

APPLE IN CHINA

Table of Contents

Abstract.....	Error! Bookmark not defined.
Executive summary.....	3
Introduction	4
Research methods.....	4
Literature review.....	6
Opportunity in the Chinese market.....	12
How to target the opportunity.....	14
Expected results	17
Conclusions and recommendations.....	20
Works cited	Error! Bookmark not defined.

Abstract

This paper is simply an overview of how Apple has operated and performed over the years with special regard being paid to the comparison between the USA and China. The company's success is looked into with the major aiding factors for this level of success being analyzed and they are applied to the Chinese smart phone market context. A decision on their level of suitability in the Chinese setting is then made. As all the applications may not exactly fit the Asian context as they have either been generalized or have had an American market orientation, recommendations are given in regard to the best way that changes can be made to suit a foreign market. Applications of the recommendations will be gauged to see whether they will be effective and also the time span that they may take before they can materialize into helpful solutions for the company in regard to the Chinese market over the long term.

Executive summary

This research paper will seek to analyze the current state of the Chinese Smartphone market and the opportunities that are still to be utilized that apple can take advantage of. Currently apple is one of the major players in the Chinese market but this has not brought it to the top contenders list which means that the company is either lacking to do something in regards to production or it is just the consumer attitudes towards the products. The paper will take a look at the activities of apple and how some of them can aid it to penetrate the Chinese market or how they act to the detriment to the global giant when it is comes to the Chinese setting.

Introduction

With the current state of globalization, companies are being forced to expand their market coverage so as to keep up with the stiff competition that is existent in the business sphere. To ensure that they stay at the top of competition, companies have been expanding beyond their mother country's borders into new territories as they seek to make more sales and attract new customers. Innovations which are market oriented have been introduced so that they can be consumer specific which is one way of ensuring they expand their market share and also gain the loyalty of their customers. This has become a new trend with even startups taking advantage of e-commerce to maximize on consumer reach, sales and the operation of briefcase offices. The coming of age of the internet has been a great facilitating factor for all these advancements in the business sector.

Research methods

The best method to use for this research will be the use of content analysis. This is mainly because of the fact that most of the information and data that will aid the research process can only be found in documents and written content. This is the best method mainly because of the fact that it can incorporate the use both qualitative as well as quantitative methods of analyzing data. The main

documents that will be considered for the derivation of data will be mainly apple company documents, documents that talk about the Chinese smart phone market and economic variations, scholarly articles regarding how companies have been able to venture into new markets, some of the dynamics of expansion and also magazine pullouts and web resources that are relevant to the topic of research.

The advantage that is tied to this method is the fact that it is content sensitive and it is very flexible in regard to the research designs that are being put into use. The researcher has the allowance to test some of the theoretical issues that may arise during the research or that may be part of the whole research process. Researchers are also presented with the opportunity of not only forming an understanding of how meaning has come into being but also how the meaning can be further synthesized and be put into actual practice.

The data analysis method also has a number of disadvantages that are pegged to it with the main one being the fact that when the initial stage of coding is done in an incorrect manner, it leads to the final findings turning out wrong. The findings tend to have a heavy dependence on the coding part of content analysis and they can only be achieved after the analysis of the content that is written has been done in a proper manner and findings clearly and properly outlined. This method has also not been acknowledged by many

scholars as a valid process when it comes to analyzing data that requires analysis that is complex in nature.

In this case, data that pertains to the operations of apple and statistics about the Chinese market will be compiled and compared selectively in a bid to identify factors that are in sync and that will allow it to successfully penetrate the Chinese market more. The results from this comparative process are what will be used in determining the correct approaches and methods that will be used in making a proper entry in the Chinese market.

Literature review

Apple is currently the biggest publicly trading company in the whole world (Chen n.p.). This is in regard to its market coverage and also the number of sales it makes from the products that it specializes in. The company was founded by Steve Jobs and Steve Wozniak in the year 1977 and it mainly produces consumer electronic goods that come in the form of servers, personal computers, phones, computer software and also the distribution of media content. The company has mainly established itself because of the high end products that it manufactures and also its target which is mostly the tech savvy middle class and the high end markets (Yu n.p.).

