

Making You “Think Different”: Apple's Marketing Strategy and its Comparison with Competitors

Lucie Kováčsová

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doc. Ing. Anežka Lengálová, Ph.D.
děkanka




PhDr. Katarína Nemčoková, Ph.D.
ředitelka ústavu

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ABSTRAKT

Hlavním cílem této bakalářské práce je analyzovat marketingovou strategii společnosti Apple na americkém trhu. Práce je rozdělena na část teoretickou a praktickou. Teoretická část je orientována na zpracování teoretických poznatků z oblasti marketingu a definování pojmů marketing, marketingová strategie a marketingový mix. Praktická část je zaměřena na analýzu stávající marketingové strategie společnosti Apple a její srovnání s konkurenčními strategiemi společností Samsung a Nokia. Závěr bakalářské práce je věnován návrhu možného budoucího vývoje marketingové strategie společnosti Apple.

Klíčová slova: Apple, marketing, marketingová strategie, marketingový mix, Samsung, Nokia, analýza

ABSTRACT

The main objective of this bachelor thesis is to analyze the marketing strategy of The Apple Company on the American market. The thesis is divided into theoretical and practical part. The theoretical part comments on the findings in the field of marketing and defines terms such as marketing, marketing strategy and marketing mix. The practical part is focused on the current marketing strategy of The Apple Company and its comparison with competitive strategies of Samsung and Nokia. The final part of this bachelor thesis is devoted to the suggestion for possible future development of the Apple's marketing strategy.

Keywords: Apple, marketing, marketing strategy, marketing mix, Samsung, Nokia, analysis

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INTRODUCTION

The main aim of this bachelor thesis is to analyze the Apple's marketing strategy on the U.S. market, compare it to its competitors' strategies of Samsung and Nokia and then suggest how the marketing strategy of Apple might develop in the future. The theoretical part of the thesis deals with the history of marketing, development of marketing concepts and it also defines the term marketing. Then it is focused on the essential parts of marketing strategy and different types of competitive strategies. Lastly, all the segments of marketing mix are described since these segments are important and crucial parts of each marketing strategy. In the practical part The Apple, The Samsung and The Nokia Companies are introduced including history of each company and after that, an analysis of the Apple's marketing strategy and marketing mix of the first generation iPhone is performed. Then, the discovered strategy of Apple is compared with its competitors Samsung and Nokia. The final part of this bachelor thesis is devoted to the suggestions concerning the possible future development of the Apple's marketing strategy.

I have chosen this topic because I have always been interested in new technologies and electronic devices. Nowadays each family owns for instance a smartphone, an mp3 player, a tablet or other electronics. These devices are an integral part of our everyday life and their popularity is increasing every day. Few years ago I owned one of the first generation of iPhone and my personal experience with this product was very good. I have never experienced it before. The product was very different and original in those times. It had such a big impact on me that it caused my deeper interest in this brand, in their products and also in the founder of the company – “iconic visionary” Steve Jobs (Lappin 2011; Markoff 2011).

Not only am I interested in new technologies, I am also fond of marketing science. The power of marketing is enormous today. Because of the new approach, marketing influences masses of people and helps to sell a product. It is more oriented to consumers and its task is to bring them some value and quality. In my opinion marketing is an essential part of every successful company nowadays. It is precisely the good marketing strategy which greatly contributes to a company's success. The Apple Company is an excellent example of it, since there is hardly anybody unaware of their products like iPod, iPhone, iPad and many others. Because of the well-chosen marketing strategy and corporate management, The Apple Company has a big competitive advantage on the market.

Mike Markkula once said that The Apple Company “is going to be a marketing company” (Wozniak and Smith 2007, 232). He was right. It can be said that The Apple Company practices few small marketing strategies, mentioned in this work, and all of them create one big and successful strategy. This strategy plays a key role in a huge success of Apple’s products. Every aspect of this strategy, every single one is essential, important and well thought to the finest detail. Even the CEO of this company, Steve Jobs was involved in almost every move of his employees. He inspired them and he managed to ensure that they shared the same vision. His employees were obsessed with simplicity and beauty of a product the same way Jobs was (Lashinsky 2013, 36). Michael Hailey, the former marketing manager, said that the way in which Jobs ran the company and was a part of everything resulted in the good and fast development of the company. Additionally it was linked with the good marketing strategy as well (Lashinsky 2013, 37).

Even though Steve Jobs does not run the company anymore, as far as I am concerned, the present CEO Tim Cook continues in the already established corporate management of the company as it would be illogical to change something that works. It all falls in place, as known, The Apple Company is one of the wealthiest companies in the world being at the top for a long time. Furthermore, popularity of Apple’s products increases every day (more and more) as the company is entering new markets.

I. THEORY

1 MARKETING

1.1 History of Marketing

The roots of marketing go back to the ancient times. Even though people did not call it marketing in those times; certain characteristics, which can be regarded as the beginnings of marketing science can be found. In ancient Greece and Rome there were traders already selling their goods at the markets and they needed to persuade the customers to buy their products. The Four P's of marketing - Product, Price, Place and Promotion have been used since then.

The biggest change and development of the whole marketing concept came with the big Industrial Revolution in Britain and then in the rest of the World starting from 18th to 19th century. New technologies were discovered and the mass media were on the rise. Due to these events marketing suddenly started to gain more importance. In the times of the Industrial Revolution marketing was mainly focused on the production that a company had already manufactured. The main question was: How to promote the product we produced? However, in the course of time marketing has become more customer-oriented and the producers started to ask what product they should manufacture to satisfy the needs of their customers. This is nowadays one of the most widely used concepts (Foundation Degree South West 2013).

1.2 Marketing Concepts

As mentioned before, different marketing concepts have developed over time. According to these concepts, a company designs their marketing strategy which ensures good relationships with their customers and leads to profit. There are currently five concepts which differ in their focus (Kotler and Armstrong 2005, 9).

1.2.1 The Production Concept

The oldest philosophy regarding the sale of a product is the production concept. This concept was used mainly during the Industrial Revolution and also by Henry Ford in the beginnings of the Ford Motor Company. The aim of this concept is to offer customers a cheap product by using the low-cost production (Kotler et al. 2005, 14-15). This concept is still being used by many companies from Asia, precisely from China and India, where the labor force is cheap; as a result products are not very expensive (Bejtkovský 2012, 3).

1.2.2 The Product Concept

It is believed by Armstrong and Kotler (2005, 13) that producers using the product concept target the wealthy costumers. Goods are quite expensive but of high quality, performance and they offer many innovative features. These products should have appealing design and package as well as being attractive. The advantage of this concept also lies in the fact that companies manufacture limited number of these products. As a result not so many people can afford such expensive commodities and therefore an owner owns quite a unique product. This concept is typical of manufacturers of luxury cars, designer clothes and perfumes (Bejtkovský 2012, 3).

1.2.3 The Selling Concept

The application of the selling concept goes hand in hand with the development of the mass media such as television, radio and newspapers. The aim of this concept is to use the media when selling already manufactured goods rather than manufacture products people want (Bejtkovský 2012, 3). The key is to promote a product as much as it is possible and to persuade consumers that a certain product is the best. The selling concept is used by non-profit organizations to sell surplus goods, e.g. insurance. On the contrary, the concept is also used to sell surplus goods of daily consumption, e.g. toothpaste and other similar products (Kotler et al. 2005, 15).

1.2.4 The Marketing Concept

This concept holds more modern philosophy and is oriented towards satisfying costumers' needs and wants. It is very popular in the present, but it is quite complicated and complex as well. The whole process starts with the segmentation of the market and marketing research. The marketers also try to find out what their customers want. Afterwards, they can focus on a price, distribution and product's promotion depending on the targeted market. The promotion of a product designed to affect and catch the attention of a customer might seem like the last part of this complex and customer-driven concept, but it is not. The last and the most important part is to establish a long-term relationship with costumers. The reason for doing so is that these costumers would remain loyal to a company and a company would make a bigger profit. Nevertheless, there can be a small problem with this philosophy. It is very hard to discover what the costumers' needs and wishes are since they often do not know exactly, what they want and how the new technologies can be used to benefit their lives. Consequently the main role of a company and its marketers is to predict

what their customers will want in the future; even though they do not know it yet (Armstrong and Kotler 2005, 13-14). This concept is commonly used by companies producing cars or computers, alternatively by travel agencies (Bejtkovský 2012, 4).

1.2.5 The Societal Marketing Concept

The last concept which is mentioned here is the societal marketing. This concept is also rather new than previous philosophies. The societal marketing concept is based on the marketing concept, but it is more developed. This marketing philosophy consists of three main goals: satisfying customers' needs and wants, having a positive effect on a society in the long run and making a profit. The concept must also take into consideration protection of the environment, consumers' health, economic impacts on a society, ethical and other standards (Kotler et al. 2005, 17-18). Companies producing ecological products, e.g. an ecological washing powder, use this concept the most (Bejtkovský 2012, 5).

1.3 What is Marketing?

The term marketing was first defined in 1935 as: "... the performance of business activities that direct the flow of goods and services from the producer to the consumer" (Guskey 2007). Nevertheless in 1985 another definition by Professor E. Jerome McCarthy appeared and was considered as a better definition as it includes today's known Four P's – Product, Price, Place and Promotion (Rusell 2010, 20). Since then, a couple of other definitions have appeared. There is not just one correct definition; however the most important aspect which should be mentioned in every one of them is definitely the customer.

The simplest definition describes marketing as follows: "Marketing is managing profitable customer relationship" (Kotler and Armstrong 2005, 4). According to Kurtz and Boone (2006, 7) marketing is a "process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, services, organizations, and events to create and maintain relationships that will satisfy individual and organizational objectives."

But in my opinion, Armstrong and Kotler's (2005, 6) definition is more complex and contains all the necessary terms: "A social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging value with others."

