

# *Apple's Marketing Strategy in China and Its Enlightenment to the Electronic Industry*

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**Abstract:** In recent years, the electronic market in China has gone through a process of rapid development and recession. However, while many manufacturers are shutting down, Apple company from America is growing fast. Since its official entry into the Chinese market, Apple has been continuously bought by Chinese consumers. Achieving such a result is not only related to the quality, technology, innovation and users' experiences of their products, but also closely related to Apple's innovative marketing strategies. This paper mainly analyzes Apple's marketing strategy in China and its implications for the electronics industry by using the method of literature analysis and review. The purpose of it is to analyze the development status of China's electronic industry and the development prospects of Apple. Related papers published by predecessors would be used to help understand the changing strategies and the connection between them and the whole electronic industry. In addition, data and figures would also be used to support the result. According to the findings, it is clear that Apple's marketing strategies are methodical and manageable although they do have some problems.. In view of these problems, this paper puts forward some suggestions on accelerating technological innovation and perfecting the systems.

**Keywords:** Apple, Strategy, Electronic Industry

## 1. Introduction

In 1976, on April 1st, the two Steves -- Jobs and Wozniak, with Ron Wayne set up a high-tech company which was named Apple in California, America. This is the foundation of Apple company which is famous around the world [1].

Since 1980, Apple has always trying to innovate its products, including the chips, appearances and features. Also, to conform to the times and the changing world market, they will adjust their marketing strategies to deal with potential competitors.

Related research about the development of Apple in recent years and how it compares to other companies (such as Huawei) have been statistically collated, and the case of Apple's business model innovation has also been studied. However, little research has been done on how Apple has affected the whole industry. So this essay will conduct a survey on the company's impact on the electronic industry [2].

The reason why the topic should be studied is because electronic industry is one of the largest industries in China. Apple, as a young company, must have some unique technology and marketing strategies to support the company's operation. If other companies could know what are they and how

they work, the whole industry would be improved and it would benefit other companies a lot. To be more specific, big companies would become more international and small companies would become bigger. The electronic market will become more competitive and more innovative.

In this paper, Apple's two major products, iPhone and iPad, will be competitively analyzed and literature analysis and data analysis about Apple's sales figures in recent years will be used to help complete this paper.

The research of this paper can give more effective and feasible marketing methods to electronics companies in China so that they can get the inspiration to make the electronics industry bigger and broader.

## **2. Apple's Marketing Methods and Data Analysis**

### **2.1. The Development of the Strategy**

Although the early entry of Apple into the Chinese market was a huge success, the myth of Apple only lasted until 2015. In the past two years, with the rapid rise of domestic brands and increasingly fierce competition, Apple has made a series of marketing changes in order to save its status in the Chinese market. And the results are closely related to the success of the new marketing strategy. In 2018, Apple accounted for less than 10 percent of the Chinese market, ranking fifth, with the top four brands being Huawei, oppo, Vito and Xiaomi. Although Apple's shipments slipped to fifth, it remained the most profitable smartphone brand, accounting for 62% of the industry's profit. The reason why Apple has such a high profit is that it has mastered the core technology and has its own patents. Apple's marketing strategy is divided into many parts to support the company to continue operating, including market segmentation, target market determination, sales channels and models [3].

### **2.2. Current Strategy**

The most essential one is market segmentation. Market segmentation refers to the enterprise market research, comprehensive measurement of customer needs and desires, purchasing behaviors and purchasing habits and other aspects of the difference, and then according to these different aspects, the overall market of a specific product into different consumer groups and a process of market classification. Through market segmentation, the market with a complete product is divided into different groups with similar needs, and different consumer groups represent a segmented market.

For example, according to age, the whole market could be divided into three market segments, including youth market, middle age market and old age market. The product quality and price can be divided into low-end, mid-end and high-end markets. According to the different needs for product functions, it can be divided into entertainment, business and development consumer markets.

After determining the market segment, Apple also confirmed its target market. Depending on the age segment of the market, Apple chose the consumer group between 18 years old to 34 years old. This consumer group usually has enough money to spend and is concerned about the beauty and portability of the product.

Another one is the pricing strategy [3]. Price is the result of the value of a product or service, a complex set of computational studies and understandings, and the ability to take risks. Pricing strategies take into account factors such as market segmentation, solvency, market conditions, competitor behavior, trading profits and production costs. It is a strategy for specific customers and competitors.

### 2.3. Competitiveness

Core competence is the special role that enterprises bring to consumers. It enables enterprises to have long-term competitive advantages in a certain market and obtain internal capacity resources of stable profits. Apple is a company with core competencies. The company contracted the entire supply chain, including developing the chips, and the manufacturers were appointed by Apple company. Of course, Apple's internal resources and technology also gave it a competitive advantage, otherwise it would not have been able to make so many great products, such as the iPhone and iPad [4].

