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# Strategic analysis and marketing management in smartphone market. iPhone case

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## Strategic analysis and marketing management for iPhone

Le Ngoc Phuong Thao  
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Abstract

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Truong Tien Khoa

**Title of the thesis**

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The smartphone industry is increasing sharply. In mobile industry, Apple is well-estimated in both the quality of product and strategic marketing. That explained why Apple has been the most valuable brand of the world for some recent years (Inter Brand, 2013). The research of Apple in smartphone industry: how iPhone become the most symbol for innovation and how Apple built its strategy will be the practical application for the theoretical part of my thesis.

The concentration of our thesis is in the significance of strategic marketing and planning and iPhone is chosen as an essential case study in smartphone industry. Quantitative research method has been used in the study.

In the theoretical part, our thesis was focused on definition of strategic analysis and marketing management but mobile environment are also mentioned. The empirical part includes a questionnaire to understand opinions and advices of 160 smartphone users. The objective of the survey is to comprehend current trends of consumer behaviors in both smartphone industry and iPhone industry in order to improve iPhone customer satisfaction and provide the evidence for our analysis in the practical case.

Keywords: iPhone, smartphone, strategy, marketing, analysis, planning.

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## 1 Introduction

Today's business world recognizes the importance of strategic and marketing management as a vital ingredient for any business success. While strategic management is important progress and expansion of all organizations, marketing management plays a significant role in new product development.

Apple changed the world by introducing iPhone in 2007. Before the launch of iPhone, it was popular in smartphone industry to use QWERTY keyboard. In the later years, Blackberry is the only brand of high-end smartphones account for 0, 6% share of market in 2013 with physical keyboards according to International Data Corporation (IDC, 2014). Because of the miraculous expansion, it is necessary to investigate deeply the method of Apple successful development. The aim of the thesis is to research on iPhone strategy and suggest a realistic and applicable strategy for iPhone to increase profit for the company and improve customers' satisfaction. Additionally, it takes a detailed look into the marketing strategy of iPhone products and how it differentiates itself from the existing products on the competitive market.

### 1.1 Research objectives and questions

The objectives for thesis are to research Apple strategy for iPhone and provide the strategic suggestion for iPhone to improve their strategy. The reason of suggestions is to propose ideas to adapt with the rapidly change in smartphone industry. By analyzing the failure and success of other iPhone's rivals, this research will explain the importance elements to success in strategic management in smartphone world. The drives of the study are listed as the following questions

- What is the key strategy that leads to iPhone's success in high-end class?
- What is the important element to achieve triumph in smartphone industry?

### 1.2 Structure of the thesis

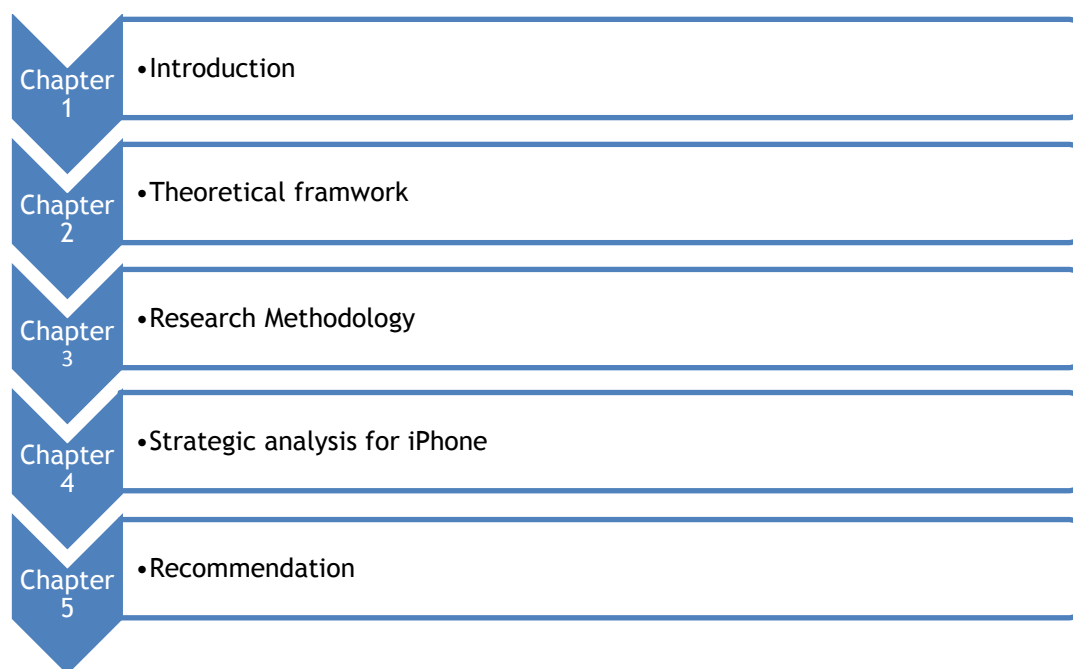


Figure 1: Structure of the dissertation

This thesis is divided in five logical parts. The opening chapter gives a general overview of thesis content. The second part of thesis is to focus on the theoretical background with basic concepts of smartphone mobile industry, marketing management and strategic analysis. The centerpiece provides partly results of the questionnaire. The chapter 4 concentrates on the iPhone strategic and marketing analysis based on the theory. In chapter 4, the remaining result of survey explains how the questionnaire supports strategic analysis. The survey based on the result from quantitative research which was collected from 160 responders. It also emphasized on understanding the main drive for iPhone owners or consumers to decide to buy iPhone products instead of other available phone brands on the market. The final chapter indicates the recommendation for the company.

## 2 Theoretical background

This chapter will introduce the mobile environment and theoretical definitions of strategic analysis and marketing management.

### 2.1 Smartphone mobile industry

Smartphone has become a popular device which everyone would like or desire to own. Regards to figure 2, smartphone is considered as the fast approaching product and trendy device. According to the definition written by PC magazine, a smartphone is defined as a cellular telephone with built-in applications and Internet access. All of the smartphones are based on the operation system which allows them to use the applications. Some of smartphones use

the same operation as Google's Android but Apple's iPhone develops its own operation system named iOS. Applications are some extra features which the mobile phone users are interested in and try to take the use of. With the different kinds of application, the operation system allows the user to do different things rather than just basic call and reply such as checking email, photo editing or financial management. Due to the development of 3G and 4G data network, it supports the smartphone to access to the Wi-Fi with much higher speed. Last but not least, messaging is an important feature which mobile phone users look for when buying a smartphone. People would like to sync all the email system through smartphone, tablet and computer in order to manage the work and get up-to-date information.

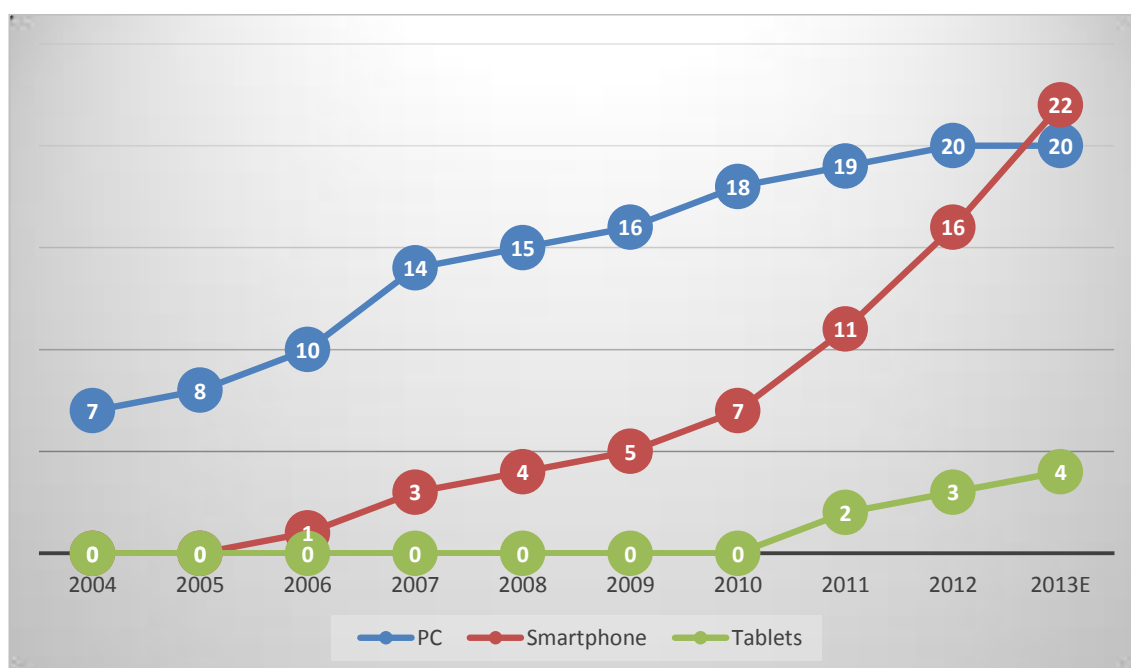


Figure 2. Global Device Penetration per capital (%). (Heggestuen, 2013)

As it can be shown from the graph, the smartphone ownership beats the amount of personal computers since middle 2012. According to the survey and data conducted by Heggestuen (2013), there was a significant increase in global smartphone penetration from 5% of the global population in 2009 to 22% relevant to an increase of nearly 1.3 billion smartphones in 4 years.

### 2.1.1 Market growth

Due to the convenient and portable features of smartphone, this device has a major effect on human's life style. The main plus point of smartphone is that it connected all the information system of mobile phone users from the big computer into portable device which is light and easy to bring along. According to figure 3 conducted by e-Marketer (2012), there was over 3.9



billion mobile phone owners - over the half the world's population. To be specific, there are six main regions of mobile phone markets: Asia-Pacific, Eastern and Western Europe, Middle East and Africa, Latin America and North America. This survey showed Asia-Pacific is the biggest region market which takes over two third of world wide mobile users.

There are two essential definitions about the mobile phone users: mobile subscribers and mobile users. The mobile subscriber is about the number of active mobile subscriptions which can be much bigger number because a single person can have more than just one phone or one person gets counted as two subscribers according to Rachel, P and Noah, E (2014). On the other hands, mobile users are mainly focusing on how many people own a phone so it is accurate data in realizing how well mobile phone is penetrated in a specific market area. Understanding the actual number of mobile users is a key matric for evaluating the market's overall development. According to the table data about mobile user penetration widely by region and country 2012, South Korea and Japan are considered as the world's most developed mobile market - over 80% mobile user penetration within these countries. North America and Western Europe also gain high percentage of mobile user penetration. Thanks to this data, the marketer will realize which market come to saturation which is slower to get more new user. According to the data from E-marketer, the sheer scale of China and India's population make for massive mobile user bases. To be specific, China is estimated to gain the larger mobile penetration to 880, 4 million exceeding the total population of Western Europe and United states combined. In addition, there are more new mobile phone users coming from the emerging market such as Latin America, Africa, Middle East and the Asia-Pacific region.

