely to fulfil other needs and spending power. Apple could use this market strategy is based on its high quality and unique features. It helps Apple company carve

out a distinction with other companies in the market. In addition, customers can choose the products they need according to their price elasticity and functionality, in other words it belongs to the second-degree price discrimination [4].

Segmented line pricing gives a lot of benefits to Apple Inc. Firstly, it could increase the profit, and sometimes by a significant margin. Secondly, the company may be more competitive in the market because it occupies a different segment of the market and therefore expand the economies of scales and the market share.

### **3.3. Place and Promotion**

Geographically, most of the revenue of Apple Inc come from United States, China, and Europe in 2024 [5]. Combined with the data in 2024 of the number of official flagship store of Apple Inc in different country, it clearly shows that with the order from the most to the least, are in United States, then China, at last in United Kingdom. It implies that distributing its product must be the place within a large demand. However, it creates an exclusivity, but in another side, this successfully brings up its high-end image to the customers and reduced their distribution costs giving opportunities to invest those money in other areas, such as R&D. Furthermore, the company has two ways to sell their product: online and offline official flagship stores. The online stores also help more consumers to buy the products with fulfilling and achieving their demand [6].

Apple inc uses promotional activities such as advertising, personal selling, sales promotion, and public relations. They use a variety of sales promotions strategies, including personal selling, which they sell their products only in their own flagship stores in order for consumers to test it and get a hands-on experience. They also use digital media with advertising through networks and internet website [7]. In addition, in emerging or economically strained regions, Apple adopts promotional strategies such as installment payment plans and trade-ins to attract potential customers and expand market share. Apple Inc provides financing and trade-in program. Financing is customers who want to buy a new iPhone, they can pay for its monthly installments through Apple Card. Trade-in program is a service that allows customers to redeem qualifying devices at the Apple Store for usable funds that can be used to buy a new iPhone. Meanwhile, in developed countries with higher consumer payment capacity, Apple maintains a premium pricing approach that aligns with the demand for high-quality products.

## **4. Analysis of Apple's Internal Weaknesses and External Challenges (SWOT Model)**

By understanding Apple's internal weakness and challenges, using a SWOT model would be an effective and essential way to help the company to develop further, it helps to analyse the strength, weakness, opportunities and threats of a company is facing, and it evaluate the company's competitive position, therefore helps to develop a strategic planning in the future. SWOT is divided into internal and external factors. Strength and weakness represent the internal analysis, meanwhile, opportunity and threats is the external analysis of the company. This evaluation is especially important for Apple due to there are numerous of competitors that makes Apple facing a fierce competition.

Within the analysis of 4Ps marketing strategies used by Apple, its strength is clearly, firstly, it involves very strong brand recognition and loyal customers. Secondly, the innovation products and its services are unique, it strongly attracts consumers' eyes. Importantly, Apple device maintains a high-quality, special features, and the advanced technologies being used, due to the invest on R&D. For instance, Apple introduced Face id and apple pay, not only technology being used but also the innovation. Thirdly, its financial strength and profitability should be noticed that during 2018, Apple successfully become the first America company had a market capitalization that worth over \$1

trillion, which entirely shows that not only they have the benefits in their products, but also their business plans, cooperation with other companies, and their social network [8].

It is said before, Apple's products are unique, however, in recent years, they are lacking innovations. They have not been as successful in innovating new products as before. Currently there's more competitors are making the same or higher quality and using more advanced technology such as the folding phone sold by Huawei. As the fierce competition continuous to grow, especially the competition between Apple and Huawei in China, the strength of Apple is information security and privacy, but it is difficult to achieve in the Chinese market. It is a challenge for Apple's development in the Chinese market. In recent news, as Apple 16 is ready to release to the market, a new AI service is being released with the iPhone 16. Apple's AI service for the iPhone 16 will launch gradually in a number of languages, although the Chinese version won't be accessible until 2025. Additionally, given China's economic slowdown and declining purchasing power, it appears that Apple is gradually giving up on trying to compete in the Chinese market. However, there is still a large amount of Apple's loyalties in China and Huawei folding phones actually price about 3 times than iPhone 16, which is less affordable for the consumer in China. In addition, the AI service is actually less attractive nowadays due to people can use GPT and other AI solutions. Apple is more relied on making its brand instead of making new and outstanding innovations which reduced the market share as new competitors emerge. Apple should actively innovate and fixing their shortcomings in their technologies. In addition, as the global economies are going in a downward trend, people look more in the side of price. To make sure Apple does not fall behind those competitors, executives in Apple should pay more attention on setting the price for each area combining the economy's wealth and development. Apple operating system is both a strength and a weakness. This closed ecosystem has helped Apple to maintain its market share, meanwhile, there is restrictions for its compatibility with other devices, which means consumers' needs to purchase Apple products when they already have an Apple product. Without changing the closing ecosystem, Apple should increase their brand loyalties.