Many people would think that marketing is just about selling a product, but it is more complicated than that. Marketing is a long and complex process which starts even when no product exists yet. It continues after its manufacturing and it still needs to be effective after

a product is being sold on the market (Kotler and Armstrong 2005, 5). The most important thing is that this entire process is completely targeted at costumers. It is focused on building a relationship with them, bringing them value and satisfying their needs and want. If the marketing department of a company understands their consumers' needs perfectly, a product sells itself (Kotler et al. 2005, 6).

2 MARKETING STRATEGY

According to Armstrong and Kotler (2005, 53), at present, marketing and company's marketing strategy is all about customers and their needs and wants. It is not as in the past, when producers were focused on mass production of low cost products. They were not interested in the flow of demand. As a result they were trying to sell predetermined quantity of goods without knowing their client's desires. Nowadays companies need to know their customers as much as possible. It is essential for them to convince consumers that they offer a better product than their rivals. Also, they have to deliver a greater value than competitors in order to maintain their current costumers or to acquire new ones.

Figure 1 illustrates major marketing activities that a company must undergo to manage marketing strategy and marketing mix well. At the center there are already mentioned customers. Then, there is marketing strategy, which is "the marketing logic by which the company hopes to achieve strong and profitable customer relationships. It involves decisions on which customers to serve (segmentation and targeting) and with what value proposition (differentiation and positioning)" (Armstrong and Kotler 2005, 53). According to this definition, it is clear that a company cannot fulfill wishes of all the clients, but just some of them. Therefore, a company must divide costumers into smaller segments, choose the best segment and select the best strategy for satisfying these chosen customers. This complex process consists of market segmentation, target marketing and market positioning. Then there is marketing mix, which is arranged for selected segments of clients. It includes product, price, place and promotion. The last activities pictured at Figure 1 are marketing analysis, planning, implementation and control. Thanks to these activities, a company can quickly respond to changes in the marketing environment (Armstrong and Kotler 2005, 53).

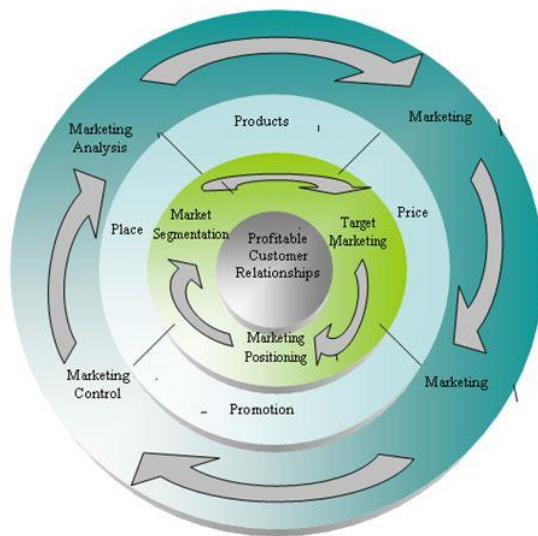


Figure 1. Managing Marketing Strategy and Marketing Mix, accessed January 12, 2014, <http://www.assignmentpoint.com/>.

2.1 Market Segmentation

Market segmentation is a necessary process that achieves all the objectives of a company. A company has to identify the best segments which will enable them to meet their goals successfully. Due to the large number of customers and the different kinds of product or service requirements, a company, is not able to focus on all of them. Therefore, it is a company's decision to divide the customers into smaller segments based on geographic, demographic, psychographic, geodemographic or behavioral factors (Bové, Houston and Thill 1995, 207-208).

2.2 Target Marketing

Armstrong and Kotler (2005, 54) claim that another step of marketing strategy following market segmentation is target marketing. It is based on the identification of the best segments and selection of one or more of these in order to deliver the greatest value to customers, sustain it over time and make the biggest profit as well. New companies usually have limited resources hence they target only one segment. However, overtime they can have an opportunity to enter new related segments. These segments are for instance kids, teens and adults. Even though these groups represent different types of customers, if they share the same interest, it provides a good opportunity for a company to enter these segments. On the other hand, there are also large companies that are able to serve many

segments by offering many different products or services for each of them. As such they want to cover the entire market with their products.

2.3 Market Positioning

After identifying the best segments and choosing the ones to enter, the last but not least activity that a company has to undergo is market positioning. It involves a selection of a product's desired position in the selected segment and in particular the way, in which customers should perceive the product in comparison with other competing products within the segment. To do market positioning effectively, a company has to gain a competitive advantage over its competitors. This means that a company needs to offer a different product and deliver a greater value to customers than competing companies. It can be done by setting a lower price or offering some benefits together with a product (Armstrong and Kotler, 2005, 54-57).

2.4 Competitive Strategy

Another important part of the overall marketing strategy is a strategy focused on competitors and their position at the target market. Because each author uses different terms for all of the segments of competitive strategy, its description will be based only on Kotler's theory. Competitive strategy helps to classify all rivals into groups based on their market share. Afterwards, it assists in designing appropriate strategy of enterprise to beat the other companies with the same market position. In other words, its aim is to "best position its offer against competitors' offerings" (Kotler et al. 2005, 503-505).

According to Kotler et al. (2005, 503-505), there are four different positions at the market, into which a company can be included. These are: market leader, market challenger, market follower or market nicher.



Figure 2. Hypothetical Market Structure, accessed January 13, 2014, <http://drawpack.com/>.

2.4.1 Market Leader

Market leader becomes the company with the largest market share. It is about 40 percent of the market which a company controls and owns. It is a business that all other companies respect and the one according to which they make their decisions and actions. If a market leader decides to change the price of a product, introduce a new one, add another distribution channel or alter its promotion mix, other market participants will probably react to it. They can try to copy it, invent a better strategy or do nothing which is also an option. However, it is clear that it is not easy for a market leader to maintain its position at the market. Each company can make a mistake in innovation or begin to focus more on profit than on costumers and therefore lose its leader position. But there are still a few actions to prevent it. A market leader can merge with other market participants; they can try to expand a total demand for its products, protect or expand its market share further or reduce their costs (Kotler et al. 2005, 505-506).

2.4.2 Market Challenger

Concerning market challengers, about 30 percent of the market is in their hands. Their aim is to gain a larger market share. These firms can attack the market leader or other companies, which are in similar position like the market challengers. It is very important for a company to choose which competitor it will challenge. If a company attacks a market leader, it is very risky, but if they have some competitive advantage over the leader, e.g. lower prices of products, it can pay off. The same applies if a firm attacks companies of its size or smaller local businesses. However, this does not appear to be that risky because there is a higher probability that these companies do not serve their clients well (Kotler et al. 2005, 514-516).

2.4.3 Market Follower

As mentioned above, it is quite risky to attack the market leader or other market challengers. Therefore, some companies prefer to adopt a market follower strategy and aim for the ownership of some 20 percent of the market. This market position gives them some advantages as well. They can be inspired by the leader's experiences. They need not to invest so much money into a product development or into a marketing program but can still be a profitable company. Market followers can be divided into cloner, imitator or adapter. Cloner is a firm that copies everything from the market leader. It can be products, their price, distribution channels or promotion mix. Imitator copies just some things but also

tries to somehow differentiate from the leader. Adapter is usually inspired by the leader's product but tries to improve it (Kotler et al. 2005, 519-520).

2.4.4 Market Nicher

Corporations which are not interested in larger segments or the whole market but are focused only on segments within segments or niches, are known as market nichers. These companies own remaining 10 percent of the market. The advantage of market niching is that larger companies with bigger shares are not interested in these niches, at least not from the beginning. Market nicher strategy is typical for smaller businesses with limited resources and low market shares. Nevertheless, it does not mean that this strategy cannot be profitable. If a company knows their customers' needs and wants well, it can serve them better than other larger companies and as a result a nicher can achieve higher margins and profit as well (Kotler et al. 2005, 520-521).

3 MARKETING MIX

Marketing mix is another important part of marketing strategic plan in every company because it influences demand for certain product, company's final position in target markets and therefore its level of profit as well. It complements the whole marketing concept. All the elements of marketing strategic plan including marketing strategy and marketing mix should perfectly fit in in order to be the most effective and to achieve the company's objectives (Kotler et al. 2005, 34).

According to Kotler's definition marketing mix is "the set of controllable tools – product, price, place and promotion – that the firm blends to produce the response it wants in the target market" (Kotler et al. 2005, 34). The tools are better known as Four Ps. These Four P's are considered as tools of sellers. Nowadays when companies are oriented more towards customers, some experts suggest replacement of Four P's with Four C's. Four C's contain customer needs and wants, cost to the customer, convenience and communication (Kotler et al. 2005, 34; McClean 2012).



Figure 3. Marketing Mix, accessed January 14, 2014, <http://2012books.lardbucket.org/>.

3.1 Product

When the term product is considered, it may seem easy to explain but in fact it is a very broad concept which consists of many layers. Simply a product can be described as a physical good or service available at the market. The product's goal is to satisfy needs of customers but actually it is not that simple. A product is not just a single thing, it is an aspect of the whole package. Usually good or service go hand in hand and complement each other to fulfill customers' needs and wants as best as they can. Imagine a situation when you go to a café and order some drink. You get a drink which is a physical good but

you also experience some service like behavior of staff or atmosphere at the café. Therefore it is better to divide a product into core good or service, which is the thing you are really buying and to its complementary services or goods (Sharp 2013, 250). By complementary goods or services the quality of a product or a service, its features and design, brand name, packaging and many other additional services and benefits such as installation or warranty are meant (Kotler et al. 2005, 540). Either way, a company should focus on the whole product package in order to meet customers' requirements and make a profit (Sharp 2013, 249-250).