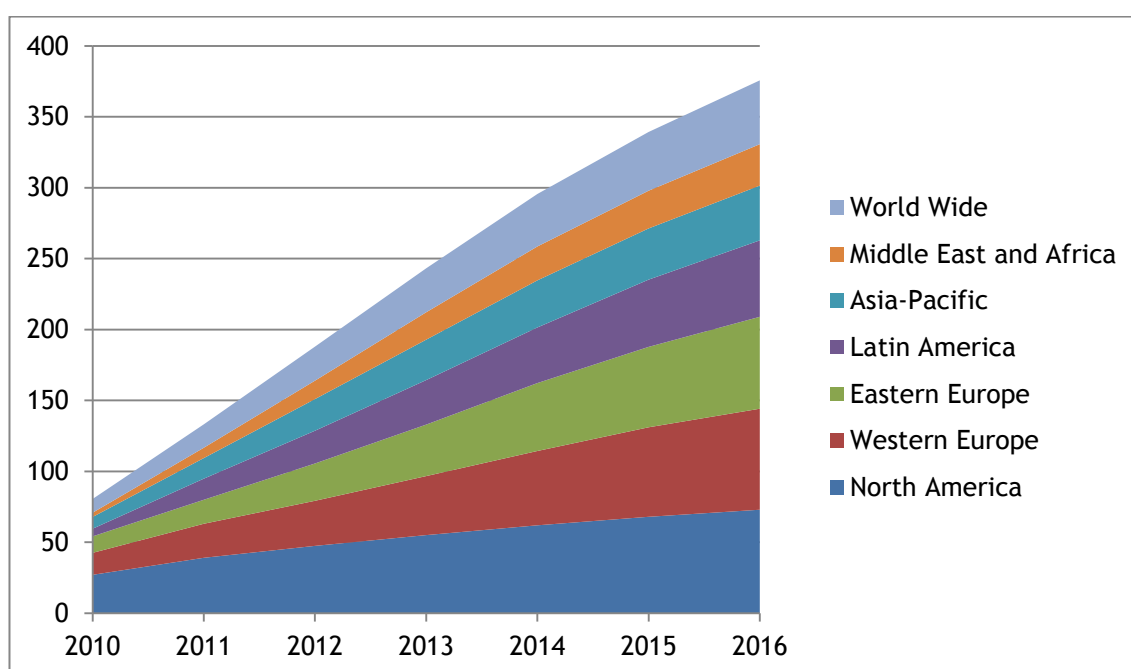


Figure 3: Smartphone User Penetration Worldwide in percentage, by region 2010-2016 (eMarketer 2012)

### 2.1.2 Operating system market.

In the competitive mobile phone industry, there are many different operating systems in order to focus on the different targeted segmentation.

#### Symbian

According to Techopedia (n.d), Symbian was established by Symbiant Ltd. Symbian is a corporation among PDA and smartphone producers Nokia, Ericsson, Motorola and Psion. Targeted for smartphones, Symbian was planned to thrive in low-power battery-based devices as well as ROM-based systems.

#### Android

The Android OS was initially generated by Android, Inc., which was purchased by Google in 2005 (Techopedia n.d). Android provides open-source for entire smartphone producers so that it is suitable for a company which requires a ready-made, low-cost and customizable operating system for high-tech devices. ( Todd, A 2014)

#### iOS

iOS is well-known as the worlds most advanced mobile operating system. This operating system has been developed by Apple Inc since 2007. Apple focuses on developing the best user interface style of smartphone in which it requires the fast direct manipulation and the use of multi-touch gestures. This exclusive system only can be used in Apple products and also has been extended to support or streamlined to take maximum advantage of iPhone, iPad, and iPod touch hardware. Graphics is considered as one of the most outstanding feature which makes the Apple products more popular and luxury such as comprehensive 2D drawing, accelerated 3D rendering. (Nations, D 2014)

#### Windows Phone

Windows Phone becomes a new smartphone operating system developed by Microsoft. Firstly, it was released in final form with Lumia Windows Phone in 2014. Based on its own software system, Microsoft created a new user interface featuring a design language named “Modern”. Windows Phone mobile system is still in the development process with the effort of improving

the convenience and supporting the user quickly. As the new mobile operating system, Windows Phone has tried to catch up with all new updated features in order to offer better services to the users. (Window Phone 2014)

## 2.2 Basic concepts of strategic marketing management

### Marketing

According to old academic of marketing, it mainly focus on figuring out the fast and effective strategies and tactics for business in order to gain more profits through selling as many products as possible. There were many assertive researches about marketing definitions and in the old time, marketing was mainly closed link to “telling and selling”. (Kotler 2012, 29)

Marketing process is the collection of marketing series activities which are closed link to targeted customers. According to the definition written by Small Business Development Corporation (SBDC), marketing process plays a vital role in creating the positive experiences and feedback of customer when purchasing or using the product or service. As it is mentioned in the article written by Information Technology and Services of Syracuse University, a process is defined as the progress of many related work tasks and activities which require the planning and development process in order to achieve the main result for the targeted clients of the process. In other words, marketing process is the key solution for core marketing concept in the terms of dealing with the basic factors in customers' consumption. There are five important factors which have close link to each other in core marketing concept's circle: needs, wants and demands, market offerings- products, services and experiences, customer value and satisfaction, exchange and relationships and market. (Kotler 2012)



Figure 4: Core Marketing Concept (Kotler 2012)

### Needs

Human need is considered as the most basic element in marketing concepts and defined as “states of felt deprivation”. In other words, human needs are all the physical and visible elements which help human to deal with every day’s activities. Human needs also can be divided into different stage according to the growth in humans from physiological to self-actual factors (Maslow’s Hierarchy of Needs). However, it is important to note down that the marketers cannot create these needs although they play an important role in the decision-making of human. (Kotler 2012, 30)

### Wants

The first thing should be mention is that wants are other forms of needs which are adapted to culture backgrounds or personal characteristics. It is interesting to get to know how the human wants can be flexible according to human desires. According to the research written by Introduction to Agriculture Economics, human’ s wants are unlimited because they never get satisfied with the results and try to figure out how to make it better.

Besides, the classification of wants is good examples how the personal characteristic and culture background highly affect these elements. For the most indispensable wants, it is called necessities of existence like food, clothing and shelter. When all those basic wants are achieved, human looks for the higher levels such as comforts and luxuries which depends on the affordable capacity of different personality. (Kotler 2012)

### Demands

Demands are defined as the adoption form of want when having the effect of buying power. Demands can be flexibly changed according to the suitable agreed price with the company. Human wants are unlimited and those affects to the capacity of available resources. There is a strong connection between demand and price. The shifts in the demand curve are flexible and very sensitive to the price and other surrounding factors such as news or rumors. A good entrepreneur will not only decide the fixed price according the cost but also should think about how many customers are willing to pay for the offered products or services. (Kotler, 2012)

### Market offerings

Marketing offerings are the collection of physical and invisible offers such as products, services and experiences in order to deal with customers' need or want and create the satisfaction. There are many entities including in market offerings such as people, places, organization, information and ideas. Marketing myopia is considered as a typical mistake which the seller highly focus on the detailed features of products and lack of the attention to the real value or experiences to customers. Therefore outstanding services and experiences become the key elements for a business to show its concern to customers' demand. (Kotler 2012, 30)

### Customer value and satisfaction

As it mentioned in the principle of marketing, the main purpose of marketing tools is to gain the customers' satisfaction and strengthen the customer relationships (Kotler 2012, 29). In other words, it is indispensable to understand the important contribution of value and satisfaction to customers' interest and motivation for products and services. One of the famous quotes about marketing and customer service is that "It starts with respect. If you respect the customer as a human being and truly honor his or her rights to be treated fairly and honestly, everything else is much easier". According to an interesting marketing book written by Black-Shaw (2008), while satisfied customers tell three friends, angry customer will tell 3000. In this consumer-driven world, the social media network is an important tool which can reach to thousands of people through sharing and feedbacks. One of clever thing to do is that the company should understand how much value its product offers to customers in order to set the right expectation to the targeted group.

### Market

Market is a bridge between a customer and product. Marketplace will focus on the main needs or wants that are attractive to the consumer's satisfaction. Moreover the size of market is a key element in interesting the investors or businesses to take part in and willing to offer the product or services. (Kotler 2012)

In the competitive global market, all marketers try to figure out the best way to create the cordial relationship between the company and their customers through customer satisfaction. The markets also should understand that customers also play an important role in marketing their products to customers' own network. The purchasing decision process of customer is going through not only person awareness and observation of the value and satisfaction but also take a detailed looks through social media feedbacks such as blogs or friends' social network.

Taking into consideration about the business' perspective, it should be called “profitable customer relationships” (Kotler 2012, 31) which means that both of the parties - customers and producers support each other in order to reach the expectation and remain the high satisfaction. The old time definition of marketing - promoting and selling cannot be existed in this fiercely competitive market because the marketers should continuously update the new trend and act responsively to new level of customers' expectation and satisfaction before their competitors. Due to that reason, marketing activities become more diversity and get more investment of marketers in different form through creating and formulating distinctive types of customer feedback survey. As it can be seen from the below figure, the contemporary marketing system is a circle of relationships where each factors in that environmental forces play their own important roles in keep the business system going on track. (Kotler 2012)

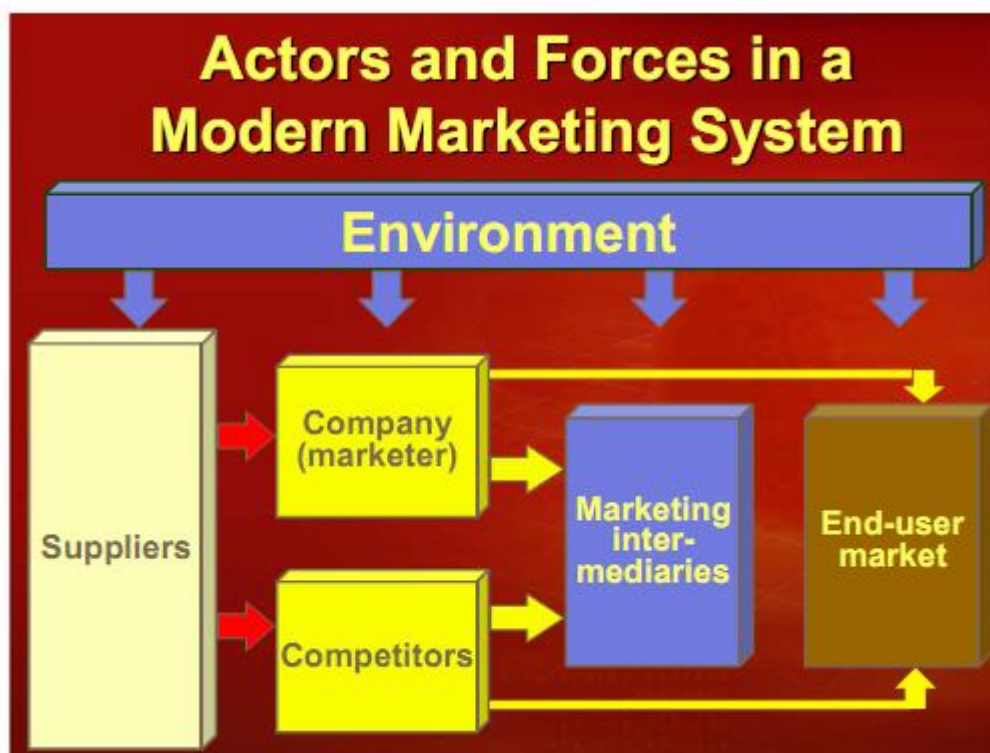


Figure 5. A modern marketing system (Kotler 2012)

### Target market

According to Cohen (2005), target market is the group of people that are divided by distinguishable aspects. Target market includes those main aspects:

Segmentation	Elements
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Demographic and socioeconomic	Gender, age, income, occupation, education, household size, and stage in the family life cycle
Psychographic	Attitudes, values, and lifestyles
Behavioral	Occasions, degree of loyalty
Product-related	Relationship to a product

Table 1: The main aspects of target market. (Cohen 2005)

### 2.2.1 Marketing mix

Marketing mix can be considered as a part of art work in which the marketing manager as head chef act creatively with different marketing activities to take the advantage of short and long term interests to his company (Borden 1964). According to an article written by Shapiro on Harvard Business Review, Shapiro (1985) once again stated that marketing mix plays a key role in the marketing theory which also has the most powerful effect on the a set of management and control technique at the disposal of marketing management.