Apple currently has opportunities to start a new production line such as virtual reality (VR) and augmented reality (AR). These two technologies have gained alot attractions in recent years. For instance, AR is used in especially in gaming, making virtual things becoming 'real', AR brings these things into real life. Apple's AR capabilities enhance gaming experience and offers users new level of immersion and interactivity [9]. Moreover, Apple products such as AirPods and Apple watch, these wearable products are becoming popular than before, for instance, Apple watch can help to record your body health and number of walking steps in lives, people nowadays pay more attention on their health. Therefore, further development and investment can also be put in this area [9].

However, there's some restrictions and regulations, legal disputes, antitrust concerns, that may be a threat to Apple's development and its reputation. For instance, the antitrust case against Apple. The US Department of Justice has filed a case against Apple for violating antitrust laws. The case revolves around how Apple has used its locked-down iPhone ecosystem to build a monopoly. With its monopoly power in the performance smartphone market, Apple has engaged in anticompetitive behavior in a number of ways. Firstly, it has blocked the development of apps that offer broad functionality and facilitate user switching between competing smartphone platforms. Second, by removing cross-platform messaging apps, Apple degraded cross-platform messaging, which made users feel obligated to continue purchasing Apple products. In conclusion, Apple has done alot on limiting the third party comes into its market to maintain its market position. However, as it touches the law, it may be a threat to its brand reputation. Furthermore, there's other examples, Apple has recently stepped-up pressure on Chinese tech giants like Tencent to stop in-app creators from circumventing Apple's 30% cut, which is called "Apple tax". Apple starts to be setting tax on those companies makes a issue for customers who use Apple devices in China, the tax may be too high for customers. The stepping up of pressure on Chinese tech giants may probably because the butterfly



effect caused by Google's antitrust case. Google in the United States once signed a default search engine agreement with Apple. Apple set Google as the default search engine for Apple devices, and Google would share a high proportion of search engine advertising fees with Apple. However, in August 2024, the U.S. District Court for the District of Columbia issued a ruling that Google's exchange of search advertising shares for its default search engine status was to maintain its monopoly position, constitute a market blockade, and violate the U.S. antitrust law. Therefore, Google might not sign the default search engine agreement with Apple and making a huge loss of profit of Apple. The loss makes a pressure in Apple's internal, alternatively, they could set a tax to Tencent due to the total revenue of Tencent Mini games is relatively high and iOS system account for a large proportion. If these revenues follow the Apple tax sharing rules, Apple can get several billions, which can fill up the loss of Google share revenue. In conclusion, the threats is resolved by making another threats, which is the Apple tax may be too high.

## 5. Conclusion

In conclusion, 4Ps theory helps to analyse how Apple company become a such successful company and examines the company's strength, weakness, future opportunities and its threat. Apple's unique pricing strategies is the highlight of being a sustained successful company, as well as its promotion to the society. Brand loyalty and high-quality image is what Apple company always doing, in addition, the internal of Apple do really takes large amount of funds in its quality making. Apple always makes the consumer to have a high expectation before a new model emerges and Apple is giving a good response to the consumers as well. In this paper, it does not involve the specific calculations and suggestions for Apple Inc which is a limitation of this paper. However, this paper can be used to learn the basic idea of the advantages and the drawbacks of different marketing strategies and managing for a company, therefore, to maintain a good and healthy company by using a combination of several strategies.

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