The company also owns retail store chains that are commonly referred to as Apple Stores. The mainstream products that the company is well known for include the manufacturing of the iPad which is a tablet computer, the iPhone

which is a Smartphone, the Macintosh line of computers and finally iPods which happen to be portable media players. The company was initially formed in the year 1976 but was finally incorporated to a company in the year 1977.

During the initial phases of its existence, the company paid attention to the manufacturing of computers such as power Mac, Apple II and Macintosh. Over the thirty year period in which it focused on the production of computers it was successful until the last phase of the third decade. During the 1990s, the company experienced very poor sales of its products. Steve jobs who had been ousted of the company in the year 1985 was incorporated back to Apple after the Apple Inc. Company bought the company that he had formed. With time he became the interim CEO in which over time he became the permanent CEO (Linzmayer n.p.).

In the year 2001, there was the introduction of the iPod and two years later there was the introduction of the iTunes Music Store which were all successful. It was during this period that the company established itself as a market leader in regard to the sale of consumer electronics and also the sale of media. This necessitated it to drop the name computer in the year 2007 (Wozniak 180). By the year 2015, it was termed to be the largest trading company in the entire globe basing on market capitalization. It had an estimated value pegged at six hundred and ninety five billion by the year 2017.

Apple uses generic strategies and also strategies that promote rapid growth that have a relation to marketing, pricing and other aspects of business (Kahney n.p.). Being of the major companies in the world, Google has been able to prove that its strategy is one of the major pointers as to why the company has been so successful against its major competitors like Samsung, LG and also Blackberry. These strategies are also what enable it to maintain its focal position at the top of the global consumer goods market. The main driver that allows it to stay ahead of competition despite the fact that the prices of its products tend to be higher as compared to other products is because it has instilled specific emphasis on excellence in regard to the design of products. This is another point that proves that the use of this strategy has tuned out quite successful.

Apple also makes use of the strategy of price skimming to ensure its survival in the market. This is in the sense that when Apple products are introduced, they hit the market with very high prices then over the following months these prices go down considerably by between the prices of \$50 to \$100. A good example is the 2007 incidence whereby the company had to drastically reduce its prices mainly because of the fact the products had experienced very poor sales. The prices were cut by up to \$200. This short life cycle of its products is very much in sync with the pricing strategy that it uses mainly because of the fact that it introduces new products within a very short time span and continuously. Apple also does not have a traditional sales system

but will always lower the price whenever the buyer is a student or the buyer happens to buy the goods in bulk.

Apple's marketing mix in regard to its sales strategy takes different forms in regard to increasing sales and its market share. To avoid counterfeiting, Apple makes use of certified sellers to sell its products as users know where to find genuine products. In regard to e-commerce, Apple Company makes use of certified online retailers such as EBay, Amazon and Kogan. Through these platforms, the company can sell the products to the customers directly and make arrangements for the deliveries to be made directly to the clients. This allows the company to cut on the costs that it incurs by the use of middle men in the form of certified dealers. In regard to the placement of stores, Apple places its stores near its competitors. The thinking behind this is so that foot traffic might eventually lead to the capturing of new customers in the process.