Borden (1964) has been known as the first to use the definition related to marketing mix which came from Cullition (1948) explanation of business management as “mixer of ingredients”. However, Borden did not realize the definition of marketing mix officially and it was mainly based on significant components or ingredients that structure a marketing program. (Borden 1965, 389)

As a contemporary marketing research, Kotler also emphasizes the importance role of marketing mix in planning and implementing a successful marketing strategy. In The Concept of the Marketing Mix written by Borden (1964), he also mentions about the mixing of ingredients in marketing mix included “advertising, personal selling, pricing, packaging, channels, warehousing, and the other elements of a marketing program” which can be changed or managed to give the profitable business. Since the basic background of marketing mix written by Borden, the modern and detailed definition developed by Kotler and Armstrong is popularly com-

pleted and applied to the current business market. Marketing mix is defined as “the set of tactical marketing tools that the firm blends to produce the response it wants in the target market”. (Kotler 2012, 75)

The elements of the marketing mix can be flexible according to the purposes of marketing programs. According to the principle of marketing by Kotler, there are four most basic and important factors in marketing mix which should always be put in priority called the four Ps: Product, Price, Place and Promotion. In addition, these four elements of marketing mix create the high impact on the demand for the company’s product. (Kotler 2012, 75)



Figure 6. The four P’s of the Marketing Mix (Kotler 2012, 76)

### Product

Firstly product is defined as the visible or invisible goods (product or service) which the company offers to the target market. Product is mentioned firstly as a priority factor which the marketing energy should focus (Borden, 1964). Following the development of advanced technology, the smartphone market becomes the highly competitive market in which there are large ranges of products available to the customers demand. As fragment of the marketing mix, for example, the mobile phone’s features can be seen as extra services added to the available products on the market. Depending on the purposes of clients, mobile phones can totally differ in quality and are aimed mainly on the targeted customers’ problems. In details, the low-price phones are suitable for people who only have the demands for calling and sending the message and also lower income to pay for expensive phones. Nowadays, people can



easily buy smartphones with some basic features with reasonable prices. However, the mobile phone makers always have a good way to exploit the budget of higher income people through creating the outstanding designs and adding the better services in shopping package. (Business Case Studies, n.d)

According to Kotler (2012), every product has product life-circle which consists of four phrases: introduction, growth, maturity and decline. Besides, Needham (1996) suggested that the companies should consider increasing the product line's depth by expanding the number of product lines and exploiting the brand. In smartphone industry, umbrella brand is the one of the popular approach of branding for diverse product lines.

Umbrella Brand (also called Family Brand) is when a company uses the same brand name for two or more products. Umbrella positioning focuses on put the entire line of related products under one brand name or sometimes referred to as family branding. It is considered as a marketing practice in which the company can take the use of its own powerful brand to promote the related products in its system. There are many advantages of umbrella strategy which will be helpful in applying to marketing. First of all, it strengthens marketability of product. To be specific, a halo-effect of positive feeling will be created through put all the products under the trusted or famous brand so it will make the consumer believe on the same high standards of quality. In other words, that company can save a lot of cost and effort in advertising and promotional. In general, umbrella branding will mainly work effectively with a collection of similar products but also be possible for some good business to move into entirely new product lines. However one of the bad impact of umbrella strategy is that without high motivation and up-to-date information, the products and its brand will lost the innovation and the lead in designing the new features. In conclusion, this strategy is considered as an effective method for new or innovational entrepreneurs which will empower the marketing ability of their products to the market. (Logounov 2013)

### Price

Secondly, price is defined as “the amount of money customers have to pay to obtain the product” (Kotler 2012, 76). When a company analyzes this factor, it is divided into five small elements - list price, discount, allowances, and payment period and credit terms. To be specific, this factor is also related to customer cost because customers see themselves as buying value or solutions to their problem. It is also mentioned that price is a difficult factor in marketing management and the marketers should create a good pricing strategy which matches the evaluative criteria used by consumers (McDonald, 2013). In this mobile phone industry, there are many available pricing strategies which attract customer to be willing to buying the products without any further consideration. In addition, payment period is the effective way

of the mobile phone makers in order to support the customers in buying their interested products. With the good co-operation with local mobile distributors or Telephone Company, customers will not have to pay for mobile phone shopping because they can buy monthly a specific amount of money included with telephone service payment. In general, price should be suitable for the phone's feature or provide a benefit according to the payment. (Ranwalla, 2010, 12)

Market-skimming pricing is one of the well-known methods which Apple take the use of for long period. The main definition of skimming pricing is that the company focuses on creating a new product to skim revenues layer by layer from the smaller market segment willing to pay the higher price; less amount of production but higher profit in sales. Taking part in this pricing strategy requires the company to create the concrete plan which make sure that "the product's quality and image must support its higher price and enough buyers must want the product at that price". One of major factor in deciding this pricing strategy is that the company should protect its own high-quality brand and there is no easy way for competitors to enter the market easily. (Kotler 2012, 338)

### Place

Another substantial factor which is worth considering here is place. Place includes company activities that make the product available to target customers. There are seven small elements of place - channels, coverage, assortments, locations, inventory, transportation and logistics. Place is related to convenience for customer. To be specific, a company should be located at a place that easy for accessing to main road or finding out. The way a firm makes a partner and dealers is consider as creating a kind of buying channel. In other words, this is how the marketers find out the best distribution for their products to their target customers. Wholesaler and retailer are well-known as the popular distribution way of channel intermediaries. There are many forms of distribution which the marketers can choose for their products: intensive distribution, selective distribution, exclusive distribution and franchising. In mobile phone industry, the cellphone makers use the varied distribution ways according to their new products. For example, they build many good partnerships with local telephone providers to make the phone contract with customers or also create their own sale forum to promote the product image to customers. (Kotler 2012, 76)

### Promotion

In addition to the three factors mentioned above, the fourth factor is promotion. The definition of promotion means "activities that communicate the merits of the product and persuade target customers to buy it" (Kotler 2012, 76). There are four small elements of promotion -

advertising, personal selling, sales promotion and public relations. This factor has two-sided effect because it helps the companies to promote their image but also leads to higher costs on advertising. Although companies know that disadvantages, advertising is very popular with the modern marketing and becoming the important strategy marketing. Nowadays there are plenty way of promotion which helps the company to reach to the market and raise the customers awareness. An effective promotion method plays an essential role in enhancing the market position and also creates the trust of customers on buying the products (McDonald, 2013). Understanding the importance of promotion also mean that the marketers focus on the effective communication tools rather than costly traditional method like advertising on television or panels. Taking the advantage of social media will create the best buzz in marketing because customers always would like to get some advices from the people having a good knowledge about technology.

According to the theory written by Kotler (2012), these 4Ps are the key values in helping the marketers to resolve the problems of customers by offering many available solutions which suit for the different targeted customers. From the understanding of 4Ps, marketers also gain a good knowledge from customers' point of view. In details, clients would like to buy a product which deal with their demand and problems which have reasonable prices to their budget. Besides, product should be easily reached to customers and had a good popularity through effective communications.

In the extended version of marketing mix written by Boom and Bitner (1981) there are extra three more new elements which support the marketer in influencing customer behavior: people, process and physical evidence.

Firstly, people are the substantial factor in the marketing service because this factor is customer service which lies at the heart of modern service industries. There is no doubt that people deliver, promote and sell product because customers are likely to be loyal to organizations that serve them well - from the way in which a telephone query is handled, to direct face-to-face interactions. When customers feel satisfied about the service of company, they will be happy to tell about that company to their friend and this will become good recommendation for company's product. Therefore creating trust means that a company has to take care of people - consumers because they are also a way of communication through word of mouth and it can be much more effective than any others. Call center staff and customer interfacing personnel are the front line troops of any organization and therefore need to be thoroughly familiar with good customer relation's practice.

Another factor to be taken into consideration is process. It means the steps that a company sells its product to consumers. Processes - associated with customer service are a number of

processes involved in making marketing effective in an organization. This factor includes procedures, controls, accessibility, information flows, payment, booking and speed and timing of delivery. For example, a fast-food restaurant have to make a fast and convenient process for its consumer because the target customers are people having limited time for eating and needing to take food away with them. Foods always need to be ready and fast services are needed.

In brief, the 4Ps framework is subjected to be the most practicable tool for organizing the effective strategy. The new three elements in marketing mix also have an important role in completing the marketing management in higher level of acknowledgment. In other words, understanding the elements of marketing mix will help the marketers in dealing with short and long-term management decisions and maintain the smooth process of business operations.

### 2.3 Basic concepts of strategic management

Strategic management plays an important role in keep the organization's goals and objectives in the right track. According to Gregory, Lumpkin and Taylor (2004), the strategic management is recognized as a continuing process including analysis, decisions and actions. To be specific, it also includes analyzing cross functional business decision before moving to the implementation process. There are a lot of questions which the leaders should answer during the strategic management process. How will the company can take the use of its resources, reduce the risk of failure and strive for the excellence? In the other words, it requires a good analysis plan of internal and external strengths and weaknesses. The more the organization knows about its own ability and the situation of market, the better service they can offer to the right customers. Generally, it requires a high commitment to strategic planning with a clear idea about its major goals to settle down the final decisions and actions.

### 2.4 Strategic analysis

As a key part of strategic management, strategy analysis can be seemed as the preliminary state. It requires the high effort focusing on the final goal in order to formulate efficiently and implement it.

According to Worrall (1998), he provoked that strategic analysis - a scientific art plays an essential part in the knowledge creation processes of organization and must be linked to the core management processes. Thanks to the effective strategic analysis, it supports the development of active administration, enhancement the competitive competence and utilizes its

resource logically. In other words, it is emphasized shortly and clearly “the deployment of resources to achieve organizational objectives”. (Worrall 2008, 3)

As it is mentioned in Understanding the Strategic Analysis Model by Bolton (2011), there are many factors which are needed to take care of: industry analysis, business strategy analysis, strategic evaluation and critical issues & recommendation. In other words, all complicated collection of threats and opportunities in the marketing environment will be illustrated clearly through proper strategic analysis. In general, there are two main marketing forces which are needed to take into consideration: external and internal environment. In details, the external environment is all out-side factors surrounding the market affecting to the business operation and the internal environment is all the factors which affect to the business's decision and the behavior of employees.

From same author's points of view, implementing a strategic analysis is the base work which supports a business in strategic determination. There are three components included in strategic analysis: external analysis, competitive analysis and internal analysis. The main purpose of this procedure is to take a detailed look into assessment of the firm and its external environment to facilitate the business and formulate primed strategic determination.

To sum up, analytical tool is subjected to sharpen the concentration of the analysis and affirm a systematic method. Based on the retrograded data which can be analyzed through the analytical tools, a business will infer better future assumption. In other words, prejudices or pressures within the business can be taken into consideration as highly affecting to certify a specific strategic assumption. Below there will be more detailed information about important strategic application tools.