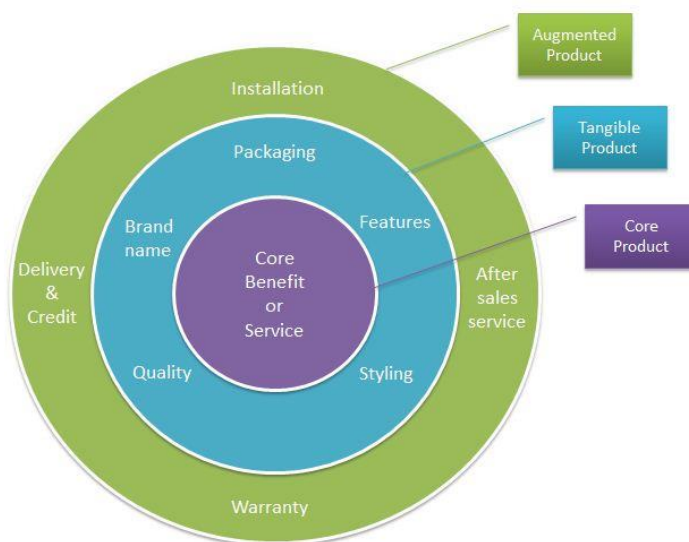


Figure 4. Three Levels of Product, accessed January 14, 2014, <http://geekyfry.com/>.

3.2 Price

In accordance with Armstrong and Kotler (2005, 293) price is “the amount of money charged for a product or service, or the sum of values that consumers exchange for the benefits of having or using the product or service”. It includes e.g. pricing strategy, price list, discounts, rebates, payment schedule and loan conditions (Bejtkovský 2012, 3-4). Price is the only tool of marketing mix, which represents an income to a company. All the other tools produce costs (Kotler et al. 2005, 665).

In the history, price was the main decision making factor for consumers. In developing countries it still is. However in other wealthier countries price has been exchanged for non-price factors such as quality and value of a product (Armstrong and Kotler 2005, 293). Nowadays number of different techniques for setting a price is used. Many companies use the target costing or target profit pricing technique. It means that they set a price at first and

then design a product. Other way how to set a price is to create non-price positioning using other tools of marketing mix and thus de-emphasize the price. A company does not offer a product at the lowest price but invest in marketing to differentiate the product in order to be worth a higher price. This is called value-based pricing (Kotler et al. 2005, 668-669).

3.3 Place

Delivering a value and satisfying customers' needs and wants in a form of a product is a very complex process. The place or distribution is another essential part of it. The task of distribution is to deliver products to the right place at the right time (Kurtz and Boone 2006, 50). Place can be divided into two marketing or distribution channels. The first one is upstream distribution channel. Upstream includes companies that supply all required materials, components, information and finances to enable a company to produce a product or a service. On the contrary downstream distribution channel consists of partners such as wholesalers or retailers. They create the necessary connection between sellers at the beginning and buyers at the end of the distribution process (Armstrong and Kotler 2005, 333-334).

3.4 Promotion

Based on Kotler et al. (2005, 719-720) marketing communications mix or in other words promotion mix is a set of marketing tools through which a company communicates with their customers, public, media and all the other people involved. Each of the tools has to perfectly complement others to achieve desired result. Promotion mix consists of the five main parts: advertising, sales promotion, public relations, personal selling and direct marketing.

II. ANALYSIS

4 PRESENTATION OF THE APPLE COMPANY



Figure 5. Apple Logo, accessed January 22, 2014, <http://bigfatuniverse.blogspot.cz/>.

4.1 Basic Information

The Apple Company (hereinafter referred to as “Apple”) is an American multinational company with headquarters in Cupertino, California, the world’s second most profitable company in information technology industry after Samsung Electronics and the third biggest producer of mobile phones in the world after Samsung and Nokia. The original name of the company was The Apple Computer but with the release of iPhone in 2007 the word “Computer” had to be removed as the company began to focus on consumer electronics more. Apple belongs to the leaders in mobile communications together with Samsung and Nokia and to the most valuable brands in the world. In the United States it is actually the most valuable brand. The Apple Company has beat The Coca-Cola Company in 2013 and moved it to the second place (CrunchBase 2014). Regarding the U.S. market, Apple also has the biggest smartphone market share that is increasing every day as opposed to the companies like Motorola, BlackBerry and the others (Florin 2014).

Apple is engaged in multiple industries and fields like consumer electronics, information technology or mobile communications. It produces smartphones, tablets, mp3 players, personal computers or computer software and offers services, networking solutions and peripherals. Apple also sells a third-party digital content, applications and hardware products such as headphones, speakers, printers, storage devices and many others (Reuters 2014; CNNMoney 2014).

Apple’s vision is expressed in their slogan “Think different” and by the words of current CEO Tim Cook. He has said that the company wants to make great products with the help of constant innovation and simplifying of complex technologies (Hull 2012). Their goal is to “stand at the intersection of technology and the humanities” (MacDailyNews 2005).

Through the years, Apple has built a good reputation due to the top quality and truly innovative products with great design and thus has gained a large customer base. The company has changed existing and established business models with delivering not only products but also services complementary to it. It also became the leader in innovation and additionally a globally famous company. All of the events are reflected in a financial success of the company and are also recognized in a growth of company's value. These indicators show that Apple still continues to be an innovative, growing and profitable company at the same time (Innovation Leaders 2014).

4.2 History of the Company

The Apple Computer was established in 1976 by two friends, Steve Jobs and Steve "Woz" Wozniak. They founded the company because they wanted to sell cheap, simple and easy-to-use computers to ordinary people not only to computer hobbyists. The first computer, Apple I, was released the same year and it was selling for \$666.66 at local store with electronics. However, bigger success came in 1977, when Apple II was introduced. There was a big improvement over the previous model. New model had higher resolution graphics for displaying pictures and words, sound capabilities, a floppy disk drive, a simple operating system and you could also load or unload your program using an audio cassette. Thanks to the Apple II, computers became personal and quickly expanded to elementary schools and households (Powell 2014).

Apple II was selling so rapidly that in 1980 Apple entered the stock exchange and its two founders, Steve Jobs and Steve Wozniak became millionaires at very young age. As the company was growing so fast Jobs hired so called "adult supervisors" Mike Markkula, Mike Scott and former executive of Pepsi John Sculley to provide supervision of Apple (Lashinsky 2013). After 1978 other improved models of Apple II were launched (Powell 2014) but only with the release of the legendary Macintosh another revolution began.

Actually there were two models being developed at that time, e.g. Macintosh and Lisa, but it was the Macintosh which became a legend because Lisa was rather expensive. Development of these two computers started between 1978 and 1979. In 1978 it was Lisa and one year later Macintosh. For some time, Jobs was in the Lisa's team but later he joined the Macintosh team. During the development of Lisa and Macintosh Apple's team decided to visit The Xerox PARC Company. There they saw first GUI (Graphical User

Interface) controlled by a mouse, as we know it today, and decided to add it to Macintosh and Lisa as well. It turned out to be a revolutionary step.

Macintosh was released in 1984 together with the famous commercial of a woman throwing a sledgehammer into Big Brother's face on a video screen representing Apple's enemy The IBM Company. The commercial was inspired by Orwell's "1984" and was aired during the Super Bowl. The Macintosh computer included GUI, as it has been mentioned before, and also two programs – MacWrite and MacPaint. These user-friendly programs allowed users to change fonts, sizes and colors. It was the first computer with this new technology which made it a truly legend and as such changed the entire computer industry (Powell 2014).

In 1985 there were some struggles between Jobs and current CEO John Sculley, therefore Jobs decided to leave the company (Lashinsky 2013, 26). It later proved to be the best thing that could have happened to him as he had said it in many interviews (Sander 2011, 26). He founded his second company called The NeXT Company. This time, the company focused on education markets and produced professional, high-end computers. Even though the company was not so successful, Jobs gained many valuable and important experiences. He was the CEO of the company for the first time and he grew professionally and personally as well. He became more mature and calm (Lashinsky 2013, 26).

In 1986 Jobs bought The Pixar Company engaged in computer animation for \$10 million. The Pixar Company became successful in 1995 when animated movie Toy Story became a huge hit. Afterwards, the company produced many other successful animated movies. In 2006 Jobs sold his interest to The Disney Company for \$7.4 billion (Sander 2011, 27-28; Lashinsky 2013, 26-27).

During the time Jobs was away the sales of Macintosh computers suffered a lot because of the competitive and inexpensive PC clones (Powell 2014). The only successful product was the PowerBook – a laptop version of the Macintosh but it was not helping much. Former CEO Gil Amelio was cutting operating costs very ineffectively and the company tried to enter new markets unsuccessfully. They were also offering many low-quality products with old operating system and limited software but there was no killer app (Sander 2011, 29-30).

Nevertheless, it was about to change in 1997 when Apple decided to buy a new operating system for Macintosh to beat Microsoft's Windows 95. This operating system was owned by The NeXT Company (Lashinsky 2013, 28-29; Sander 2011, 29-30). As a result Apple

bought the entire NeXT Company together with its CEO Steve Jobs and made him a technical adviser in the company. However, it did not last very long. The current CEO of Apple Gil Amelio was fired and was replaced by Jobs. It was supposed to be temporary but eventually Jobs remained as the permanent CEO of Apple until his illness in 2011. This change had a big impact on company's rebirth. Additionally, it was also a \$150 million investment from Microsoft and their commitment to develop Office software for the Macintosh for at least five years that helped Apple a lot (Lashinsky 2013, 29-30).

After Jobs returned and took the lead, he stopped production of many unprofitable and non-core products, hired Tim Cook to rebuild Apple's broken supply chain and directed the company back to the basics, to the core products and its design. He did not want any other clones, therefore he let Jonathan Ive to design a new computer as Jobs knew that Ive was a good designer (Sander 2011, 30-31; Powell 2014; Lashinsky 2013, 30).

In 1998 iMac was introduced. It was an elegant, brightly colored and translucent all-in-one computer with a mouse and a keyboard. At the time of beige boxes iMac was really appealing. It was selling for \$999.00 and it was a real success that put the company back on its feet. But it was just a start. In 2001 first retail stores were opened and after that many groundbreaking and revolutionary products started to be sold there (Powell 2014; Sander 2011, 31-32; Lashinsky 2013, 30).

