Research on Marketing & Management Strategies of Apple Inc.

Qihao Zhao[1,a,*]

[1]*Aquinas International Academy, La Palma, Ca 90623, the United States*
a. admissionaccount@163.com
*corresponding author

Abstract: Apple Inc. is a world known company that produces the iPhone series with a large number of users. This paper examines Apple's distinctive management and marketing strategies that have positioned it as a leading technology company. By focusing on innovation, particularly through the revolutionary launch of the iPhone, Apple has transformed the smartphone industry and cultivated a devoted customer base. The study highlights key marketing tactics, such as leveraging the "endowment effect", which enhances customer attachment by encouraging direct interaction with products. Additionally, Apple's unique organizational structure fosters collaboration among experts, driving continuous innovation and responsiveness to market demands. The findings indicate that Apple's success stems not only from its technological advancements but also from its adept customer engagement and management strategies. This research underscores the importance of creative thinking and strategic planning in maintaining competitiveness in the technology sector. Ultimately, understanding these effective strategies can provide valuable insights for other companies seeking to thrive in a dynamic market landscape.

Keywords: Apple Inc, Marketing strategy, Management strategy, Technology, Psychology.

1. Introduction

"The people who are crazy enough to think they can change the world are the ones who do." This iconic quote comes from Apple's 1997 "Think Different" campaign, and in my opinion, it perfectly captures the essence of Apple. Breaking the mold has always been one of Apple's defining traits. When most PCs were still using Disk Operating System (DOS) command-line interfaces, Apple introduced the world's first graphical user interface computer with the launch of the Apple Macintosh. Later, when phones were clunky, complicated, and lacked functionality, Apple once again shook the industry by unveiling the iPhone—a revolutionary device that combined internet browsing, an iPod, and a phone into one. Apple's boldness to defy conventions, innovate, and push boundaries has set it apart from other tech companies. This paper mainly focuses on Apple's unique management and marketing strategies to uncover the secret to its success.

2. Analysis of the Marketing Strategies of Apple Inc.

2.1. Technology Leading

When iPhone finally launched in June 2007, consumers lined up for days for the chance to purchase one and over 500,000 units sold on the first weekend. The response was overwhelming [1]. Apple's robust technological prowess has long been a topic of fascination. It's no exaggeration to say that despite competitors offering similar products at significantly lower prices, Apple has managed to stay unbeatable because of its strong technological capabilities and innovative spirit. If technology is Apple's winning secret, then the iPhone is the key to its rapid rise.

This study rewinds to January 9, 2007, at the Apple keynote. Steve Jobs introduced the world to the first iPhone, and that event marked nothing short of a revolution in the digital world. During the presentation, Jobs boldly addressed two major issues: (1) High integration. At the start, the keynote displayed three different devices—an iPod, a phone, and an internet browser. Jobs broke traditional boundaries and declared that we didn't need three separate devices—we only needed one. And thus, the iPhone was born. Its arrival meant users no longer had to switch between multiple devices, dramatically improving convenience and portability. (2) Multi-touch technology. After introducing the iPhone's high integration, Jobs analyzed the shortcomings of mainstream phones at the time: small screens, clunky operations, and fixed keyboards. Jobs argued that these fixed keyboards consumed about 40% of the device's surface area, which led to smaller screens. Moreover, physical keyboards were cumbersome to use—whether flipping pages, navigating forward and backward, or confirming selections, it all relied on mechanical buttons, which hindered user experience. That's when Jobs famously said, "we're going to use the best pointing device in the world, one that everyone is born with—our fingers."

Unquestionably, that Apple keynote stunned the entire world. In just one day, Apple single-handedly redefined the concept of smartphones. Following the event, the demand for Apple's smartphones skyrocketed. In that era, the price of an iPhone in China even surged to 10,000 yuan. Despite this, many people still rushed to buy one, solidifying Apple's reputation as a symbol of high-end, high-quality, and cutting-edge technology.

2.2. Mentally Control

Marketing strategy is an extremely significant and critical component of the global market. A 2017 study showed that Apple's stores generated an average of $5,546 in sales per square foot, far exceeding Tiffany's $2,951 and Lululemon's $1,560 [2]. It is believed that achieving these results requires more than just solid products—it requires Apple to know how to quickly establish rapport with potential customers.

Richard Thaler, an American economist, proposed an economic concept called the "endowment effect," which helped him win the Nobel Prize in Economics in 2017. The endowment effect suggests that once you own something, you naturally grow more attached to it [3]. When people open a laptop to this specific angle, they instinctively push the screen slightly forward for better visibility. This is exactly what Apple wants. Apple encourages customers to physically interact with their products—the more you touch something, the more likely you are to feel like it's yours. The more you feel like it's yours, the stronger your attachment, and the harder it is to let go, increasing the likelihood of purchase.

In Apple's employee handbook, it's clearly stated that employees should never touch a customer's device. Doing so could disrupt the sense of ownership the customer has built. Once the customer has had ample time to interact with the product and developed a sense of ownership, Apple's employees are trained to use all the right words to maintain that positive feeling.