#### 2.4.1 External analysis

Analyzing the external environment is to take a detailed look into the current or future opportunities and threats that might happen in the market. There external element exists independently in the business. Opportunities show the positive situation or upcoming chances in the market that will be able to support the business in gaining the profits when the firm can take the use of them properly. Threats can be known as the barriers or the difficulties that may be inhibit the business from achieving its goals.

According to the definition by Pulendran Speed and Widing (2000), it is difficult to identify clearly the exact external environment while it is really complicated and continuously fluctuating. One of the popular features in external environment which is in need of taking into consideration is the competition. External analysis comprise of two further separation> mi-

croenvironment and macro environment. Microenvironment is subjected to take the more detailed look into the direct factors which have high impacts on the serving quality of the business such as the purchaser background and the existence of local pressure rivals. The macro-environment might contain the general problems such as the government legislation, overseas rivers or exchange rate.

In brief, the external auditing procedure plays an essential role in implementing the information process and analysis in the aim of helping the business with realizing the main issues and developing an effective marketing strategy.

### **Macro-environment**

Kotler (2012) stated that the macro-environment is the collection of major general forces which have high impacts on the microenvironment. In other words, macro-environment scrutinizes the broad range of environmental problems through the five key forces. As it is mentioned in Oxford University Press (2011), PEST is the useful tool in helping the manager with analysis process.

PEST model is symbolized for political factors, economic factors, social factors, technological factors, environmental factors and legal factors. Firstly, political factors are closely linked to the government policy such as the degree of intervention in the economy (Oxford University Press 2011). There are differences between the federal and unitary political systems in which the power of government's decision has the different impact to the business within it. Next economic factors are considered in the wider perspective rather than just the domestic view within the organization's operation. Secondly, economic factors comprise of the big and major issues including the interest rates, taxation changes, economic growth and inflation (Oxford University Press 2011). Thirdly, social factors are about the demographic environment in general which can affect to the customers' demands and cause the higher cost. Kotler (2012) stated that the study of demography takes a deeper look in term of size, density, location, age, gender, race, occupation and other statistics. Social factor will lead the company to the right target group of potential customers which are suitable for the business' products because the social and culture belief is considered as the key part in the change of consumer behavior. The fourth element is the development of the advanced technological factors; it will lead to the establishment of new products and services which will try to meet the endless demand of human being about the better living life. Applying the new technology also increases the competitive ability of an organization in the aim of reducing the cost of operation and improving the products or services' quality.

The main purpose of PEST analysis is to check through the major problems in external environment that can affect to the corporate strategies. Listing the PEST factors is not adequate because the managers should point out the key factors which are useful for their own business.

### Micro-environment

As it is mentioned in Principle of Marketing by Kotler (2012), building the good connection with customers and providing the better customer value is the main responsibility of marketing executive. Kotler (2012) also stated that it will be hard for marketing executive to take the responsibility lonely because it requires the cooperation between the different departments within the business. The success of marketing will depend on how well the relationships are built with other corporate subdivisions, providers, marketing intermediaries, clientele, rivals and different people in which encompass to create the corporation's value distribution network (Kotler 2012, 90).



Figure 7: Principle actors in the company's Micro-environment. (Kotler 2012, 91)

From the opinion of the writers, there are two direct-effect elements which have high impacts on profitability and competition in the micro environmental analysis: market and competitor analysis.

### Competitor analysis

As it is mentioned in the marketing concept, in the aim of winning the customers' attractions, a business must concentrate on offering the better value and satisfactions compared to its competitors (Kotler 2012, 92). In the other words, achieving the strategic advantage is the key part in the strong marketing strategy which leads to the changes in the customers' awareness and behavior. Graeme Drummond, John Ensor and Ruth Ashford (2008) stated that there are five major elements in deciding about the intensity of competition in the industry> the stage of the industry life cycle, the relative size of competitors, the price discounting and the difficulties in withdrawing from the industry.

Competitor analysis can be implemented individually according to the capacity of the company. There are existing small and large firms in the industry which take the advantage of competitors' information in the aim of anticipating their possible future strategies.

### **Market analysis**

As it is mentioned in Aaker's research of strategic market management (1995) there are three important components which remind the business of the market analysis: the identification of customer's wants and needs, the up-to-date added value following the trend of customers and sustainable profit operation for long-term.

In addition, Graeme Drummond, John Ensor and Ruth Ashford (2008) mentioned about the five factors in market analysis: actual and potential market size, trends, customers, customers segments and distribution. First, the overall view of market should be taken into account in regard of identifying the real and potential size of market place and the total sales in practice. Kotler (2012) also stated that marketing intermediaries or sub-markets are useful distributors which help the business with promote, sell and deliver the products to the targeted customers. As a modern marketing manager, the firm's owner should emphasize the importance of sub-market or marketing intermediaries by strengthening the partnership and achieving the same goals. Through understanding the performance of the whole system, the manager will take the advantage of the sub-market in the aim of gaining the profit. Secondly, the globalization market not only brings many opportunities but also creates constantly changed challenges to the business. With the open market, the manager should take into details of overall tendencies in the industry. In other words, it is important to predict the future needs and demands of customer before the rivals offer something extra. Next there is also a need for creating the customers' profile which help the business with knowing about its customers and how the purchases and customers' feedbacks are. Identifying customers segments is essential in order to offer the higher services to the right customers. Finally the business should identify clearly the role of different distribution channels based on development, cost



or efficiency. In general, market analysis plays a vital role as a preparation stage which the business collects all major information and realizes the current opportunities in the hope of giving the final strategic decisions.

#### 2.4.2 Internal analysis

First of all, there are three main elements within the internal environment of a business: situations, impacts and components which are controlled by the executive management group in the aim of maintaining the smooth operation and completing the effective corporate targets.

Kotler (1996) also stated that internal marketing audit play an active role in checking through the marketing activities of a business. Additionally there is one of the most well-known portfolio models which support the business to gain the useful insights into the current company situation named SWOT analysis. It is considered as the reasonable and simple way for consideration and determination to all circumstances of a company analysis including the strength, weakness, opportunity and threats. Kotler (1996) stated that an essential task of SWOT analysis is to keep track of the activity of competitors. It is useful to take the use of SWOT analysis in the aim of gaining the effective information system and sharing the major data's to all functional areas of the organization.

SWOT is becoming a popular tool for any new startups to think about its own business plan in deeper view through scanning the internal and external environment. As it is considered as an important part of strategic planning process, it supports the company to identify all of the positive and negative elements that may affect any new proposed actions (Goodrich 2013). SWOT stands for the main four factors in internal and external environment which have high impact on the business operation: strengths, weaknesses, opportunities and threats. As it is a flexible tool in business strategy, SWOT can be applied to any stages of business plan. Specifically, it can apply for finding the new possibilities or solution to the current situation, supportively making a final decisions or new business path or adjusting the plans mid-course.

The first two elements is strength and weaknesses. They are connected to the internal factors such as financial, physical, human resources and current processes. It is not simple to just list down the strengths and weaknesses because it requires an analysis of the current situation and how you or your company can bring out the good features to use. Moreover, weaknesses are the absence of certain strengths which are needed to improve the effective business operation. (Goodrich 2013)

In this competitive market, external factors empower its own ability to increase the bigger impact on the companies' strategy and decisions. It might turn out to be an opportunity or

lead to a threat. Opportunities and threats are not obviously able to control or hardly realized when they will come. In order to find out a good marketing strategy, the company should have a good sense of realizing the opportunity at the right time through being the first one in the new trend especially in products and technology. Opportunities can come from the economic trends or demographics. External environment is a flexible factor which can change all the time without any notification if the company has no good long-term plan in order to adapt to the new situation. (Goodrich 2013)

This table is some example of SWOT analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Political support</li> <li>• Funding available</li> <li>• Market experience</li> <li>• Strong leadership</li> </ul>	<ul style="list-style-type: none"> <li>• Project is very complex</li> <li>• Likely to be costly</li> <li>• May have environmental impact</li> <li>• Staff resources are already stretched</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Project may improve local economy</li> <li>• Will improve safety</li> <li>• Project will boost company's public image</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental constraints</li> <li>• Time delays</li> <li>• Opposition to change</li> </ul>

Table 2: SWOT analysis template (Goodrich 2013)

In conclusion, through using the effective tools for SWOT analysis, the business will have a clear eye on the current strengths and weaknesses to gain higher competitive advantage improve the problems and deal with the difficulties in the aim of obtaining high level of revenue.

### 3 iPhone case study

In this thesis, iPhone is chosen as an illustration for strategic analysis in mobile industry. This part introduces the background of iPhone and its current situation.

#### 3.1 Brief introduction of Apple

Apple Inc. is an American multinational company which is headquartered in California that designs, progresses, and produces consumer electronics, computer software, online services, and personal computers. Its well-known hardware products are the Mac line of personal computers, the iPod media player, the iPhone smartphone, and the iPad tablet computer. Its online services include iCloud, iTunes Store, and App Store. Its user software consists of the

OS X and iOS operating systems, the iTunes media browser, the Safari web browser, and the iLife and iWork creativity and efficiency suites. (Apple Inc. 2014)

“Apple is the world’s second-largest in revenue among information technology field after Samsung Electronics and the world’s third-largest cellular phones producers after Samsung and Nokia.”(Garner, 2012).

### 3.2 Iphone history

The history of the iPhone line of phones is initiated by Steve Jobs to Apple Inc.'s engineers. In April 2003, Steve Jobs determined his idea that tablet PCs and traditional PDAs (personal computer assistant) were not promising options in high-demand markets for Apple to dominate. He was certain of that cell phones were potential to become significant. At that moment, instead of concentrating on Newton PDA, Jobs had Apple put its energies into the iPod, and the iTunes software (which can be used to synchronize content with iPod devices), released January 2001. On September 7, 2005, Apple and Motorola released the ROKR E1, the principal cell phone to apply iTunes. Jobs was unsatisfied with the ROKR, because of having to compromise with a non-Apple designer (Motorola) limited Apple from free creativity the phone by his own ideas. In September 2006, Apple terminated support for the ROKR and released a version of iTunes that contained references to an as-yet unknown mobile phone that could display pictures and video.

On January 9, 2007 Steve Jobs publicized the iPhone at the Macworld convention, receiving considerable media responsiveness, and that it would be released later that year. On June 29, 2007 the first iPhone was released. ( Time Magazine, nd)

The iPhone runs Apple's iOS mobile operating system. After the first generation iPhone was released in 2007; the most recent iPhones, the newest-generation iPhone 6 and iPhone 6 Plus, were released on September 2014. The user interface is built around the device's multi-touch screen, including a virtual keyboard.