After the new millennium Steve Jobs noticed that the sales in music industry declined because of Napster's free distribution and download of music on the Internet. Although the service was not perfect and it was illegal people could continue downloading. As a result Jobs tried to figure out how to improve the service and the whole customer's experience as well. In 2001 Apple provided a complete solution to the problem. iPod and iTunes were introduced. iPod was 1.8 inch mp3 player with a hard disk drive. Not only people could download their entire music library into the device, due to the new battery they could also listen to the music for many hours. Moreover, download of songs to the mp3 player was really fast with the new technology FireWire. Later there was iTunes, a legal software for downloading songs at a cost of 99 cents. With iTunes it was possible to store songs there or upload them to the iPod. Record labels could profit from it and Apple too. It was a win-win situation for everyone, mainly for the customers. Apple changed the entire industry again. This time it was not computer industry, but the music industry. The sales exceeded \$300 million and the value of Apple was rising.

After the success of iPod, Apple decided to change another industry with its mobile phone. At those times, mobile phones were ugly and too complicated. It was more a duty to have one than a pleasure. But the 2007 iPhone has changed it. This phone was very simple, user-friendly and elegant with an excellent display and touch-screen technology. iPhone was similar to iPod but possessed more functions. It represented three devices in one. It enabled users to phone or text, browse the internet websites, listen to the music, read e-books and many other things. And like the iPod, which was introduced with iTunes, iPhone was released with App Store. It was a store with various applications such as games, maps, apps for weather or newspapers, utilities, widgets and many others. iPhone was not just a phone like the others, Apple has created the whole ecosystem and a platform complementing the device. The following products of Apple could only benefit from it (Sander 2011, 32-35).

It was in 2010 when iPad was released and it was another big success for Apple. Crowds of people waited in lines outside the Apple Stores to see it and buy it. Even before people did not know they needed this kind of device, suddenly everyone needed one. The era of tablets began. It was a device with a touch-screen like a mobile phone but bigger. It was a device similar to notebook but without a keyboard or a mouse and much lighter and more portable. iPad enabled people to browse the web pages, watch videos, read newspapers, play games, write emails and many other things. Although it was possible to do these things on a laptop or a mobile phone, with iPad it was completely different and more pleasant experience. By 2012 Apple sold 84 million of them (Sander 2011, 35-37; Nations 2014; Time 2014).

Until today Apple has introduced newer models of Mac, iPod, iPhone and iPad and the company has proved that it is still relevant and creative company as it was at the beginning of the computer era. They continue to deliver visionary and innovative products, provide high-quality services and great customer experiences. All these activities have resulted in strengthening their market position and the company's value worldwide. In 2011 the value of Apple was about \$380 billion. Since 2011 the number has increased. In the present day the value of the company is around \$465 billion (Powell 2014; Sander 2011, xiv-xvi; Solomon 2014).

5 MARKETING STRATEGY ANALYSIS OF THE APPLE COMPANY

Concerning Apple and its marketing strategy, the company has a very different system of corporate governance and does not apply commonly established procedures or processes, which is true for marketing as well. Segall (2013, 62-63) claims that they do not use techniques like market segmentation, target marketing and market positioning. They practice a much cheaper approach which task is to focus on and manufacture fewer products and target all customers rather than fragment the market into smaller segments and have a product for each of them. Simply they want to offer a good product to everyone. As for the competitive strategy described by Kotler, Apple holds a clear position of a marketing leader with 48 percent market share in the United States. Apple's biggest rival The Samsung Company challenges its position with 31 percent of market share (Kahn 2014). However, this situation can quickly change. If Samsung offers more innovative product, it will not be easy for Apple to maintain its position of the leader.

It would seem that the Apple's marketing strategy has already been described but the overall strategy is more complex. The real secret of success lies in three main elements of the marketing strategy that Apple uses in order to achieve its stated objectives in marketing. These elements are simplicity, experience and hype.

5.1 Simplicity

One of the slogans of the Apple marketing campaign, which was, "Think different", really expresses their marketing strategy, for it is the simplicity and diversity, which enabled Apple to stand out. Their marketing strategy is different by being focused on simplicity in everything they do. It is the most important part of their strategy, a core value of the company and its driving force. Since the foundation of Apple the main goal that Steve Jobs and Steve Wozniak wanted to achieve was to improve our life, to simplify it by creating an uncomplicated device that is not only effective for computer geeks but also for the ordinary people (Gallo 2012, 26).

Simplicity is visible everywhere in the Apple's products – from their design, friendly-user interface, packaging, simple portfolio of products to buying process or the name of various products. Their advertisements are also simple with a clear message and minimalistic presentation. Their web pages or communication with their customers is understandable and simple as well. The use of the strategy "less is more" has a large share in a success of

Apple. Simplicity is also connected with the following elements of the overall strategy that are experience and hype. Their connection with simplicity and the elements itself will be described in the next parts of this chapter. The importance of simplicity for Apple and faith in it is illustrated below in one of Steve Jobs' quotations.

“That’s been one of my mantras — focus and simplicity. Simple can be harder than complex. You have to work hard to get your thinking clean to make it simple. But it’s worth it in the end because once you get there, you can move mountains.” (Nale 2012)

- Steve Jobs, BusinessWeek, May 25, 1998

With regard to the marketing strategy of Apple, it can be said that mainly simplicity is the big competitive advantage for the company. It is an important advantage which Apple has over its rivals. While other companies in general confuse their customers by over complexity of many products, their names or administrative processes related to the purchase of goods, Apple tries to simplify everything and this applies not only to their marketing strategy but also to the management of the company. It would be very hard for the Apple's competitors to imitate this strategy as it is rather difficult to make things easy than vice versa. In addition, simplicity has also been present in the company since its beginnings and it is an essential part of the company's culture and identity.

5.2 Experience

The second point of the Apple's strategy is closely linked with simplicity as mentioned above. By simplifying their products, Apple offers the extended experience to their customers. Ever since Steve Jobs had been the head of the company, he had been focused on customers and their experience with a product. He did not believe in typical marketing research or survey in which marketers ask people how a product should look like and be like because he was convinced that “people do not know what they want, until you show it to them”, especially when it comes to new technological possibilities of a product (Kahney 2009, 63-67).

Many years ago, Henry Ford was known for using this approach as well. He said that “if he had asked people what they wanted, they would have said faster horses” (Fortune 2008; Gallo 2012, 151). Assuming that everyone would follow just what people say, progress would be rather slow as ordinary people usually are not familiar with all the technological

inventions. Even if people knew, they would not be able to say what would be the use of technology in the future. They would not probably see the potential of the invention.

As a result, Apple does not have to use all the established marketing procedures like other companies since surveys prove that even without them, it still can be an innovative and successful company. For nine years Apple tops the list of 50 most innovative companies in the world (Nisen 2013). According to Gallo (2012, 151-152) in Apple the best focus group are the employees. They test products and adapt them accordingly. With regard to the experience, it is strongly connected with simplicity since all the points of strategy must fit together in order to be effective.

“Design is not just what it looks like and feels like. Design is how it works.” (Nale 2012)

- Steve Jobs, New York Times Magazine, November 30, 2003

First of all, Apple is focused on product's design, which is superior to hardware and other things (Bui 2012). A product needs to have the least functional elements or buttons and only a few main functions thus it would be pleasure for customers to use it. They simplify a product as much as possible in order to improve and extend client's experience.

Additionally, Apple provides a complex platform or the whole ecosystem instead of the product itself. The ecosystem is very complex and consists of many services and additional benefits to product, and again, this is all provided to ease Apple's customers' life.

Apple is the only company that controls the whole experience of their customers with a product from the beginning to the end. The reason for this is that the company owns every primary technology and ensures every necessary process linked with a product. They develop software and hardware, which makes their products more stable and of a high-quality. In case of some problems customers can find a solution more easily as well. Apple also provides additional programs like iTunes Store and App Store where you can purchase extra content for your device. Also through their retail stores they have a direct relationship with their clients and thanks to that customers can receive advice or help from salespeople, try all the products there, participate in some course Apple offers, buy a lot of accessories to their product or they can have the products repaired there.

All services provided by a single company are in one place. It can be seen how Apple tries to ease and simplify all the processes for customer by providing the whole customer

experience. This is what differentiates Apple the most from other competitors. They do not provide you just the product itself; they provide a customer with an experience that s/he gets by using a product (Chris Nosal 2014).

“You've got to start with the customer experience and work back toward the technology - not the other way around.” (Nale 2012)

- Steve Jobs, World Wide Developers Conference, May, 1997

Providing good and extended customer experience is other thing which Apple has well-thought and planned to the finest detail. At the time of first iPhone's introduction, Apple as the only company, provided services such as the App store or iTunes and their retail stores were also a novelty. These were the stores, where customers could try all of the products or got some advice from salespeople. Additionally, compared to stores with electronics, sellers in the Apple store knew the products perfectly; therefore they were able to really help the customers. Other advantage of their strategy was already mentioned as simplicity connected with customer experience. The way Apple is committed to simplicity, not only in product's design but also principally in the graphic user interface and phone operations indicates that everything is simplified as much as possible in order to improve client's experience with a product.

Another advantage of the Apple's marketing strategy is production of software and hardware because it also improves customers' experience. However, the competitors are beginning to overtake Apple and not only in this case related to software and hardware. Nowadays retail stores are common practice, simple user interface is too and regarding software and hardware Apple is not the only company that controls both at the same time. In terms of additional services the situation is relatively balanced at present. However, Apple is lagging behind in provision of products capable of interconnection with mobile phones or other devices. Healthy lifestyle and physical activities together with the interconnection between different devices are very popular nowadays. This was seen by The Samsung Company. The company has introduced watches e.g. Samsung Galaxy Gear Fit which can be used for sports but they also have other useful features based on communication with other electronic facilities. Apple has no such product yet. Nevertheless, it is possible that they are waiting for the right opportunity. They want to

learn from the mistakes of their rivals and then, release another improved and revolutionary product.

5.3 Hype

The last element of the Apple's marketing strategy is the hype. This element is the most related to marketing in general. The hype is all about artificial creation of demand and promotion of a company's products. It is designed to make the customers feel that they are a part of a very special community, to make the products a part of people's lifestyle. The hype is connected with simplicity as well. Simple things can be remembered more easily, therefore it is better to send a clear message via a product's name, description, or advertisements.