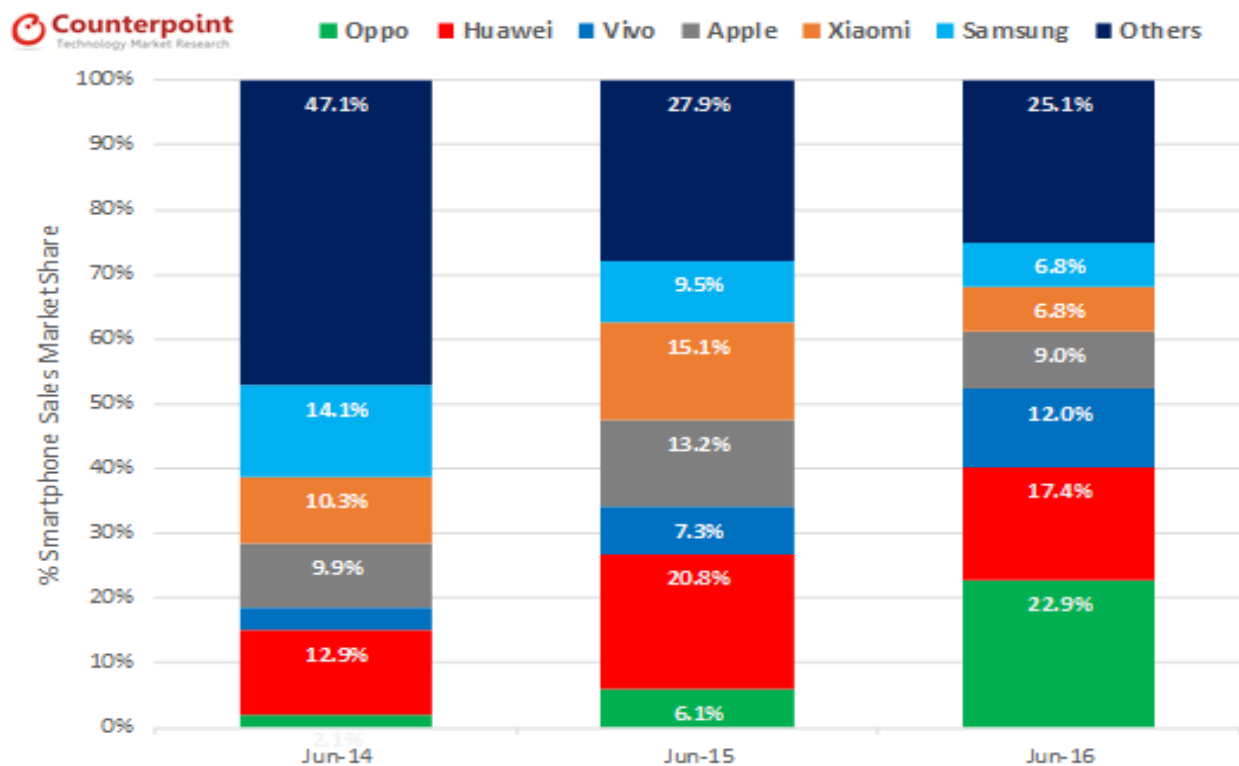
The company makes use of a multiplicity of innovative marketing strategies that ensure that all its customers are kept interested on the company's products. Majority of its advertisements are made on the company's official websites and also on the Apple stores. The employees of the Apple stores are also charged with the responsibility of marketing the goods by giving information that is consumer specific and also speaking to the customers in a manner that is targeted towards convincing them. The packaging of the products is also convincing enough as the packages are of attractive design and they further

offer trials and tests for the customers. These experiences allow the customers to have a feel of the product and also to rate whether the product is worth buying.

The products are also advertised in all manners in regard to different aspects such as the type of consumers that are being targeted. Students are for instance given discounts whereby the phones are available at prices that are way below the market threshold. This is so as to address the issue of the purchasing power of the students being quite limited. The Apple stores also make use of the strategy of selling the old models at prices that are discounted whenever they are bundled together with more recent and expensive models. The company also goes ahead and pulls publicity stunts that help it keep its customers waiting for their new releases. They come in the form of press releases, apple events, leaks of new products and also the use of interviews that are exclusive. All these activities are arranged strategically so that they are of maximum impact to the customers and they ensure the company has a steady stream of new clients and also the loyal clients can be kept.