### 3.3 Description of current situation

In 2014, the smartphone market developed over 25% according to the information from International Data Corporation (IDC).The worldwide smartphone market grew 25.3% year over year in the second quarter of 2014 (2014Q2), establishing a new single quarter record of 301.3 million shipments, according to data from the International Data Corporation (IDC). IDC reported “This is the first time ever quarterly smartphone shipments have surpassed the 300 million unit mark, representing a major milestone for the industry.” IDC stated that after strong first

quarter, the market raised 5.2% consecutively, powered by ongoing demand for mobile computing and need of low-cost smartphones.

iOS is facing with the decrease in market share. Regards to IDC, market share of iOS stepped down due to the high demand of low-cost smartphones. Although Apple released iPhone 5C to explore the new market segmentation, the table under showed evidently the domination of Android in smartphone market. (IDC, 2014)

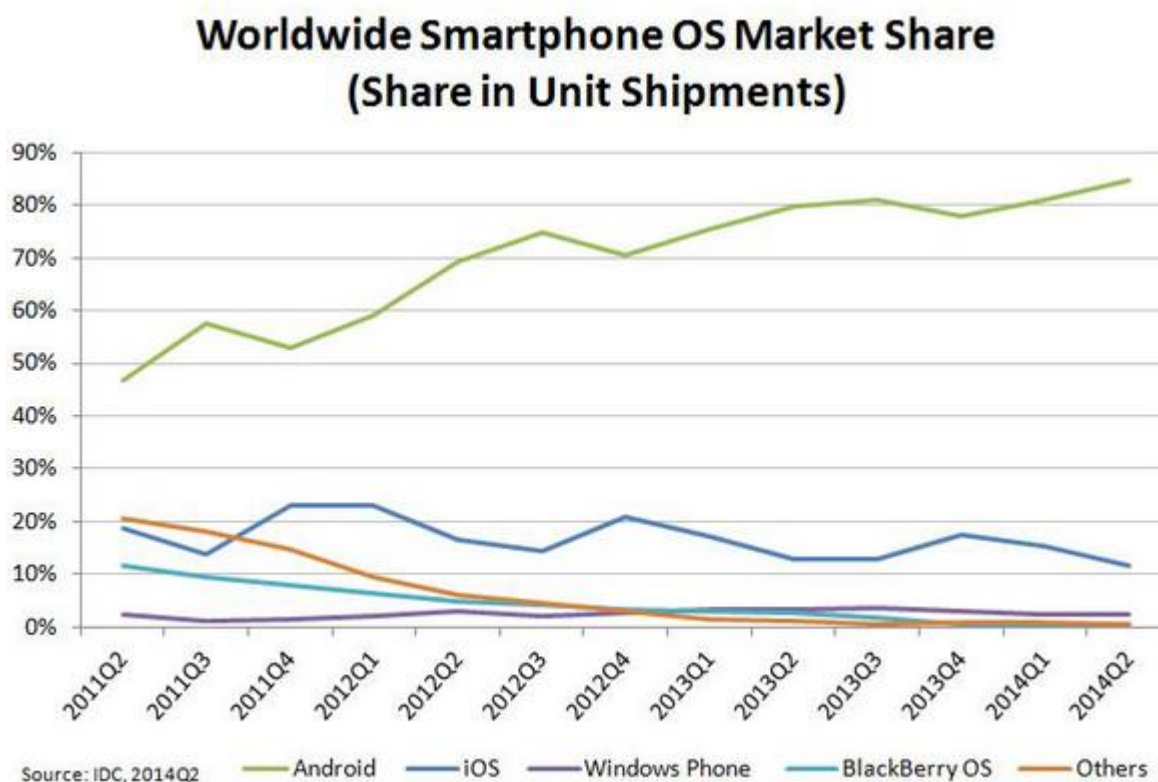


Figure 8: Worldwide smartphone OS Market Share (IDC, 2014).

Hasan (2013) comments that iPhone's strategy has been concentrated on satisfying the specific segmentation and created its own style of smartphone rather than followed the demographic demand. Apple aimed in the development of product's performance and operation system's stability rather than launching the new features when they start to release the new iPhones.

#### 4 Research methodology

Our thesis applied quantitative research method in the study case of iPhone. The method of assembling the data, validity and reliability were explained and scrutinized to assure the quality of data and the research.

Regards quantitative research, Cormack (1991) claimed that it include of “descriptive, correlational, quasi-experimental and experimental research” to provide appropriate information about the connection or correlation between in variables under study to monitor it over future results.

In iPhone’s case, there was a quantitative survey conducted: smartphones’ user’s survey. The quantitative survey assists to investigate the potential customers ‘opinion about iPhone in dissimilar features.

The quantitative research for smartphones’ users was consisted of three sections:

- First section: Basic information of users, gender, age, profession and smartphone brand name.
- Second section: specific analysis of potential customers in different aspects such as standards to make purchasing decisions as well as criteria to change a new mobile phone.
- Third section: Assessment of various scopes of iPhone such as price, distribution channel, way of identifying iPhone, and evaluation value of iPhone as well as what the most attractive and unattractive of iPhone compared with rivals.

#### 4.1 Data collection

The survey was conducted to achieve information of the most two influenced aspects: smartphone user’s satisfaction and how other smartphone users think about iPhone. The survey was generated in Google drive and delivered to targeted smartphone owners.

#### 4.2 Validity and reliability

During the dissertation, all questionnaire variables were cautious and measured obviously, for example opened-ended questions, closed-end questions, rating and suggestions. Furthermore, all questions were also pretested in grammar, spelling mistakes and assess any insufficiencies in explanation or misinterpretation.

At the beginning, the supervisor from Laurea University of Applied Sciences had checked the questionnaires. The data is combined and saved in Google Drive. The validity is important as

the questionnaire had been prepared for carefully, questions were logically and strictly related to the theoretical research purpose and results of the research had been confirmed several times.

#### 4.3 Results and analysis of the survey

##### Smartphone users' survey:

### Which brand of smartphone do you own?

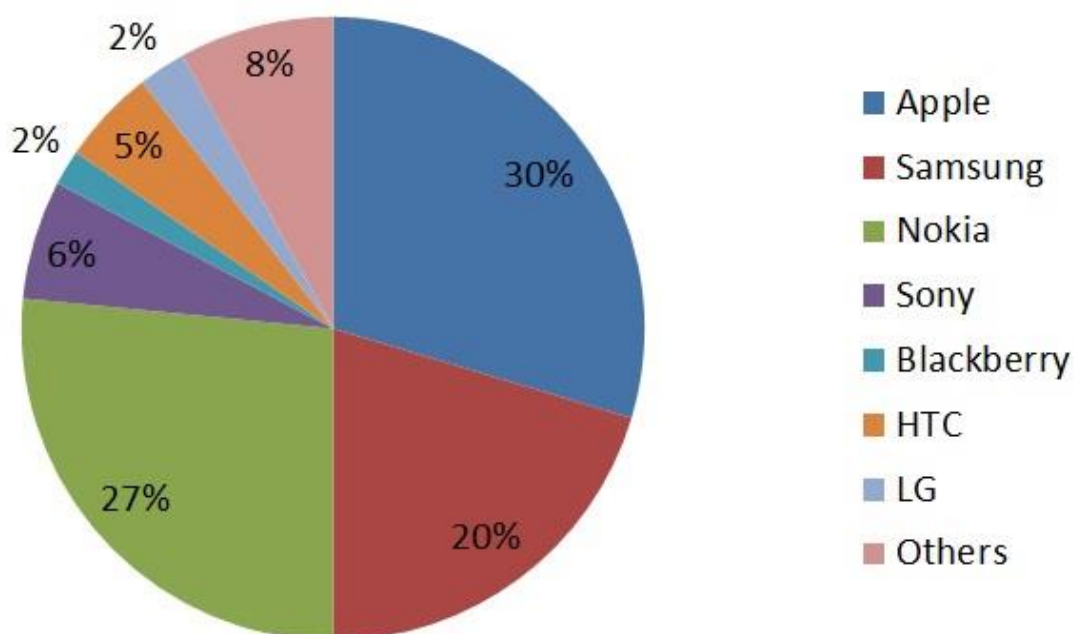


Figure 9: Smartphone market share. (Survey 2014)

The above pie illustrated the most popular brand the respondents chose in percentage (Figure 9). It is obvious to observe that the iPhone, Nokia and Samsung acquired 30%, 27% and 20% amount of smartphones' user during the survey respectively. The other groups played quite minor amount of number such as Sony, Blackberry, HTC, and LG. Besides, there were 8 per-cent of users in the survey, which used other brands as Jolla, Skyphone, Huawei, Oppo, and Google Nexus.

## What drives you to buy your smartphone?

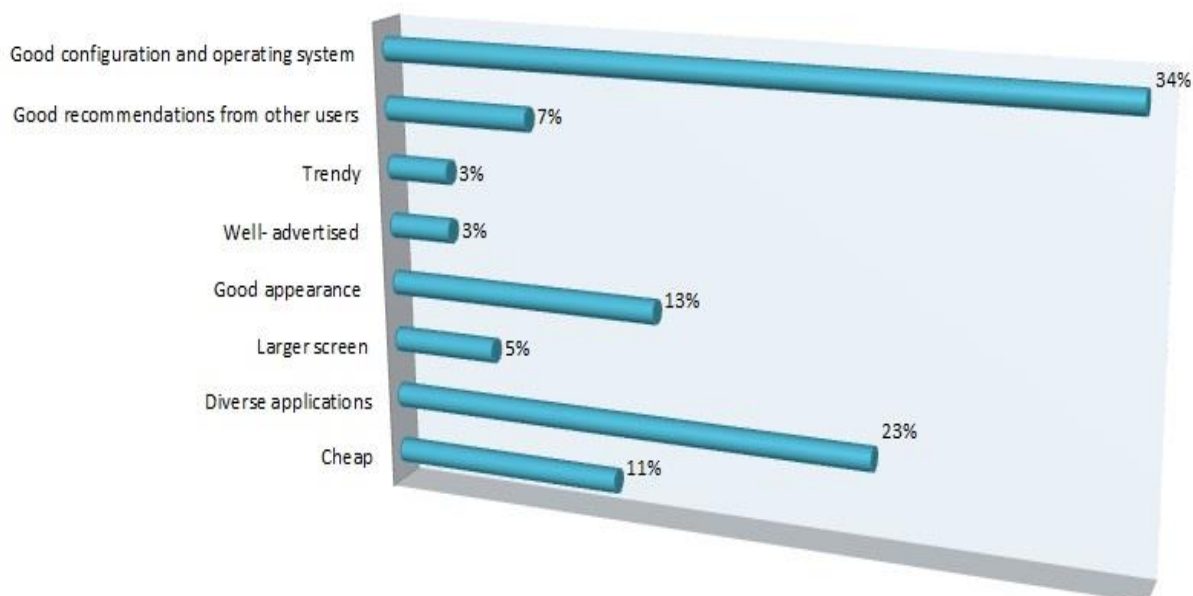


Figure 10: Reasons of selecting smartphones' brand. (Survey 2014)

The graph 10 described the causes attracted customers to buy their smartphones. It is evident that good configuration and operating system seemed to be the most common reason up to 50 users (34%) selected smartphones. 33 respondents (23%) answered that they discover information and bought smartphones because of diverse applications while 19 owners (13%) prefer the good appearance of selected mobile phones. 16 phone-owners purchased their phones by cheap price whilst 7% represented for 10 respondents determined to buy because of good recommendations for friends. However, other groups were much smaller almost 3% for trendy and well-advertised.