Concerning the artificial creation of demand, there are two steps in which Apple applies it. At first, they present some need to the customers, they create a problem and then they offer a solution that solves the problem. They attack people's emotions by presenting a product as they do not sell a product but an experience. Furthermore, they attack people's mind by using numbers and statistics, hence everyone could justify the purchase of the product. That is how Apple creates demand. The second step raises demand even more. After launching a new product, it is presented as the product is scarce, thus people have to pre-order it as soon as possible to be able to purchase it (Kaputa 2012; Chris Nosal 2014). Apple is also known for hyping the audience before launching a new product. Everything about the development of a new product is kept secret but there is much fake information that appears to raise the excitement of the audience. Media have a great credit on that. As they keep buzzing and guessing the audience begins to feel more excited and interested in the upcoming product (Kaputa 2012).

However, the hype Apple uses does not resemble other companies since they really believe that their products can benefit customer's life. As a result they do not try to push a customer into something, they just inform about the product thus show how it can benefit a customer. Their retail stores are based at the same principle. It is possible to try everything without being pushed to buy anything and it really works because they are the most profitable retailers in the United States. It is important to state that through the well-handled marketing and the ever present simplicity in it, people are more likely to identify with the brand. Moreover, customers feel special for Apple when they try the product in a retail store or they own it, because they are treated that way (Chris Nosal 2014).

Regarding the promotion and the hype, other companies definitely invest more money into marketing but it seems that it does not work as it should as no business has such a good hype like Apple. This was especially true in former times when Steve Jobs was alive and he regularly appeared in magazines as the most known representative of the brand and the founder of the company at the same time. Other firms did not have such an icon. People generally did not know any founders but Steve Jobs was an exception. Everyone knew his opinions and statements. He was always presented as an ordinary person who positively affected the company's image.

Since Steve Jobs is no longer with us Apple has lost this advantage but the hype still works. Apple steadily keeps all the information about new products in secret. As the media, mainly the internet, produce many kinds of speculations, the company has promotion for free. Not to mention that this is probably the most effective type of promotion since it is spreading very fast via these online media and potential customers. Media also speculate about new products of other firms but not to the same extent. Apple has introduced three revolutionary products so far, therefore there are higher expectations that they will succeed again. It can be claimed that this publicity, Apple earns by hyping the audience, is compensated by Apple's rivals as they prefer to use more traditional TV commercials. By no means, this type of promotion is more expensive and less effective.

Another advantage of Apple is a good product placement since their products can be seen almost in every American movie. This strategy increases the brand awareness a lot. Nevertheless, the most important benefit of Apple is a great loyalty of their customers. At the launch of certain product people wait in lines for several hours just to have the product as soon as possible. This is not so typical for other firms. Additionally by purchasing the product, a customer becomes a member of the Apple's community. Especially in America, a customer gains higher social status because the Apple's products are part of the lifestyle and fashion. The power and influence of the brand is thus large here. Apple has no competitors in this respect. As a result it is very difficult for competing businesses to win over this company.

6 MARKETING MIX ANALYSIS OF THE APPLE COMPANY

In this chapter, a marketing mix one of the Apple products will be described. It will be the marketing mix of the oldest iPhone at the U.S. market that will be analyzed in more detail. Since the introduction of the first iPhone in 2007 newer models have also been released later. It was the model from 2007 that has changed the mobile industry and thus received the greatest attention. Due to the fact that it was the very first model of an iPhone, which was very original and innovative at that time, it is considered to be the best example of the Apple's marketing strategy and the best representative of its marketing mix.

6.1 Product

“An iPod, a phone and an internet communicator. An iPod, a phone and an internet communicator. Are you getting it? These are not three separate devices, this is one device and we are calling it iPhone” (Steve Jobs 2013, 2:31). This is how the first generation of iPhones was introduced in 2007. It was the third revolutionary device that Apple introduced and also the most fundamental one (Gallo 2012, 159).

With the application of the Sharp (2013, 249-250) product theory, the iPhone can be divided into the three layers of the overall product. These are core product, tangible product and augmented product. The core product is the phone itself. It is the smartphone with all the necessary functions every smartphone has such as telephoning, sending e-mails and text messages, access to the Internet, playing music or videos, taking photos and many others. By tangible product the quality of a product, its design, style, packaging and brand name is meant. This is probably the layer that differentiates Apple from its competitors the most. It is visible that this layer is based on the Apple's marketing strategy which was described in the previous chapter and consists of simplicity, experience and hype.

Concerning the quality of an iPhone, it is hard to say if it differed too much from other smartphones, because it was a completely contrasting device. However, in what Apple definitely excelled were the design, style and packaging. At that time, people did not like their phones; they were too complex and mostly unattractive, therefore Apple decided to change it and invent a better device (Lashinsky 2012, 72). With the iPhone, Apple again connected all the points of their strategy, as mentioned earlier, especially simplicity and experience. The phone was very simple concerning its design and style and it was very easy to use. There were no useless buttons, just one home-screen button. It was possible to control the phone with fingers which was way more intuitive. So simple and intuitive that

even the children instantly knew how to use it (Gallo 2012, 196-197). Additionally, the phone itself looked better than other phones, e.g. – the display was bigger, the phone was thinner and there was no need to have many buttons or a keyboard due to the invention of the multi-touch control. The simplification of the device provided Apple's customers with a better experience and also gave the company a competitive advantage at the market.

Furthermore, Apple paid attention to such a detail as the packaging of the product which was also another way how to improve the whole customer experience. The name of the product was devised in a clever way as well. Unlike the product names from other companies like "Nokia N95" or "Nokia N81", the name "iPhone" was clear, simple, easy to remember and mainly, it promoted the Apple brand itself. By using a typical letter "i" in almost every name of their products, all the devices could be connected with its brand immediately.

The last part of the complete product is the augmented product which consists of additional services and benefits like warranty, installation, after sale services, delivery and credit (Sharp 2013, 249-250). In 2001 Apple opened their first retail stores (Gallo 2012, 230) and because of that, they gained another market advantage connected with all of these benefits and services. Through the direct connection with customers, they were able to provide better services to them. Salesmen in the stores could immediately help with installation of a device, with any problem or complaint or the customer could buy or pick up the phone directly there.

Apple is a great example that if the company focuses on the whole product, more precisely on all the layers of a product, it pays off and makes a bigger profit. As the numbers say, in one day and a half 270 000 iPhones were sold and Apple gained one percent of the smartphone market share. In a week sales did not decrease and the Apple's sales were suddenly bigger than the week sales of Palm Treo and the sales of Windows Mobile for one entire quarter (Zandl 2012, 138-139).



Figure 6. iPhone 1st Generation, accessed February 7, 2014, <http://cdr.cz/>.

6.2 Price

As for the price, Apple uses a value-based pricing strategy. The company invests much money into marketing in order to differentiate a product. Their aim is to provide customers with value and quality of the product. As such the product will be worth a higher price (Kotler et al. 2005, 668-669; Armstrong and Kotler 2005, 293).

On 29 June 2007 iPhone started to sell on the U.S. market. There were two models available - 8GB model for \$599 and 4GB model for \$499 plus the activation of a phone at a cost of \$36 for both models. iPhones went on sale half a year after their official launch and they were sold in Apple's online and retail stores and also through AT&T retail stores. Besides the full price of the phone, customers could also choose some of the AT&T's standard service plans or one of the three cheaper monthly service plans specially designed for iPhone, if they signed a new service agreement with AT&T for two years. The cheapest offer started at \$59.99 per month. All the details are visible in the Figure 8 below (Apple 2007; Ray 2007).

	\$59.99	\$79.99	\$99.99
Minutes	450	900	1350
Night & Weekend Minutes	5000	Unlimited	Unlimited
Unlimited Data	✓	✓	✓
Visual Voicemail	✓	✓	✓
200 SMS Text Messages	✓	✓	✓
Rollover Minutes	✓	✓	✓
Unlimited Mobile-to-Mobile	✓	✓	✓

Figure 7. AT&T Monthly Plans for iPhone, accessed February 8, 2014, <http://apple.com/>.

In September 2007, only two months after iPhones began to be sold, Apple announced lowering of the price of 8GB model from \$599 to just \$399, hence even more customers could afford it. The 4GB model expected to be available to its sellout (Apple 2007). Regarding iPhone competitors, there were many music phones that could potentially beat the iPhone. It was especially because these phones were much cheaper. These were for instance LG Muziq, LG Chocolate, LG Prada, Sony Ericsson's Walkman phones, Samsung Upstage or Nokia N95, the only model which was more expensive than iPhone (Carew 2007).



Figure 8. Samsung Upstage, accessed February 8, 2014, <http://buymytronics.com/>.



Figure 9. Nokia N95, accessed February 8, 2014, <http://symbian3rd.tym.cz/>.

6.3 Place

In the case of iPhone on the U.S. market, as stated above, the product was available at the Apple online store on the www.apple.com website and also via the retail stores of AT&T and Apple. In 2007, at the time when iPhones went on sale, Apple had about 178 retail stores worldwide (Ifo Apple Store 2007) but most of them were in the United States as visible at Figure 11 below. Regarding the venues of the stores, as Kahney (2009, 195, 200-201) states all the stores were situated at prime locations which are expensive but there is the largest concentration of people. Over time the Apple's retail stores have proven to be very profitable. One Apple store earns more money than larger stores or several small shops together in one shopping center.