Apple's efforts in conquering the Chinese market have largely been hindered by the local competitors who have been responsible for the lion's share of phones that have been sold within China and also exports outside the Asian country. The major competitors have been Huawei and Oppo who have been termed as the contenders who have dominated the Chinese market with sales grossing over \$75 million units for each company (Scott n.p.). Furthermore,

their phones have been of prices that are considerably lower as compared to those that Apple has pegged on its iPhone string of smart phones. The majority of the phone users have thus chosen the cheaper phones which have also had better specifications in some regards. The compatibility of iPhones with other gadgets has also been another factor that has caused the phone maker to find it difficult penetrating the market where open source license operating systems are being used. Other brands that have provided competition have been Vivo and Xiaomi which have all sold over 60 million units individually (Tim n.p.).



As by 2016, Apple was placed at fourth position in regard to its market share in the Chinese smart phone market (Jon n.p). It was trailing behind all the major Chinese brands and its competitors such as Oppo, Huawei and Vivo. Its

market share stood at nine percent of the total market share in the country. This research was conducted by the counterpoint in between the years 2014 up to 2016. The larger share of the market is however dominated by the smaller brands which add up to about 25.1% of the total smart phone users in the country. The nine percent that the company recorded was a drop from the previous year's 13.2% that it had recorded which meant that the market was becoming more competitive and it was slowly losing touch.

The consumer base of apple users stretches across a wide range of Smartphone users with there being no specific users. As long as one is tech savvy and interested in the constant shifts in technology, then they are part of the crowd that is best suited to get an iPhone. The market niche that Apple however targets is that of users who span between the ages of eighteen all the way to forty five as these tend to be the most technologically savvy individuals; and they also tend to have a profound interest to keep up with brands as soon as they emerge. Users who are loyal to a single product line tend to favor the purchase and use of iPhones and all other products that come from the giant manufacturing company.

Opportunities and solutions for Apple in the Chinese market

The main solution that can be offered in regard to the efforts of iPhone in the Chinese market mainly lies in their operating system, the iOS. The operating system is obviously powerful when compared to Android which makes it the most suitable as it is faster. The phones that mainly run on Android on the other

hand tend to be far more powerful than the iPhone in some cases. This means that the combination of the iOS with phones are currently running on Android platforms can result to a super phone that will have both the right hardware and the right software configured for an exemplary user performance.

The solution for Apple thus lies in the company making the operating system an open one in the sense that the source code will be used to create custom operating systems. This will make people accustomed to their platform even in low budget phones and thus as they advance they may at one point feel the inclination to get an iPhone. The company may then make advancements in regard to the iPhone's hardware then recall the operating system. Since most of the users will be accustomed to using it, they may feel the pressure to get smart phones so that they may continue to enjoy the service and flexibility it offers.

There is also the need for the company to adopt a Chinese oriented approach that will seek to move away from the American approach to the design of phones. This mainly has to do with the traditional enmity that exists between the two nations. This enmity has further been pushed to the consumer turf whereby consumers also wage wars towards one another's' brands in the sense that the American consumers may fail to buy goods from China and the Chinese consumers may also react in the same way to the American products. This greatly inhibits the sales that can be made in foreign countries.

To solve this problem, the best way for Apple to look into the problem is by changing the design of their phones so that they are unique and fit in to the Chinese market. Most of the Chinese phones tend to take a unique design that clearly shows that they are from the country and this means that the consumers can identify with them. If Apple Inc. was to take up some of these designs and simply make slight variations in their designs to match this then the chances of the company being successful in conquering the Chinese market would be greatly increased. This is mainly because of the fact that the Chinese will feel that as much as the phone maker is a foreign company, the actual product was made with the Chinese people in mind. This is a factor that might make the consumers proud and lead to more of them flocking to buy the unique offering that is more of a dedication to them.

How to target the opportunity

The Chinese market is quite unique and somewhat different in regard to the target groups that the Apple Company targets. This is because the tech savvy population in the Chinese smart phone market for example is in between the age group of people who are between 20 to 30 years old. This is very much different to Apple's target group of 18 to 45 years but it still fits within the bracket that Apple pays large attention to. Also the specifications of iPhones mostly favor individuals who are working in technology oriented industries.