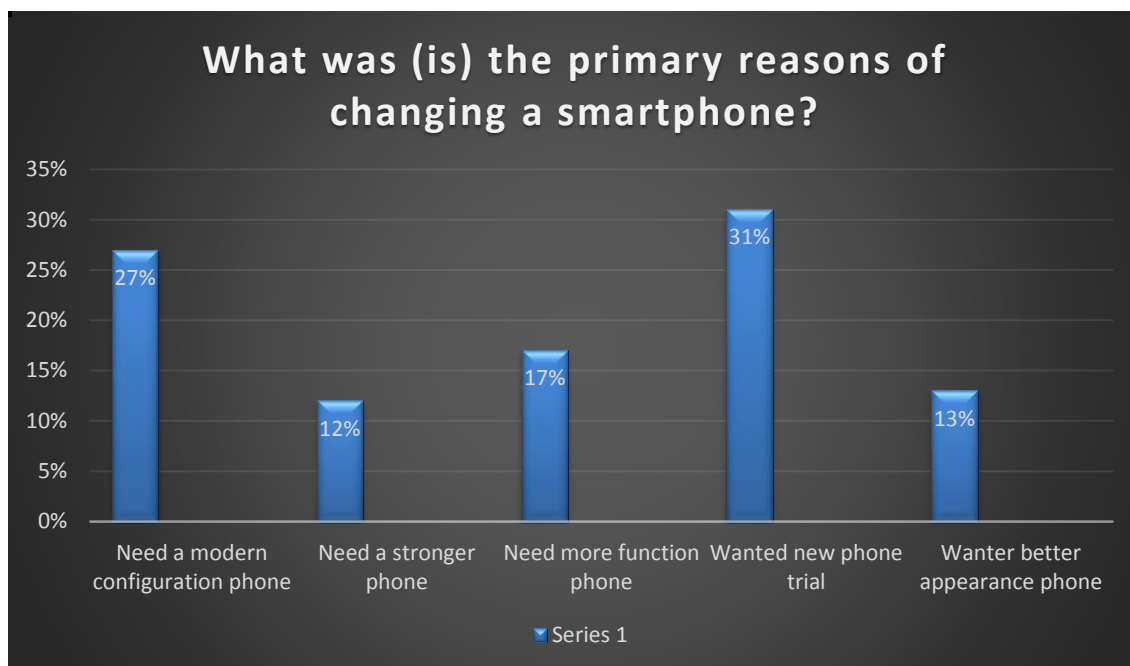


Figure 11: Main reasons to change a new smartphone.

This question aimed to search out evaluation cellular phone users for main reasons to lose market share in mobile market. As exemplified, almost respondents in the survey wanted to try a new phone with different operating systems (31%) or need a more modern configuration (27%).

### Compared to other smartphones in the market, the value for Iphone is?

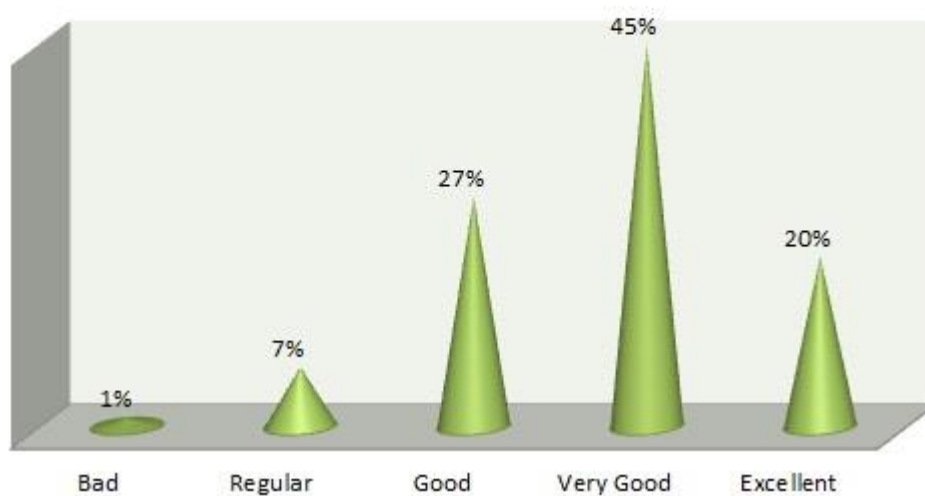


Figure 12: Value of iPhone.



The chart 4 unveils respondents' evaluation about iPhone. It is transparent to recognize that the level of very good reputation for iPhone's rating by smartphones' users was very high which reached a peak of 45% while good and excellent rate were at second and third largest 27% and 20% respectively. On the contract, there was only 7% at maximum of respondents showed regular satisfaction while this number was a little greater in bad responses category (nearly 1%).

### What is the best brand for smartphones in the market?

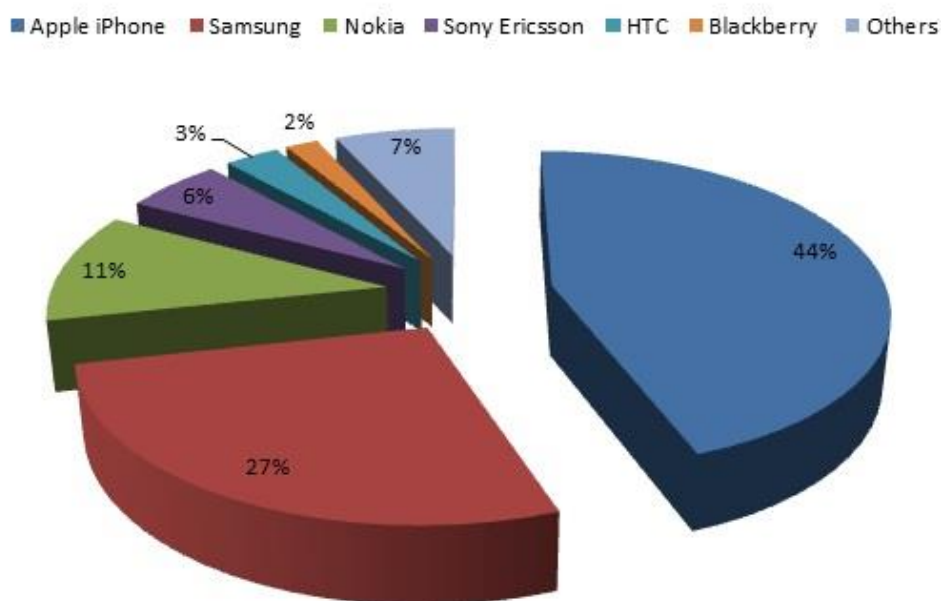


Figure 13: Best brand in respondents' opinions. (Survey 2014)

The above figure demonstrated general rating for best brand of smartphones which was summarized from quantitative survey. According to the pie, respondents of iPhone's had the most excellent rating for best brand of smartphones with 44% of votes. Samsung was in the second place with 27% of responses, followed by that of Nokia 11% number of approvals while Sony Ericsson's possessed pretty low only 6%.

#### 5 Strategic analysis for iPhone

This chapter is the practical analysis of iPhone's strategy which consists of SWOT analysis, PEST analysis, competitor analysis and marketing mix strategy. In addition, target customer of iPhone is mentioned to illustrate for those analysis. The rest of our questionnaire was presented to support the practical analysis of SWOT analysis and marketing mix strategy.

## 5.1 SWOT analysis

### Strengths

First, Apple has had incredible brand loyalty. When the first time any new iPhone released, customers were willing to line up in the freezing cold overnight just to be one of the first to possess the new iPhone. The figure 14 indicated the survey of the level of loyal customers. In the survey conducted in United States, United Kingdom and Australia, more than 70 percent declared that they would switch their present iPhone with a newer iPhone model. Samsung and LG stayed second and third position with nearly 60 and about 40 percent respectively. (McCarthy, 2013)

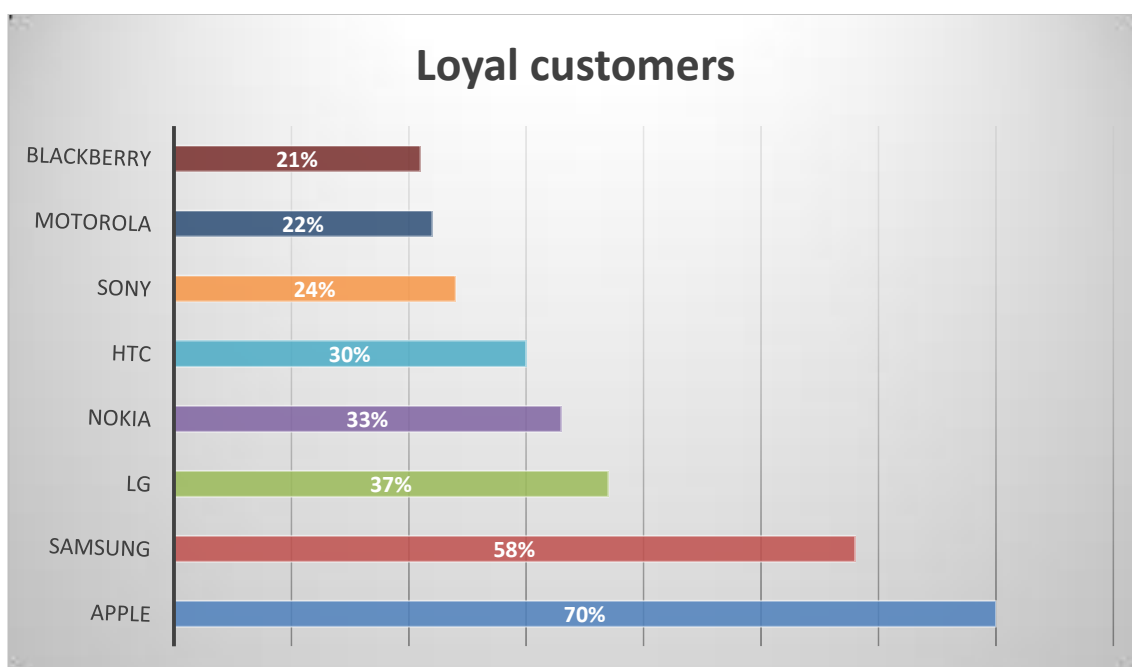


Figure 14: Statistics of iPhone users' loyalty. (McCarthy, 2014)

Second, Apple has a good brand reputation and excellent quality of product. Apple brand was the most valuable brand in the world in 2013. iPhone is the leading business with innovative, well-designed and well-functioning and user-friendly products. According to Boston Consulting Group, Apple ranks as the world's most innovative firm in 2013. Apple employs very high technologies. This offers unique features for at least two purposes: price discrimination and luxury customer satisfactions. (Bcg 2013)

Third, Apple carries the strong financial power which acquired 14,259 million USD in March 2014 (Apple, 2014) and it can be used for acquisitions, buying back company share, research and invest. Gross margin was 39.4 percent. Besides, company has no debt so that Apple is not

affected by interest rates. “We’re very proud of our quarterly results, especially our strong iPhone sales and record revenue from services,” said Tim Cook, Apple’s CEO. “We’re eagerly looking forward to introducing more new products and services that only Apple could bring to market. (Apple, 2014)

Four, Apple maintains the best supply chain in sixth consecutive year (Ellinor 2013). Apple store assure high customer service and advertisement the stores allow Apple to manage the image if the brand. In addition, the company has established relationships with suppliers to help Apple rapidly scale processes to customer demand for existing and new products. Finally, Key resources and capabilities are also another strength if Apple.

- Steve Jobs: Apple founder and former CEO Steve Jobs is an amazingly invaluable human resource to the company. His unique vision to business formed Apple as an industry leader in the beginning and he saved the firm from descending spirit when he came back in the mid-1990s. Under his guidance, iPhone transcended in smartphone market. Although he passed away, customers still remembered him as intangible human resources of Apple.
- Tim Cook: He is leading Apple as the most successful technology company. Tim is focused on building unbelievable products. He introduced the Mini iPad as what to do to stay away from competitors. He responded quickly to potentially disruptive innovations. (Forbes 2013)
- Relationship with OEMs: Foxconn and Honhai Precision Industry are OEM (Original Equipment Manufacturer) of Apple in China that provide Apple with excellent service and high quality products. ( Masi, 2009, 8)
- Talented Software Development Teams: Apple’s software engineers are cautiously selected and gifted programmers. They have arranged industry award winning software of Macintosh OS X operating system. (Masi 2009, 9).