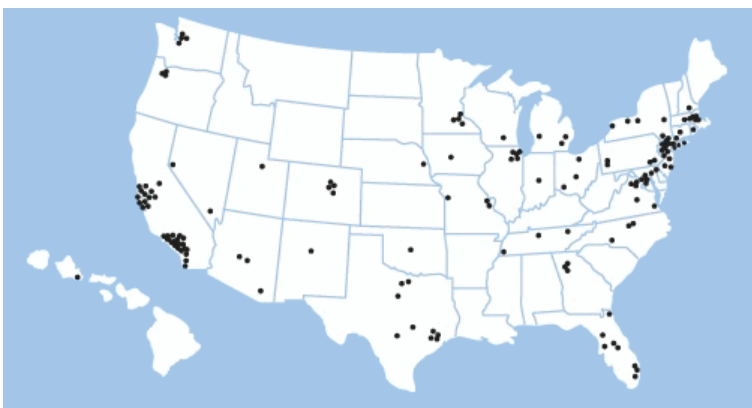


Figure 10. Apple's U.S. Retail Store Locations, accessed February 8, 2014, <http://macdailynews.com/>.

6.4 Promotion

iPhone was the type of a product which, as well as other products of Apple, did not need much promotion from the company itself. Before the introduction of iPhone the product was given great attention from all kinds of media like newspapers, internet blogs or TV channels since everybody was speculating what product Apple will introduce, how the product will look like and so on. The official launch of iPhone took place. It has been the biggest event for Apple so far and also the most successful among the public. Presentation of the iPhone overshadowed events like Consumer Electronics Show in Las Vegas or Microsoft's presentation of Windows Vista. Professor David Yoffie from the Harvard Business School said: "No other company has ever received that kind of attention for a product launch" (Jefferson 2007). So much publicity and attention and yet Apple did not invest any money in it (Kahney 2009, 131-134).

The buzz did not stop even after the official introduction of iPhone. Between the time when the phone was launched and when it went on sale half a year passed, and it was enough time to raise the attention and expectations of customers even further. At that time the real marketing campaign of Apple began. The iPhone was everywhere, from the Apple's website, billboards, posters at bus stops, reviews and articles in newspapers to TV and radio advertisements. The main aim of the whole marketing campaign was to hype the audience with the help of the media as well as traditional marketing tools (Kahney 2009, 131-134).

7 PRESENTATION OF THE SAMSUNG COMPANY



Figure 11. Samsung Logo, accessed January 25, 2014, <http://news.softpedia.com/>.

7.1 Basic Information

The Samsung Electronics Company (hereinafter referred to as “Samsung” or “Samsung Electronics”) is a part of the Samsung Group which is one of the largest corporations in the world, together with its subsidiaries Samsung Heavy Industries and Samsung Engineering and Construction and more than 200 others around the world. It is also one of the world’s most valuable and profitable companies in the electronic industry (Innovation Leaders 2014; Samsung 2014). In 2013 profit of the company reached \$28 billion which was about 28 percent more than last year (BBC 2014).

Samsung is a Korean company that provides various products from fields such as consumer electronics, information technology, mobile communications or healthcare. It offers appliances like TVs, DVD or Blu-ray players, home theatres, digital cameras, PCs, notebooks, monitors, optical disc drives, memory cards, printers, tablets, mobile phones, smartphones, refrigerators, washing machines, dishwashers, ovens, digital X-ray, LED retrofit lamps, semiconductors, DRAMs and many other products (CrunchBase 2014).

Vision of Samsung Electronics is expressed by using the slogan: “Inspire the World, Create the Future.” According to Samsung, the company knows that as one of the most creative leaders in the electronic industry they are responsible for creating a better future. They want to continue to be the leader of innovation, create new values and also inspire other people to join them and follow their vision. In order to achieve the vision the company has set their goals. These goals consist of two partial ones. Quantitative one is focused on achieving annual sales of USD 400 billion, being the number one in the global IT industry and being one of the top 5 best global companies. Regarding the qualitative goal, they want

to be innovative and respected company and one of the top 10 world's best workplaces (Samsung 2014).

Nowadays, when the environment of the electronic industry is highly competitive and development of new technologies and devices is very fast, the company has to be very flexible and innovative in order to succeed at market. Samsung definitely matches these requirements. Market shares prove it. Concerning mobile phones, it is necessary to mention that Samsung's mobile phone division has the second biggest market share in the US. Moreover, market share of Samsung is increasing, while other smartphone makers are losing their shares on the U.S. market (Innovation Leaders 2014; Florin 2014).

7.2 History of the Company

Samsung Electronics was founded in Suwon, Korea in 1969. The company instantly became successful mainly because of the great demand for household appliances.

At the beginning of 70s the production of black-and-white TVs, washing machines and refrigerators began and later microwave ovens and color TVs started to being produced as well. 50 percent stake in Korea Semiconductor and export to other countries had also a big impact on fast success of the company.

In the 80s the production of air conditioners and personal computers was launched. Then in 1988 Samsung Electronics merged with Samsung Semiconductor & Telecommunications Co. and what is important the most, during the 80s Samsung invested a lot of money in research and development, which helped the company to expand and to enter the global marketplace (Samsung 2014).

During the 1990s development of many consumer electronics such as mobile phone, digital video disc recorder, 33" double-screen TV, 128MB Synchronous DRAM and 128MB Flash memory, flat-screen TV and 3D TFT-LCD Monitor were finished. At that time tech world was changing from day to day because of the quick development of new technologies. The company had to respond and change its business strategy according to market demands. They decided to manufacture even better products and they began to concentrate on other activities as well. They started to support environmental conservation, social welfare and cultural and sport events.

At the end of the 90s Samsung Electronics became an Olympic partner at the Nagano Winter Olympic Games and despite the financial crisis, it was one of the few companies that continued growing and maintained their market position as the leader in digital and

network technologies. In the new millennium Samsung became number one in global TV market share and took 9th place among the global top 100 brands with a brand value of USD 32.9 billion. In 2010 they launched very successful Galaxy smartphone series with the Android OS.

After the new digital age has come; the company has been very persistent in delivering new advanced technologies, competitive and great products and constant innovation. Thanks to these activities a Electronics has secured its position as the leader in the digital technology industry (Samsung 2014).

8 PRESENTATION OF THE NOKIA COMPANY



Figure 12. Nokia Logo, accessed January 27, 2014, <http://svetmicrosoftu.cz/>.

8.1 Basic Information

The Nokia Group (hereinafter referred to as “Nokia”) is a Finnish multinational corporation and one of the largest producers of mobile phones in the world. In 2013 the company reported profit of €12.7 billion (GSMarena 2014). Also it is one of the leaders in mobile communications together with Samsung and Apple (Innovation Leaders 2014). Currently, Nokia is on the fourth place in U.S. smartphone market (GSMarena 2014).

The company is engaged in the communication industry. It specializes in manufacturing of wide range of mobile devices with its operating system and other software and services that enable mobile phones and smartphones to have functions such as navigation, music and video player, internet browser, game console, camera and many others (CrunchBase 2014). However, Nokia deals with other significant areas in communication industry, which is important in research and development of new advanced technologies. These areas include for instance network infrastructure and services, mapping and location services, sensing and material technology, cloud technology and licensing program (Nokia 2014).

Nokia’s vision is obviously focused on their customers; the company wants them to connect according to their slogan: “Connecting people”. To do that, they have set their goals. Goal of Nokia is to triple the market share from four percent to fifteen by 2018 (Blagdon 2013) and provide people with a different operating system than Android and iOS. Based on the statement on their website the company wants to deliver costumers unique and innovative products and compelling experiences, if they choose Nokia smartphone with Windows Phone operating system (Nokia 2014).

Considering Windows Phone, at present there has been a lot of talk about a merger between Nokia and Microsoft. Anticipated merger between these two companies happened

at the beginning of 2014 when Microsoft bought Nokia for 5.4 billion euros. The companies have been working together before. In 2011 Nokia adopted Microsoft's operating system Windows Phone since both companies had been struggling to respond to market demands and keep up with their competitors Samsung and Apple (Wearden 2013). The numbers say it was a good decision for Nokia because thanks to Windows Phone operating system and Microsoft's help its market share is growing around the world and even in the USA where Nokia has climbed to 4th place in smartphone market in the third quarter of this year (GSMarena 2013). Interim CEO of Nokia 'Risto Siilasmaa' also believes that connecting of Nokia with Microsoft was a good step and says: "This is an important moment of change and reinvention for Nokia and its employees, with our strong corporate identity, leading assets and talent, and from a position of renewed financial strength, we will build Nokia's next chapter" (Nokia 2014).

8.2 History of the Company

The story of Nokia began in 1865, when Frederik Idestam established his first wood pulp mill in Southwestern Finland. Later in 1871 he decided to open a second mill. He named the company Nokia Ab because it was located on the bank of the Nokianvirta River. At that time the company was manufacturing paper.

At the beginning of the 1900s Nokia started to participate in the production of rubber products like galoshes or tires. In addition they were manufacturing cables as well. It all happened thanks to the cooperation with Finnish Rubber Works and Finnish Cable Works. These three companies officially merged in 1967 after many years of working together (Nokia 2014).

However, what is important the most is that by the 1960s Finnish Cable Works started being interested in electronics and it had such a big impact on the Nokia's future. Suddenly, the new Nokia Corporation had five areas of business – rubber, cables, forestry, electronics and power generation.

Through the years they made electronic devices like a pulse analyzer used in nuclear power plants, radio telephones for army or emergency services and became the third largest TV manufacturer in Europe. With the big mobile communications revolution, it began to look clear and obvious that it is the new industry based on producing electronics, which will make Nokia famous and an internationally recognized brand (Nokia 2014).

It was exactly the year of 1981 when the mobile revolution began. The first international cellular network and international roaming service named NMT (Nordic Mobile Telephone) was launched and quickly caught on.

During the 80s Nokia introduced the first car phone called Mobira Senator then its first digital telephone switch or Mobira Talkman a “portable” car phone. The best known of these is however Mobira Cityman which was launched in 1987. It was the first handheld phone and it became a hit. The phone was famous because of Mikhail Gorbachev, a soviet leader, who used it to make a call from Helsinki to Moscow (Nokia 2014).

The same year another important thing happened. Nokia was a key player in developing a new European standard for digital mobile technology called GSM (Global System for Mobile communications). This technology replaced NMT and it is being used till today.