City dwellers also tend to be highly favored when it comes to the availability and use of the phones as they are largely built for use in urban

centers. The gadgets sold by Apple tend to be suitable to people who are living within cities or within the vicinity of cities as they allow them to access a wide range of services and convenience when using these devices such as network strength and the ease of purchasing Apple accessories. Also China is quite highly urbanized which means that it is quite a good hunting ground for Apple as it seeks to attract the city dwellers to the brand and the unique set of products that it is willing to offer the clientele.

Chinese smart phone users tend to focus on the creative aspect of the phones rather being analytical. This means that they see is what they get in a matter of fact speaking. They focus more on the aesthetic feel and look of the phones rather than the power they possess in regard to executing different tasks. They also look more for products that will make them look like successful characters in the society. So their possession of gadgets at times tends to be an announcement of their status in the society. In this regard the iPhone qualifies mainly because of the fact that it is a phone that acts as a statement on its own. iPhone makes use of its brand name and the fact that most people want a product that is unique from all other products and one that makes them stand out to appeal to the higher middle class as well as the high class people.

Apple offers its customers the experience of multiple products all incorporated into one powerful device. This is in the sense that the iPhone offers the capability of a tablet, phone as well as a computer all stashed in one small

and handy device. This results to the easing of the user's lives in the sense that they can seamlessly undertake their daily activities with ease and without having to switch between devices to get different jobs and tasks done. For all these, the users are usually more than willing to pay just a little extra for the products. This also has to do with the quality of the products in regard to engineering and experience when making use of them. iPhones and most of the products that are sold by Apple tend to be a bit over priced but one thing that the users are always assured of is the fact that they are receiving goods of exceptional quality.

Chinese people have particular had a few issues with the iPhone which they have deemed as the reasons as to why their iPhone purchases have dropped in between the year 2015 to 2016. One serious concern was the fact that the people felt that there was no improvement in the technology that had been used in the transition from iPhone 6 to iPhone 7. They felt that the only thing that had been subjected to change was the appearance of the phone while most of the phone's technological aspects remained largely unchanged. They also had a preference for android platforms mainly because of the fact that these operating systems were highly customizable in accordance to the liking of the user. iOS was largely rigid and the users had to settle for what the manufacturer thought as the best feature for the phone.

This did not settle well with the Chinese especially considering the fact that they are famous for making alterations and adjustments to many products that are originally from outside the country. The battery could also not withstand heavy usage and so it was touted to have serious issues. It could also not compare to the capacities that Chinese phones usually come with as there were some phones that have a battery capacity that is twice of what Apple has provided in the iPhone. They assumed this was one way that the phone fell short in regard to what the local brands offers. This did not thus qualify the phone to sell at such a high price. These factors are all true and thus Apple has been put in a tight position whereby it is hard to match these specifications without looking like a move of desperation to enter into a foreign market; this is especially considering the fact that this is a luxury brand.

Expected results

Once the tech giant is able to adopt the recommendations, the direct result is a sudden rise in the number of sales as the mindset behind manufacturing of the phone and actual intent will be appealing to the Chinese smart phone buyers. Chinese people tend to be traditional people but at the same time they are tech savvy and this makes it hard to just introduce any type of product to them regardless of how well advanced it is to them. The fact that it is an industrialized nation means that it also has the capacity to come up with its own brands that can very well compete with the iPhone and they have so far

proved this with the current smart phone sales trends. The iPhone currently holds the fifth position in the Chinese smart phone market (Tim n.p.).

Regardless of the fact that the iPhone is not showing any signs of a software change, it is still holding its position as the most luxurious phone brand in the world. However if they were to open their software and make it easy for people to customize it, it would become the most powerful operating system in operation on phones in the world. It would even be more powerful than it is currently considered to be. Once it is made open, more technologically inclined individuals will shift to the iOS in a bid to figure out ways in which this platform can be made more customizable and more powerful. This will mean that the change in the technology that is being used will not interfere with the comfort of individuals who are already conversant with complex and more advanced technologies in regard to smart phone usage.