### **Weaknesses**

Apple has offered relative high prices compared with smartphones with similar features. Some people debate that the price is not justified. From the anti-capitalism viewpoint, iPhone is considered as luxuries. Besides, Apple did not deliver a cheaper phone. According to investor and analysts, Apple should pay more attention to cheaper smartphone market. Due to that reason, “In Q4 2013, according to research firm IDC, Google’s Android mobile operat-

ing system had a 78% share of all users globally. Apple's iOS had just 18%. Now, IDC predicts that in 2014 Android will claim 80.2% of users and only 14.8% will be on Apple's iOS system.”(Edwards, 2014)

According to our survey, our result also supported for this hypothesis. The figure 15 under showed that there was 46% people in the survey thought that the price of iPhone is not affordable.

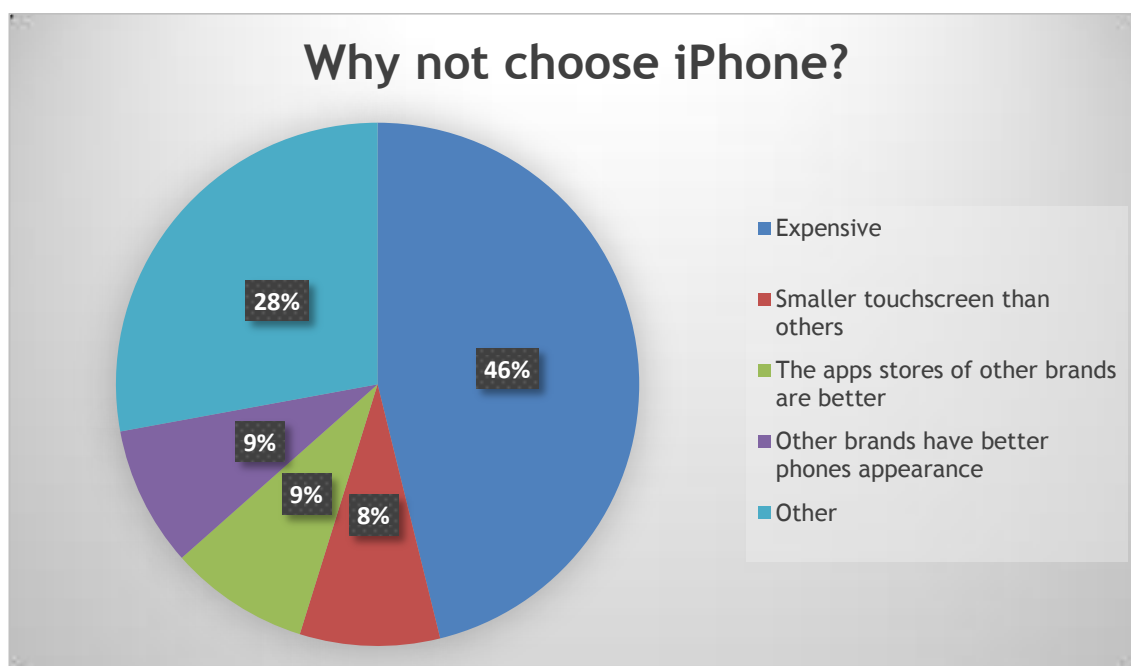


Figure 15: Reasons for purchasing an iPhone. (Survey 2014)

Second, problems from main supplier and producer, Foxconn has the reason because of delay in shipment dates and pre-order customers have been faced with week waiting period. The main supplier of Apple's products is Hon Hai Precision with well-trademark named Foxconn. There are 500 thousand workers for Apple in Schenzhen and Chengdu. However, Chairman Terry Gou of Foxconn said "It is not easy to make the iPhones. We are failing short of meeting the huge demand" when the iPhone demand exceeds supply (blogs.computerworld.com). Besides, they had a big scandal in 2012, "Apple-Foxconn Factories in China Accused of Exploitation" and that influenced Apple reputation significantly. (Chamberlain, 2011)

The third weakness is that Apple accused of infringement with Samsung. "Apple was found to have infringed one of two Samsung patents and Samsung was awarded 158,400 USD", accords to Mullin (2014). However, Although Samsung was found to have three of the five Apple patents Jury awarded it 119 million USD, only over 5 % of what Apple had requested. Regards to Apple, "120 Million USD would certainly cover legal bill, but not beyond that". In fact, "Apple lawyers said that the whole purpose of Samsung presenting two patents of its own and asking

for the “small” sum of 6 Million was a cynical one: to convince the jurors that patent are not worth that much” (Mullin, 2014). Therefore, in this trial, Apple had a huge damage in both reputation and profit.

In addition, iPhone is prepared with their closed ecosystem and the apps can only be downloaded from App Store. Otherwise, other competitors which have integrated Android have more distribution channels. As an illustration, Jolla has their own Sailfish OS but Jolla users can download free application from Android. In other words, “Sailfish OS is the main OS of Jolla phones and will be supported by Jolla. Sailfish includes the capability to run Android applications through a third party solution”. (Jollausers, 2013)

Last but not the least; Apple has faced with pressure from their reputation in technology world. It brings so much responsibility to Apple. As an illustration, original iPhone map application problem and user dissatisfaction would be a good instance. Nevertheless, Tim Cook created a letter apologizing for Apples new Map app, which replaced the native Google Maps in IOS 6 update. (Allen, 2012)

### Opportunity

First, there is a high demand of smartphone globally. A Smartphones Unit sale is predicted to approach 1.6 billion USD by 2016. “Smartphone sales continued strength will be the result of falling prices, greater penetration in existing markets, and rapid adoption in emerging markets”. (Cocotas, 2012)

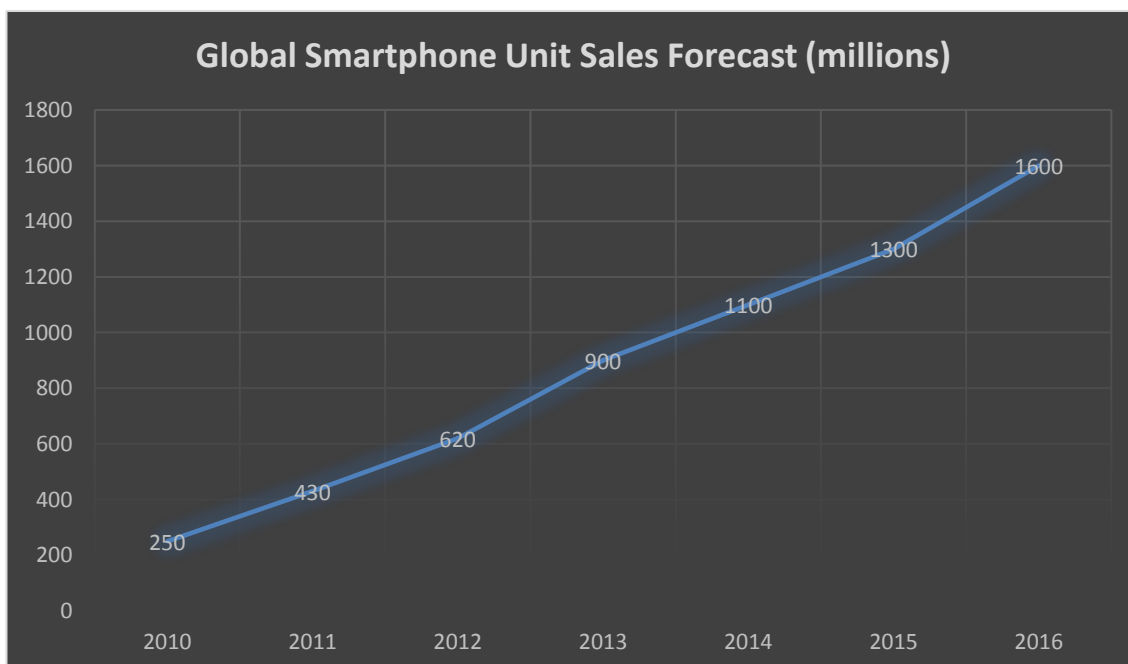


Figure 16: Global Smartphone Unit Sales forecast (Cocotas, 2012)

On the other side of Android dominating market share problems, Apple makes profit thanks to strong growth of mobile advertising market. According to research from Gartner, the growth of global market for mobile advertising is anticipated to grow from 1.8 billion USD in 2011 to 13.5 billion USD in 2015. (Forbes, 2012)

In fact, though Android is damaging iOS in market share “Apple continues to make more money than all of Android smartphone makers combined”, reported by (Bradley, 2013). According to Forbes.com (2013), Apple made more money than its entire competitors combined, occupied 56% of the profit on the mobile device market.

In particular, iPhone 6 will be introduced in the market the end of 2014. Apple’s iPhone have created waves among the youth generation around the globe. Some Apple fan started waiting the release of iPhone 6 (Duwell, 2014). Tim Cook explained about iPhone 6 that Apple performs at “a really high-level of quality that our customer have come to expect”. (Precious, 2014)

### Threats

The primary threat emanates from market share and sales decline. iPhone sales are believed to be reduced into Galaxy S4’s (Elmer 2014). There was two reasons for that. In the first reason, based on the data from IDC’s forecast, Danova analyzed that main growth geographies for phones are China, India and Asia (Figure 17). That was the consequences from long time of Apple’s strategy on low distribution and high pricing in East. In fact, Apple is holding on to a substantial portion of the market, but Android is controlled more considerable amount. (Danova, 2014)

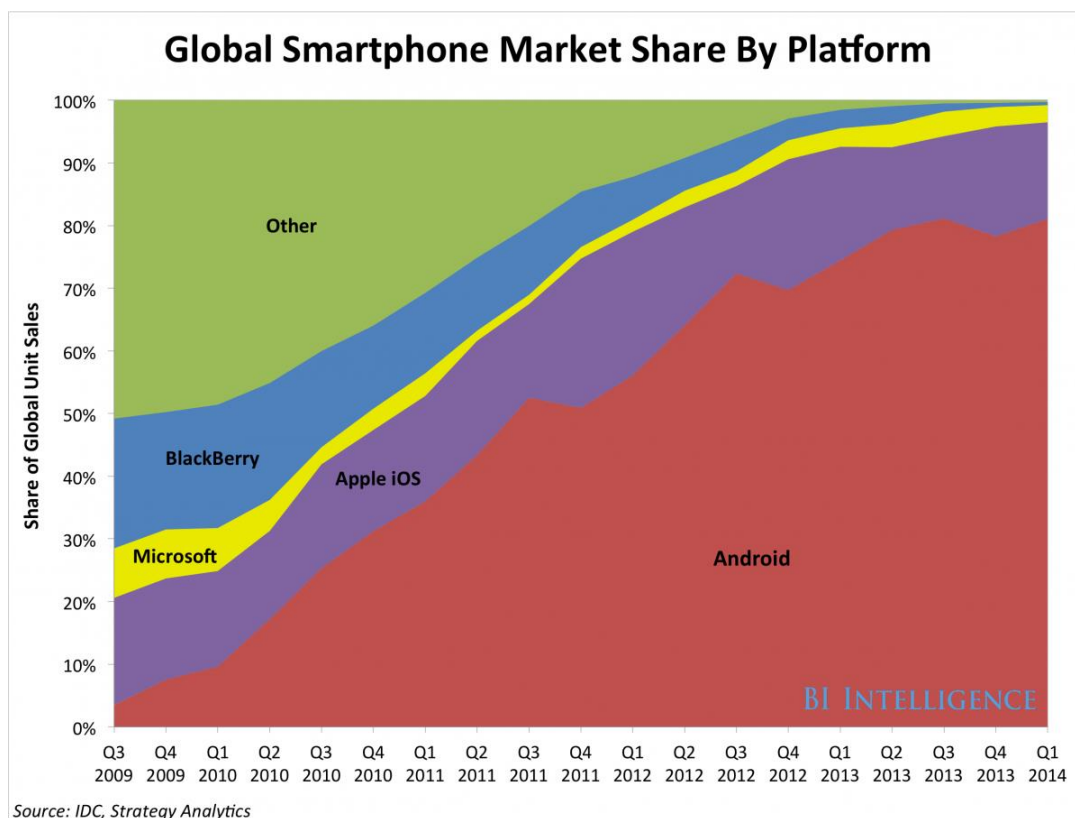


Figure 17: Global smartphone share by platform. (Danova, 2014)