The 1990s were very successful years for Nokia. In 1992 Nokia President and CEO Jorma Ollila decided to change Nokia’s strategy. Ever since, Nokia has focused only on telecommunications systems and producing mobile phones. In 1992 the company introduced Nokia 1011, its first digital handheld GSM phone and in 1994 they launched mobile phones of 2100 series, phones with the famous Nokia Tune ringtone. At the end of the 90s and at the beginning of the new millennium Nokia became the world leader in mobile phones and increased its turnover from EUR 6.5 billion to 31 billion, therefore it was clear that the new strategy paid off (Nokia 2014).

After that a new technology which allowed customers to browse the websites or send emails appeared and a new era of mobile phones with the Internet began. After 2000 the company launched devices such as Nokia 7650, a phone with camera, Nokia 3650, a phone with video capture function or Nokia 6650, a mobile with 3G technology, which enabled to use a faster connection to the Internet, thus customers could download music or watch TV on their mobile phones. In 2005 Nokia sold the billionth phone, Nokia 1100 and in 2007 the company became the 5th most valued brand in the world. The same year Nokia merged with Siemens and they formed a joint venture called Nokia Siemens Networks. The company engaged in mobile broadband technology and services. In 2013 this company was renamed from Nokia Siemens Networks to Nokia Solutions and Networks and became a subsidiary owned only by Nokia. Year 2008 was considered as another milestone for Nokia since in that year the company bought NAVTEQ, U.S. maker of maps and navigation software. This service is today known under Nokia’s brand HERE.

In 2011 Nokia began to cooperate with Microsoft and adopted its operating system, Windows Phone, to beat competing operating systems Android and iOS in order to improve its position on the smartphone market. In October 2011 first smartphones with Windows Phone operating system Nokia Lumia 800 and 710 went on sale. As mentioned above, at the beginning of 2014 Microsoft bought Nokia for 5.4 billion euros.

Thanks to the partnership with Microsoft and unification of these two brands, Nokia can continue offering affordable mobile phones and smartphones of a great design and friendly user interface. Additionally, the company can also strengthen its position at the American market (Nokia 2014).

9 COMPARISON OF THE APPLE'S MARKETING STRATEGY WITH ITS COMPETITORS

This chapter will be focused on analyzing marketing strategy of Apple's competitors Samsung and Nokia. Both strategies will be briefly examined and compared with the Apple's marketing strategy.

As opposed to Apple, Samsung and Nokia use traditional model for marketing strategy consisting of market segmentation, target marketing and market positioning. Thanks to their wide product portfolios it is clear that both companies choose various segments at the market and try to satisfy all of them. They provide different products for each of the segments and by that they try to cover the whole market.

Regarding the competitive strategy, Samsung with 38 percent of the market share strongly confronts the Apple's leader position in the United States. As a result Samsung Company is a market challenger. Even it is quite risky, the company tries to attack the leader and gain a larger market share by offering a competitive advantage which in the case of Samsung resembles lower prices of their products. Nowadays situation at the market changes constantly, hence the risk can pay off. In the third quarter of 2013 Samsung was winning over Apple. Samsung had 38 percent of the market share and Apple only 34 percent. This year the situation is again different and nobody knows when it will change again.

As for Nokia, the company is not in such a good position as Samsung is. In 2013 the company owned about 4 percent of the market, but at the beginning of 2014 it owned only 2 percent. According to Kotler's theory, Nokia can be classified as a market nicher. These are all the companies owning less than 10 percent of the market. However, this situation may not last long. As known from the past, when Microsoft bought Nokia they stated that they want to triple the current global market share which is around 5 percent. As a result the further growth of U.S. smartphone market share is also expected in the future (Kahn 2014; GSMArena 2013; Blagdon 2013).

9.1 Samsung

Slogan of Samsung Electronics "Inspire the world, create the future" can express the vision of the company and therefore their marketing strategy as well. Due to the fact that the vision is a part of marketing strategy, it is obvious that the vision and the strategy are linked together. If the company wants to have an effective marketing strategy, it is really important that everything falls into place. Additionally, based on the Samsung's

achievements, it does fall into place. Although Samsung is not present at the mobile phone market as long as Apple, in a very short time, this company became well-known brand and No. 1 seller of smartphones with its 29.6 percent global market share, while Apple had only 17.6 percent of the market (Kim 2014).

However the situation in the United States is completely different. Here Apple is the leader and Samsung is just the Apple's challenger. Samsung achieves this position by following Apple's strategy, not just the marketing one. Samsung closely monitors every step of Apple. They watch all innovations Apple introduces waiting for people's feedback to know what sells and what does not in order to come up with the improved version of certain innovation.

Unlike Apple, Samsung offers a wide range of smartphones of different prices and functions. Samsung customers have a choice in relation to hardware, which is the phone, but also to software, which stands for operating system of the phone. They perform marketing research and seek to deliver customers with exactly what they want, for instance larger screens or many different functions such as motion-detecting or new gestures. Due to the fact that Samsung manufactures many components of mobile phones like chips, Super AMOLED displays, flash memories and others, it has a competitive advantage, which can be very useful in the future (Nisen 2013; Kim 2013; Kim 2013).

Compared to other companies, Samsung invests more money in research and development and marketing as well. 5.4 percent of Samsung's annual revenue goes to marketing, while Apple spends only 0.6 percent of its revenue on promotion and advertising. Nevertheless, in the real innovation, unlike Apple, Samsung is lagging behind and none of these strategies are paying off right now. But it does not mean that it cannot pay off in the future. By manufacturing a lot of their own components Samsung is able to reduce production costs and respond faster and with more flexibility to market demand. Moreover, if they manage to really differentiate their products and come up with some real innovation changing the whole industry like Apple did, they can easily become the leaders at the U.S. market instead of Apple (Nisen 2013; Kim 2013; Kim 2013).

As already stated, Samsung owns the largest market share globally and the second largest one in the United States. However, to say if some marketing strategy is just good or bad is very difficult since each of them has some advantages as well as disadvantages. Therefore it would be better to list pros and cons of each strategy. Concerning the marketing strategy of Samsung Electronics, the company is a part of a big corporation dealing with different

sectors related to e.g. information technology, mobile communications or consumer electronics; hence a production of their own components such as chips, flash memories, displays, semiconductors or DRAMs belongs among its advantages. Because of that the company can afford to offer cheaper products than its competitors. Another benefit is that they can produce more devices within one segment and thus offer a wider portfolio of products. Clients have choice of software of the phone or various functions of the phone. The company is also able to manufacture those facilities which can cooperate with devices from other sectors e.g. televisions with mobile phones or refrigerators with computers. All of that extends customer's experience.

On the contrary, the first disadvantage is that the company has not operated on the U.S. market for a long period of time and the brand has no tradition there. Other firms, mainly the American ones, lead the way. The next one was mentioned as advantage, but it can also be a drawback for Samsung. Too many models of phones and different versions for various markets may be a little confusing, not to mention the complicated names of these phones and basically too many options for the beginner users.

The last and perhaps decisive disadvantage which corrupts the impression of the overall product the most is the impossibility of the complete tuning of the operating system with the hardware of the phone. Because Samsung does not produce their own operating system, functionality of the phone can be worse in many ways compared to the rival companies.

9.2 Nokia

As regards the marketing strategy of Nokia, it is best expressed in their slogan "Connecting people". By producing phones for each segment at the market, they try to address as many people as possible and "connect them". Nevertheless, Nokia is in entirely different situation opposed to Samsung and Apple. As it was mentioned, it owns only 2 percent of the U.S. smartphone market because it has failed to adapt to the market for many years (GSMarena 2013). It has been a really long time since Nokia has been tried to gain a larger market share by offering especially low-end phones and phones for the first users, which are not so expensive. But it is clear that this approach did not work, does not work and will not work either. What might work is a new connection of Nokia and Microsoft and Nokia's new Lumia smartphones with the Windows Phone operating system from Microsoft. It could be a new start for Nokia because this time the company has chosen a different strategy. Concerning Lumia smartphones, these are not just low-end smartphones but also

high-profile phones with better features (Velazco 2011). Due to the Microsoft's takeover of Nokia, the company has started to follow the path of Apple by merging the hardware and newly also the software which is now fully available for the company. It makes Nokia's products more stable and of better quality and therefore it makes the customer experience more compelling (Jackson 2013).

Portfolio of smartphones is also wider compared to Apple. Nokia offers various kinds of smartphones that differ by their price or hardware. They produce mainly phones with Windows Phone operating system but recently they expand the portfolio by introducing new smartphones running Android (Miller 2014). This expansion might seem as a good thing but on the other hand too many options can be confusing. Nokia launches specific phone for each market in each country, their names are so complicated and they are released too quickly one after another thus there is no hype or expectations which is so typical for Apple (Martin 2013). In 2012 Nokia spent \$14 million for media promotion in the United States and \$1.27 billion for advertising and promotion of their products worldwide. However, even the great investments to marketing did not improve Nokia's position at the U.S. market (Bruell 2013).

Despite the fact that Nokia tries so hard to succeed at American smartphone market, a big battle not only with Apple and Samsung, but also with other companies like HTC or LG, is waiting for the company. Finding the right strategy and the key to success is never easy but with some effort it is possible. Nokia can achieve it by better cooperation with carriers and inspiration from their competitors. If the company simplifies and unifies their marketing message and invent some ground-breaking device, they can easily increase their market share to compete with Samsung and Apple (Martin 2013).

To summarize all the points of the Nokia's marketing strategy, advantages and disadvantages of the strategy can be listed. Among the first benefits belong a longstanding tradition of production of mobile phones including hardware as well as software. At the same time this advantage may be taken also as a drawback as it applies mainly to Europe since Nokia has always been an European brand. However, the situation in America is different. Nokia has a low market share there because the company has more experiences on the European market. This might be the reason they are unsuccessful to adapt to the American market.