The customers who are quite observant with technological trends will turn out to be more than willing to purchase the products for a price that is slightly higher than what is supposed to be the market price for the particular specifications that are pegged to the device. Apple's pricing strategy is also very effective and efficient mainly in the sense that the price of the phones tends to drop with time and this makes the products more affordable to some users. The users are at this time more than willing to buy the phones as they are within their reach in regard to purchasing power and also the fact that the

products come from a prestigious brand despite them being outdated. This is a plus for the company because they are able to ensure a steady stream of customers for all their products regardless of the time they have existed in the market.

Conclusions and recommendations

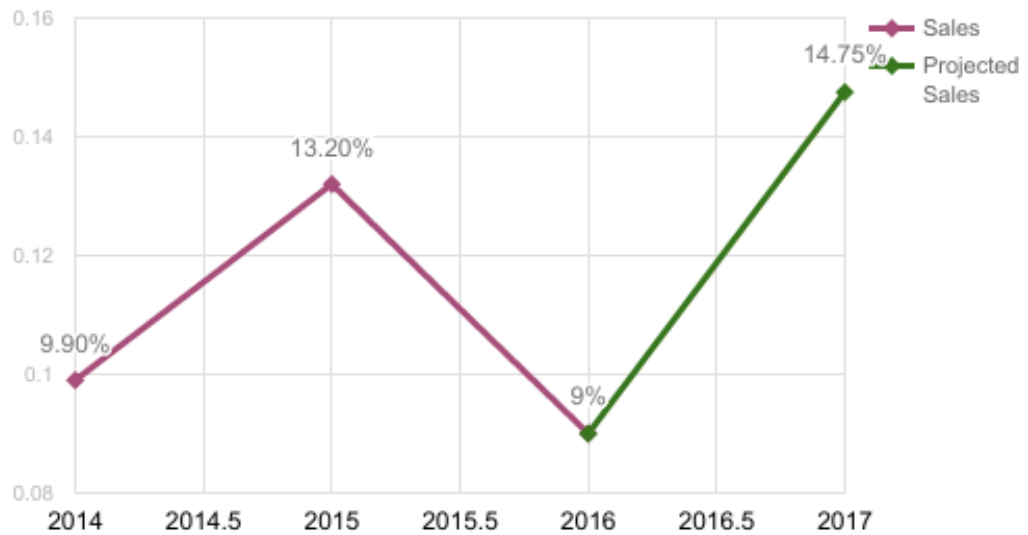
Basing on all the analyzed content and facts, it is quite clear to say that Apple is a household brand and it is through its rigid and consistent nature that it has managed to weather most of the storms that almost led to its downfall in more than one instance. It is also important to note that basing on the success of the company, it is not about to crumble simply because its market shares in a foreign market have fallen. Regardless of all this, it is still important for the company to accept the fact that its traditions cannot be applied in every front as the global smart phone market does not have universal denoting factors and there is need to appreciate the differentiation that comes with the different markets.

For Apple to be successful when it comes to the Chinese market, it should adopt a user based approach whereby the design, production and marketing of the products it has to offer are all targeted at impressing the Chinese users. The current trend is that the company is simply seeking to impose the iPhone on the Chinese market simply because of the fact that it has already ended up being successful in the American market. When the product is user sensitive, then the chances of it being successful in a foreign market tend to rise significantly as the users can identify with the product and they feel that it was made for them. There is also the need for the company to identify the reasons as to why the Chinese people own different types of phones and the reason as to why a Chinese smart phone user would be interested in getting an iPhone.

This will allow the company to come up with a marketing strategy that favors its operation and choice of specific users in the Chinese market.