Interestingly, parts of Apple's employee handbook leaked online in 2012, revealing two intriguing practices. First, Apple employees are instructed not to use any "negative" language. For example, instead of saying a computer is overheating, they say it's "warm," or instead of saying a device has crashed, they say it's "unresponsive." Secondly, Apple employees are also discouraged from correcting customers on product names. If someone calls the Apple Watch an "iWatch," employees are advised to go along with it. This actually taps into an important aspect of human psychology: we are all incredibly sensitive to language. In the 1970s, cognitive psychologist Elizabeth Loftus conducted an experiment where participants were shown a video of a car crash and asked to estimate the car's speed [4]. When the wording of the question changed from "how fast were the cars going when they smashed?" to "how fast were the cars going when they bumped", the estimated speeds dropped significantly. This shows how language can shape people's perceptions in their daily life.

Finally, Apple pays great attention to making the shopping process as comfortable as possible. The concept of "payment pain refers to the psychological resistance people feel when faced with long checkout lines or overly complicated store designs. To counteract this, Apple cleverly minimizes price tags and has eliminated traditional checkout counters [5]. Instead, sales associates carry the products and a portable Point Of Sales Terminal to people, allowing them to make their purchase without leaving the display area. This creates a sense of importance and makes customers more willing to complete their purchase.

3. Analysis of the Management Strategy of Apple Inc.

3.1. Department Revolution

When Steve Jobs came back to Apple in 1997, one of the first things he did was fire all the general managers of the business units in just one day and completely redesign the company's structure. This new setup helped Apple's business grow 40 times bigger, and the number of employees increased by 20 times. While the structure has been tweaked a bit over the years, the core idea behind Jobs' management philosophy at Apple has stayed the same: let experts work with other experts.

Unlike the traditional business unit model, which is all about coordination and control, the functional structure focuses on aligning expertise with decision-making power. Jobs reorganized Apple based on functions, grouping the company into different departments based on areas of expertise, combining specialized knowledge with decision-making authority, which significantly boosted Apple's ability to innovate [6].

To put it simply, Apple used to have departments like the computer division and media player division, where each one focused on its own product. But Jobs felt that this traditional structure was holding Apple back when it came to innovation. This was because developing electronic products, like computers, requires experts from all kinds of fields. So, a lot of time was wasted while these specialists had to explain their work, including technical terms, to the managers. Jobs quickly broke down that old structure and reorganized Apple into function-based departments, like audio, chips, design, and materials, with leaders for each area taking charge of their teams.

3.2. Debate-driven Teamwork

In Apple Inc.'s management, a distinctive approach to team collaboration is employed, particularly in the form of debate-driven teamwork. Unlike traditional companies where collaboration focuses on breaking down departmental silos to enhance communication efficiency and minimize responsibility shifting, Apple places a strong emphasis on constructive debate. At Apple, employees are encouraged to freely express disagreements, oppose ideas, challenge or even reject certain notions. The motivation behind this approach stems from the belief that different experiences, professional knowledge, and unique perspectives lead to the best solutions. This method requires leaders to

maintain an open-minded attitude and actively foster an environment where their teams can debate freely to arrive at optimal decisions.

The illustration below (translated from the visual diagram) demonstrates how Apple's functional departments participate in this debate-driven process.

Collaborative Debate Process involves three steps: (1) High-Level Involvement: Senior management gets involved in the decision-making process. Functional Department A and B: Different functional departments, such as Department A and Department B, submit collaboration requests, which include tasks and responsibilities. (2) Internal Debate: Team members from various functions engage in discussions, debating to develop the best possible solution for the project/product/service. (3) Optimal Solution: The final decision is shaped by these internal debates, allowing the most suitable approach to emerge.

This form of debate, rooted in mutual respect for expertise, allows Apple's teams to generate innovative solutions and fosters continuous improvement. Through this process, department leaders also play a key role in inspiring and influencing their peers across various domains, driving everyone toward the shared goal of success.

3.3. Immersion in Details

Many company leaders claim that they and their teams are deeply focused on details, yet few companies achieve true excellence. Why is that? Apple believes that leaders should delve into their team's details from three layers: pushing issues forward, investigating deeply, and probing discrepancies. Leaders must understand which details are important and where their attention should be concentrated. Importantly, outstanding managers must immerse themselves in the details, rather than simply paying attention to them.

At Apple, being able to work with experts is a liberating experience. It is an enjoyable and even inspiring way of working, because experts usually offer the best guidance. When working alongside experts, everyone strives to do the best work of their lives in their chosen area, contributing rapidly to personal and collective growth.

4. Conclusion

In 1997, upon his return to Apple, Steve Jobs articulated the company's foundational belief: that human passion can enhance the world. He emphasized that marketing transcends mere product promotion; it embodies the communication of core values and ideas. Today, despite the emergence of numerous technology firms as formidable competitors, Apple maintains its unique position through its relentless commitment to innovation, customer engagement, and effective management strategies. The company's ability to create an emotional connection with its customers, exemplified by its strategic use of the "endowment effect", allows Apple to foster loyalty and drive sales.

This study, however, is not without its limitations. It primarily focuses on qualitative aspects, which could be complemented by quantitative analyses of customer engagement metrics and market performance. Future research could delve deeper into how Apple's strategies can adapt to various global markets and shifting consumer behaviors, exploring potential improvements in engagement techniques and management practices. Additionally, investigating the impact of emerging technologies, such as artificial intelligence and augmented reality, on Apple's marketing and management could yield valuable insights.

In summary, this research contributes to a broader understanding of effective strategies in the tech industry, highlighting the necessity for continuous adaptation and innovation to sustain market leadership. Apple's approach serves as a case study in how a holistic strategy that intertwines marketing, customer engagement, and management can yield significant advantages in a rapidly

evolving market landscape. By embracing these principles, other companies may also navigate the challenges of the modern business environment successfully.

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