Another advantage for the company is its association with Microsoft. Due to the fact that Microsoft bought Nokia this has brought many benefits to both companies, but especially

to Nokia. Currently the business has bigger budget for marketing activities and other investments, better image of the company and the power of the brand, easier way of adaptation to the American market or the promising new operating system. The company also owns many important patents and invests a lot of money to R&D in the field of network infrastructure, location services or advanced technologies. However, thanks to the fact that in the past Nokia failed to comply with the modern development and missed the right opportunity for the progress, competition is now ahead, notably in terms of the operating system. Windows Phone operating system that Nokia uses is relatively new and still needs a number of improvements.

The last benefit of the marketing strategy of Nokia is that customers have a greater freedom of choice. The company offers wider portfolio of products with various operating systems. They try to cover the whole market by providing mobile phones for each segment. However, as mentioned in relation to Samsung, too many options can be confusing for the customers. Not to mention that Nokia is introducing one device after another. As a result there is no hype and expectations and little money to promote all these products.

10 SUGGESTIONS FOR POSSIBLE FUTURE DEVELOPMENT

The very last chapter of this bachelor thesis deals with possible future development of the Apple's marketing strategy. Based on the analysis of their current marketing strategy, certain suggestions will be made in terms of outlook for the future by answering questions such as: Will there be any changes in the Apple's marketing strategy? And if there will be some changes, what can we expect from the company in the year 2014 or in the next few years?

10.1 Partial Change of the Marketing Strategy

It has been a well-known fact that Apple does not use any traditional business techniques or strategies. Until recently the company has not been practicing segmentation of the market. This was changed in 2013 with Apple's launch of two new smartphone models. This shift in the marketing strategy is quite surprising and now it seems like Apple has been inspired by its rival Samsung for a change. Samsung has been offering more attractive products for a mass market for years and Apple might have decided to take the same path.

As already mentioned, last year the company started to offer two models of iPhone – typical model as usual and newly a cheaper version of the phone as well. Compared to typical model iPhone 5C has a lower price, not so good hardware specifications and it is made of plastic instead of aluminium. By producing this model Apple targets the mass segment in which price of a product is more important than its value. Moreover, they try to gain a larger market share in order to weaken Samsung's strong position at this market segment. This change could help to enlarge market share and increase Apple's profit. On the other hand, it could also harm the brand and the company which is famous for its original and premium products. If Apple offers models for a lower price and quality and their products become a mass thing the exclusivity and distinction will be gone. This in turn could cause a big loss of Apple's current customers (Goedertier 2013).

As well as Apple was not using market segmentation, they also did not conduct any marketing research in the past. This was changed too when Apple bought Topsy. It is a company that provides analytic data from Twitter. It is not certain what Apple intends to do with the company, but it could be a good tool for collecting data and information about customers for its use in the marketing generally or in advertising and therefore to assist in better adaptation to customers' needs and wants. Apple could improve feedback on their marketing activities to know what advertisement is successful and which is not. They could

monitor what incentives lead customers to purchase their products and which do not and finally to adapt their marketing strategy accordingly. Even though Apple has a pretty well mastered marketing to influence media and customers, due to this acquisition it could have stronger tool to reach the same goal more actively (Sullivan 2014).

10.2 Entry into New Sectors

In the near future, it can be expected that Apple is going to enter new markets within different sectors. It can be estimated based on acquisitions of Apple in 2013. There were 15 of them and 3 of those were related to maps, 1 with searching engine and 1 could be connected with Apple TV. Another reason for this assumption is the statement of the Apple's CEO Tim Cook, who said: "We continue to be very confident in Apple's future and we see significant opportunities ahead of us in both current product categories and new ones" (Yarrow 2013).

According to many speculations one of the forthcoming products could be an iWatch because Apple has registered many patents including the word "wrist" and also they trademarked iWatch name. At present many watches or wearables are already being sold but it is possible that Apple only waits for the right time. It is a good opportunity for them to watch how successful their competition is at present with the aim of learning from their mistakes and then improve the product as always. These iWatches could be used for monitoring of health and fitness activities or it could enable to control the iPhone by using them.

Next product could be associated with Apple TV. It is possible that Apple plans television or some set-top box where iOS will be integrated and users will be able to work with various applications like they are used to on their iPhones or iPads (Farber 2013).

The last product of Apple is already confirmed and it is Apple CarPlay. The company tries to penetrate into the car industry by using interconnection of iPhone and car. It is the integration of iOS from iPhone to built-up displays on the car's dashboards. With the CarPlay it is much easier and pleasant to use iPhone in a car without the risk of receiving a fine. It will be controlled via voice assistant Siri, touch controls or knobs, buttons and dials in a car. Customers will be able to use maps as a navigation, make their phone calls, send and receive text messages, or listen to the music with this "best iPhone experience on four wheels" (Farber 2013; Apple 2014).

10.3 Expansion of the Distribution Network

Lastly, there is an expansion of Apple's distribution network. Currently Apple has opened 254 stores across the U.S. but there are more stores to be opened (Apple 2014). According to the company's plans about 30 new stores should be opened within the few years with one-third of them located in the United States (Hodgkins 2014). In addition to the opening of new shops, in 2013 Apple closed 20 of their retail stores and opened them in larger areas. It is clear that this moving of stores to larger facilities and the expansion can have only positive effect on the company, because thanks to that, Apple can reach even more customers and simultaneously make their shopping experience more pleasant. It is precisely the stores, which are Apple's big competitive advantage and that have greatly contributed to the success of their products (Perez 2013).

10.4 Summary

Based on the analysis of the marketing strategy of Apple and its competitors, it can be stated that Apple has a good marketing strategy or at least they had in the past, which proved to be true by the analysis. Currently, Apple owns the biggest share on the U.S. market and as such is the marketing leader. It is one of the most powerful and profitable brands in America as well. What is most important is the fact that the company is claimed to have one of the most loyal customers. Most of the time when a client buys Apple's product s/he purchases more of them over time. As a result such a client owns e.g. a computer, a phone and an mp3 player at the same time. In addition, when a new product comes out, customers of Apple usually do not belong to brand-switchers. They do not buy products from competing companies and they stay loyal to the brand. That is one of the reasons why owning of Apple products mean that people are members of some community and have certain lifestyle based on the brand they like.

To sum it up, the Apple's marketing strategy is basically different as expressed in one of their slogans prompting people to "Think different". This strategy has worked for a long time but it is time to admit that after Steve Jobs' death Apple is not what it used to be. However, some kind of change is natural. Market conditions change all the time and rival companies gain new competitive advantage from day to day. Therefore it is understandable that marketing strategy should be altered. This applies to Apple as well. Any firm should not be afraid of transformation and new approach even if it is risky. It is better to implement new things and processes then stay with the old ones forever. Nokia is a great

example of what happens when business does not respond to market changes and fails to adapt. Thus, it is good for customers that Apple tries to keep up with the changing market conditions, it tries to be flexible and adapt quickly. And it was always like that. Since the foundation of Apple the company's goal has been to humanize and simplify all possible technologies from all different sectors and keep the pace with the trend of digital age. Due to the fact that Apple has owned software and hardware of their products it had a big competitive advantage over some rivals. This allowed them to gain more options to become a real digital company.

However, it seems like Apple has to be inspired by others, precisely by Samsung, which is not illogical since Samsung has been No. 1 seller of mobile phones worldwide and certainly Apple has much to learn from them. In particular those related to market segmentation. Apple is slowly finding out that release of one model of any electronic device in two years is not enough. Clients want to have more options, at least those concerning the hardware of the phone. As a result Apple should possibly offer devices for each segment of the market in order to extend their customer base and market share because it certainly works for Samsung or other companies. Also entering new sectors is inevitable in order to beat the competitors. Today's modern times require many different electronic devices which can cooperate together. Because it is more comfortable, it extends client's experience with a product.

With the change of the marketing strategy and thus corporate identity, the company may lose its different approach and originality, which has been so typical to them, but it might also be seen as a necessary step in order to succeed at the market right now and in the future as well since rivals get fiercer every day. Just now it would be difficult to say if the transformation of their marketing strategy will have a positive effect on the company, if it will help to increase their market share and bring more or less customers. To find the answers to the former questions it is necessary to wait for some time to see the results. It is definitely a lot to look forward to, not only in 2014 but also in the coming years.

CONCLUSION

In today's world we constantly convince ourselves that marketing is an integral part of our everyday lives and surrounds us everywhere. The use of marketing can be seen all around us whether it concerns television commercials, billboards placed along the roads or even permanent discounts of various retail chains. Simultaneously with the development of information technologies new marketing tools are invented, therefore the importance of marketing is growing daily. It is more than clear that nowadays marketing should be an essential and important part of every company because it is one of the possible ways how to succeed on the market. Apple is a great example of that. It is the company which proves that thanks to the good marketing strategy an organization is able to beat the competition and dominate the market.

The main aim of this bachelor thesis was to analyze the Apple's marketing strategy, compare it to its competitor's strategies of Samsung and Nokia and then suggest how the Apple's strategy might develop in the future. As for the results, it was discovered that Apple uses competitive strategy of a marketing leader since the company owns the biggest market share on the U.S. smartphone market. With regard to the marketing strategy of Apple, three main elements of the strategy were listed and described in detail. These were simplicity, experience and hype. Based on the findings it could also be concluded that during the launch of the first generation iPhone, Apple had a really good marketing strategy and it still has nowadays because the company is able to preserve its position of the leader on the U.S. market. However, as it is stated in the penultimate chapter of the thesis, it is clear that the situation at the market can change any time. Both competitors, Samsung and Nokia are tough rivals. Mainly Samsung is a very similar competitor to Apple. This is because Samsung has an advantage of domination at the global market and it can easily dominate the American market as well. And it is not just these two companies as there are also others which must not be forgotten. The competitive environment is fiercer every day and thanks to that Apple should react and adapt to changes which they do. As mentioned in the last chapter, according to some signs it seems that Apple slightly changes the strategy by new use of market segmentation; it tries to offer more products, expand the distribution network or enter new sectors and markets. Nevertheless, these are just suggestions and only time will show if at least some of them are fulfilled or not and if they have a positive effect on the company.

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