As the top two selling products, it is undoubted that their competitiveness is tied to the strategies that run them. As a revolutionary product that can browse the web, send and receive emails, play games and read e-books, iPad subverts the world's definition of laptop products, thus expanding the market of tablet computers and triggering product changes [5]. However, competition in the market is inevitable. There are three types of tablets in the world market, as shown in Table 1, including iPad on iOS, tablets from Samsung, Huawei and others on Android, and Surface on Windows. One of the reasons why iPad sells far more than other brands is that it is one of the most famous tablets in the world and it is sought after for its smooth system and strong processing power [1].

Table 1: Top Five Tablet Companies, Worldwide Shipments, Market Share, and Year-Over-Year Growth Q2 2021

Company	2Q21 Unit Shipments	2Q21 Market Share	2Q20 Unit Shipments	2Q21 Market Share	Year-Over-Year Growth
1. Apple	12.9	31.9%	12.5	32.1%	3.5%
2. Samsung	8.0	19.6%	7.0	18.0%	13.3%
3. Lenovo	4.7	11.6%	2.9	7.4%	64.5%
4. Amazon.com	4.3	10.7%	3.6	9.3%	20.3%
5. Huawei	2.1	5.1%	4.5	11.5%	-53.7%
Others	8.5	21.0%	8.4	21.7%	0.7%
Total	40.5	100.0%	38.9	100.0%	4.2%

Another major product of Apple company is iPhone. So far, iPhone has developed for many generations. The positioning of it is mainly in the middle and high-end markets. Thanks to Apple's brand influence, the product has spread to every corner of the world and almost everyone knows about it. The iPhone also uses Apple's own iOS system, and the unified hardware and software design makes the iPhone more smooth to use. The App Store has thousands of apps for users to download, which makes it easier to use. As an excellent representative of mobile phones, iPhone also has corresponding competitive markets. As shown in Table 2, Huawei, Xiaomi, Samsung and other brands split the mobile phone market with the iPhone. The reason why iPhone occupies the first place in sales is mainly because of its smooth system, simple appearance and powerful information processing ability. Some later companies, like Xiaomi, copied the iPhone model and grew extremely fast, and then introduced other products to people [1].

Table 2: 2020 World Market Share of Phones

	Samsung	Apple	Huawei	Xiaomi	OPPO	Other
2020 World Market Share	18.8%	14.8%	13.5%	10.8%	8.3%	33.7%

## 2.4. Enlightenment for Related Industry

As one of the biggest electric companies in the world, it is undoubted that Apple has had a big impact on the whole electronic industry. Apple's core value is ISUE, which are innovation, simplicity and user experience. They research the market, understand the needs of consumers and improve the products. The core values allow them to operate well in Chinese market. In addition, the achievements have supported its competitive advantage of sustainable development. However, the electric industry has been so unpredictable in recent years that maintaining the status quo is not enough, Apple should put more effort into user experience and needs, and try to do better in market segmentation and marketing. Also, full communication with consumers is also necessary. Apple's lessons for the whole industry are shown below.

One is doing a good job of market targeting. The market is a multi-layered thing and is divided into different groups. Choosing the right user base is extremely important to the growth of the company. The first step is to position their products in the preferred position of target consumers and promote them with a series of marketing activities to let users know about the company's brand and be interested in it in order to achieve the purpose of sales.

Another one is putting the user's interests first. To keep users using the company's product, the company needs to set up other ideas which is customer first. Improving and innovating products to make users more comfortable, let the users feel that they are being cared for. Developing products from the users' perspective can better meet the needs of consumers, seize business opportunities, and bring opportunities for enterprise development [6].

## 2.5. Development Prospect

Currently, China has become one of Apple's largest markets in the world. Under the joint action of consumer demand and industrial upgrading and development, the demand for electric products will constantly increase in the future. Apple will become more popular in the future. Under the premise of continuously accelerating technological innovation, enhancing product strength, enriching product lines, expanding sales scope and channels, and improving the systems, the future of Apple will be better than it is today [4].

## 3. Conclusion

The strategies of Apple company in China have been analyzed in this paper. The inspiration from it has also been mentioned. In conclusion, it is undoubted that Apple company's marketing strategy is excellent though it still needs a little work. But, as long as it is not complacent, adheres to the principle of user first, adheres to innovation, enriches the product line, especially the two major products, improves its own system to make it compatible, maintains investment in products, establishes sound management channels and effective public relations to the market, it can achieve greater success in the future. However, due to the limitation of information, the comparison between Apple and other companies is not discussed and some analysis methods are not used in this essay, such as PEST, SWOT and 4P. So more research could focus on company-to-company connections in the future, like how companies trade with each other and what improvements they can make.

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