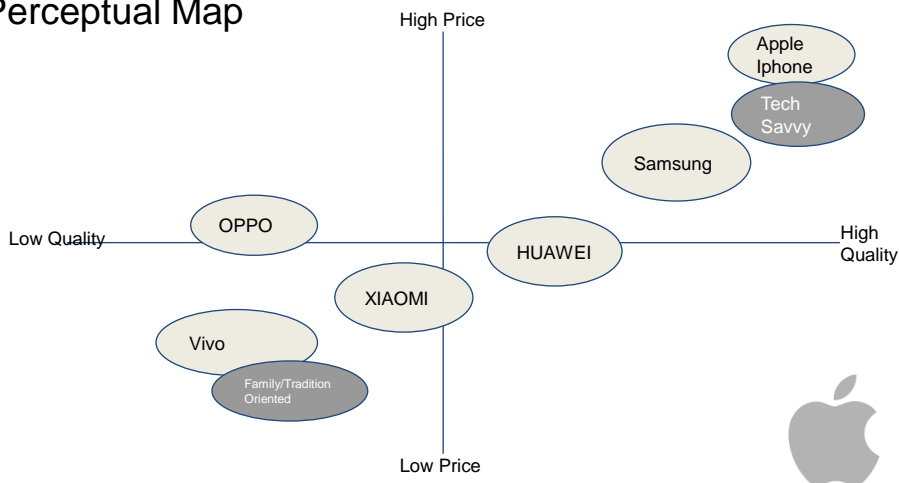
Bottom line is that iPhone as a brand has the potential to top the Chinese smart phone market if the company is willing to make some adjustments. As much as the company is very much sensitive about its design and consistency, it is still pertinent that it looks at the potential that the Chinese market has in regard to the sale of smart phones. China has a large population which means that the use of smart phones in the highly developed country is quite high. This is one motivation factor that should allow the Apple Inc. Company to reconsider its stance on a few issues in regard to China. A few Variations may turn out as the turning point of the company in regard to its exploits in the Asian country. This is all in the sense that the Chinese market has over the years shown to be very sensitive when it comes to the response of new entries of smart phones in the market. When this is undertaken, the proposed growth of the company's share in the country is expected to grow by 5.75%.

Apples Projected Sales



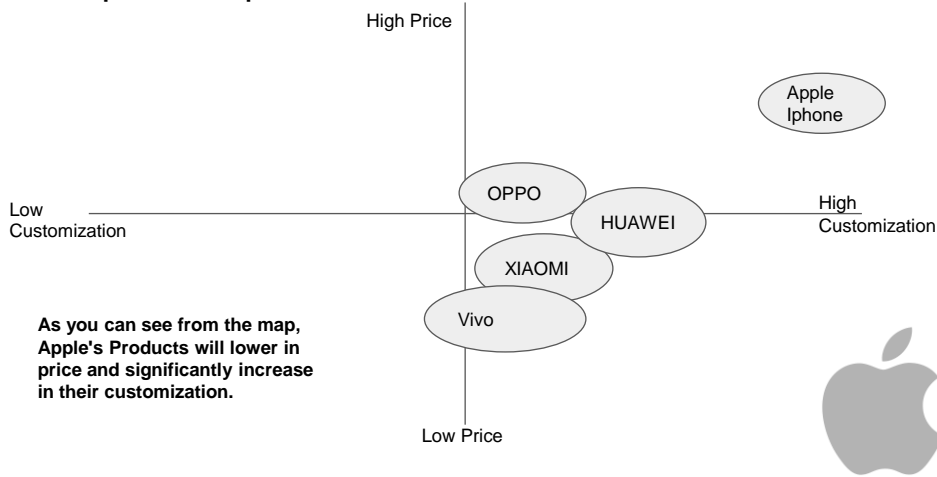
Currently this is what the performance of apple looks like in comparison of other phone brands that are existence in th Chinese smart phone market:

Perceptual Map



If all the market desires of the Chinese people are met, this is what is expected of the performance of apple:

Perceptual Map:After Desire is met



Property of:

<https://mypaperhub.com/>

801 North 34th Street, 3rd floor

Seattle, WA 98103

DISCLAIMER

This Sample paper should be used with proper reference