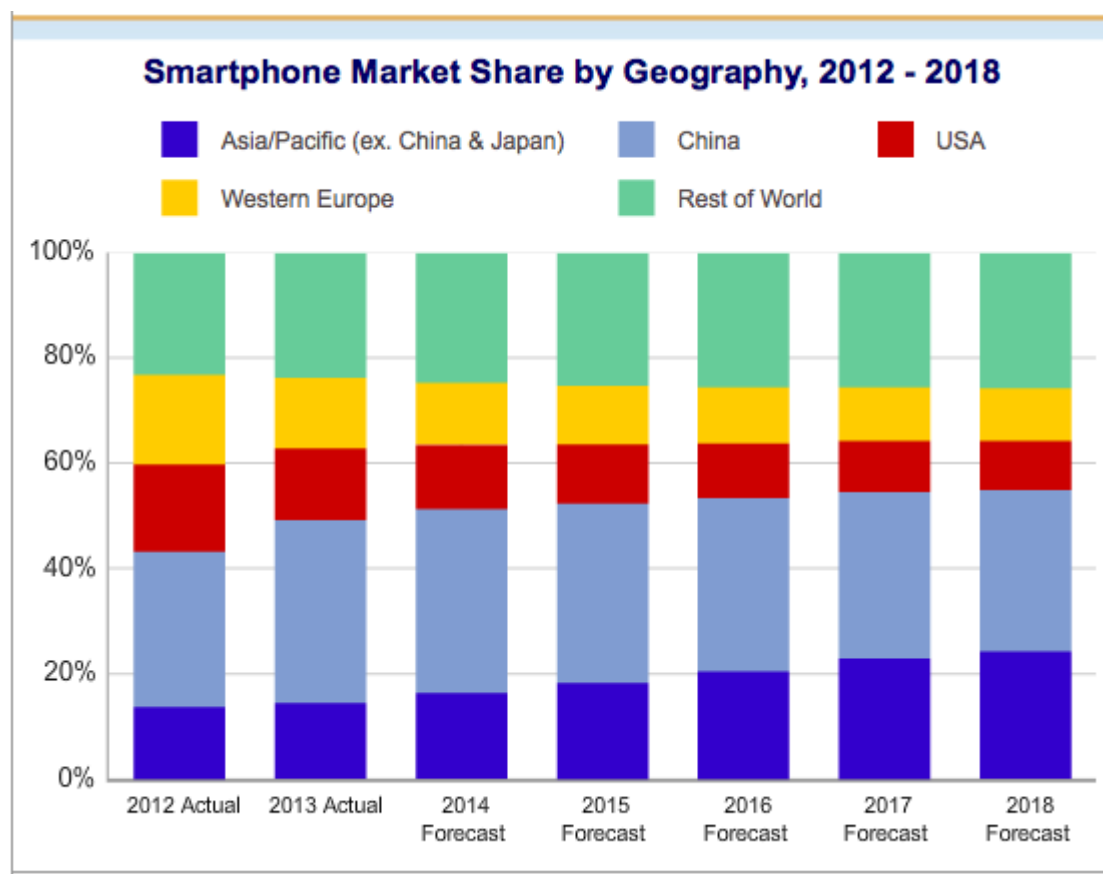


Figure 18: Illustration of Smartphone growth in the East rather than the West. (Business Insider, 2014)

Figure 18 released indicated that Android is driving the market into ever lower prices. (Business Insider, 2014) Price wars between competitors. Samsung has introduced many new products with significant price discount. That leads to the consequences that other rivals also follow price cutting strategy. The first one is smartphone development is in the East rather than the West.

## 5.2 Macro-environmental analysis (PEST)

PEST is one of the most comprehensive models to study the effect of various force in the environment and subsequently prepare oneself to exploit the opportunities and defend against the threats.

### Economics Landscape

Worldwide economy is facing with the huge inflation, recession. The recession has had a severe influence on Apple business in the company. iPhone is listed as "luxury" products in some



high rated inflation while citizens' income is modest and unemployment proportion is high. In those places, poor economy can cause to a decline in the market. Besides, the demand for a luxury product is replaced by low cost alternative products. Therefore, Apple made the decision to launch iPhone 5C due of the domination of Android in cheap smartphones.

The crisis in Japan was a country that could have big impact on Apple considerably. The big amount of resources and firms that cooperates with Apple is located in Japan. Therefore, the supplies would be determined by Japan economic situation. (Ecoapple 2011)

### **Political Landscape**

The stock and producer are implemented by outsourcing partners in the U.S. According to Apple, the supply and manufacture of many critical components is completed by sole-sourced outsourcing firms in the U.S., Asia and Europe. Outsourcing partners in Asia accomplish last assembly of significantly all of the company's hardware items. Logistics probably interfered for a variety of reasons such as IT system errors, or economic and human resources matters. (Apple Inc 2012)

Political relations, geopolitical risks, social evil issues, and other business disruptions have been the reasons and could lead to destruction to international exchange. (Apple Inc 2012)

### **Social-Culture Landscape:**

The noteworthy Internet requirement and connectivity lead to a demand for unlimited access. Smartphones allow people to use the Internet and user can update information more quickly than traditional computers. Based on Nielsen's statistic, Greg reported that "84 percent of smartphone and tablet owners say they use their devices as second-screens while watching TV at the same time." In addition, Sterling (2014) argued that second screeners give a wide range of things while watching and create the continued impact and effectiveness of TV advertising.

The production and shipment of smartphone's devices are extensive causes of carbon emissions and contamination, which effect negatively to the willingness of consumers concern to the sustainable environment. Apple wants to build the good image for the company that what they are doing in order to help the environment so that people will support Apple and buy their products. As a matter of fact, Carmen believes that "Image is everything in the business world, and if Apple keeps a good image, consumers will keep spending and that is what Apple wants". Apple creates commitments implement the procedure of eco-friendly components,

and packaging. This proactive stage can be applied as a marketing tool and greater respect from concerned customers. (Ballagan, 2011)

### **Technology Landscape**

The serious threat of smartphone producers is that technology changes rapidly. Apple and companies are facing with pressure to keep launching new products. In another words, “Innovation” is the key of success. In addition, personal computer will become less relevant and internet level of awareness & usage for individuals & industrial aspect are increasing world-wide. The demand for new technologies in the cell phones has escalated significantly. The amounts of social media users such as Facebook Twitter are considerable and trendy. Therefore, digital marketing and social media marketing plays an important role in marketing strategy.

### 5.3 Competitor analysis

Competitors’ analysis is scrutinized as vital element to marketing planning process because it focuses on analysis advantages and disadvantages in competition comparative with competitors. There are some few main brands dominate smartphone market.

### **Samsung**

The development of South Korea smartphone Company is considered as amazing. Horace Deliu, former senior analyst for Nokia represented Samsung the keys of success. Samsung focuses in smartphone market while other company such as Nokia kept producing the basic cellular phone. Besides, Samsung is a company’s dominion in chip-producing. Milan describes that “As one of the biggest component vendors to Apple and other hardware makers, Samsung got an early glimpse at the smartphone revolution and decided it was time to take the leap in 2009, two years after the release of the iPhone, with the Galaxy line of touchscreen devices.” (Milan 2014)

Based on the analysis of Deliu, Milan also stated that Samsung utilized there human resources to progress the production rapidly. Deliu gave an example that while Apple provided only 50 million smartphone to the market, Samsung relieve 55 million new smartphones. (Milan, 2014)

Samsung spends the bigger money for advertising compared with the competitors. According to Kantar Media, Samsung spent 1329%, from 7 million USD for the half last year 2011 to 100 million USD 2012. “Samsung takes over the top position in global market while Nokia and Apple fall behind. Galaxy S 5 and Galaxy Note 3 are both selling well in a variety of segments.

Samsung showed to be number one in all of the large markets such as China, USA, India, Brazil and Russia. It also held an astonishing 65% share of its home country South Korea in August". (Counter Point Research, n.d)

Samsung controlled almost the Android ecosystem. Samsung's developing strategy has three sections that opponents cannot easily imitate: huge economical advantage and gigantic marketing budget. However, Samsung is also dealing with a noteworthy evolution as it wanted to generate an ecosystem advantage. This conflicts with its heavy reliance on Android. CCS Insight assumed Samsung's remained ascendancy is not guaranteed. An amount of Android licensees was not commercial. This is for two main causes: they accomplish any product diversity, and they are not able to compete against Samsung's scale, supply chain advantage and marketing system. (CCS Insight report, 2014)

### Nokia

Nokia is a multinational telecommunications company headquartered in Espoo and it was the world largest mobile phone vender from 1998 to 2012. In its history, Nokia has gone through several big challenges. In 2010, Nokia remained the global market leader with a market share of 32% down from 34% in 2009 (Nokia, 2011). However, in the most recent year, Nokia has dealing with very condensed competition in 2011, Nokia's CEO stated the historical joint venture with Microsoft focusing on century of new mobile phone ecosystem relied on Window Phone operating system. (YLE, 2011)

In Nokia's history, by concentrating on the demands of users, Nokia has developed a brand of user-friendliness, simplicity and stylishness, associated with advanced technology and excellent elections of features. Nokia's capability to maintain ahead of the rivals is illustrated by Nokia 9000 Communicator, released in 1996. The Nokia 9000i Communicator was launched in 1997 with improved software features. (Business case studies n.d)

Nokia is the largest distributor of mobile phone in mobile industry with highly qualified personnel. The phones are trusted brand by user-friendliness, durability. Mobile users still admires of Nokia's success by its revolution for communication industry. Mobile users believe the quality of persistence due of many surviving drop tests. (Edmond, 2011)

In fact, the defect of Nokia is due to the reasons of bureaucratic organization and lack of innovation, especially on 5 recent years considered as the periods of crisis. It is believed that Nokia should recognize their risks when they have seen the decreased number of sales. However, they have not reacted to recover the market needs.

## Others

The smartphone's market is so potential commercial and little fence of entrant. That caused mass battle for smartphones 'producers. A domination of established phone-manufacturers, well-known as "Nokia, Motorola, BlackBerry, LG and HTC have been squeezed between the emergences of Chinese". (CSS, 2014)

China's smartphone market has provided a stage for enormous advancement and expansion. Chinese manufacturers receive the benefit from huge potential customers in their home market. According to CCS Report, China would concern to put 100 Million LTE devices in 2014 for China Mobile market alone as their target of sales. (CCS, 2014) LTE initializes of Long Term Evolution or 4G LTE, which is a typical for wireless communication of high-speed data for mobile phones and data terminals. (Mossberg, W 2012)

## Comparison of price level between iPhone and other main competitors

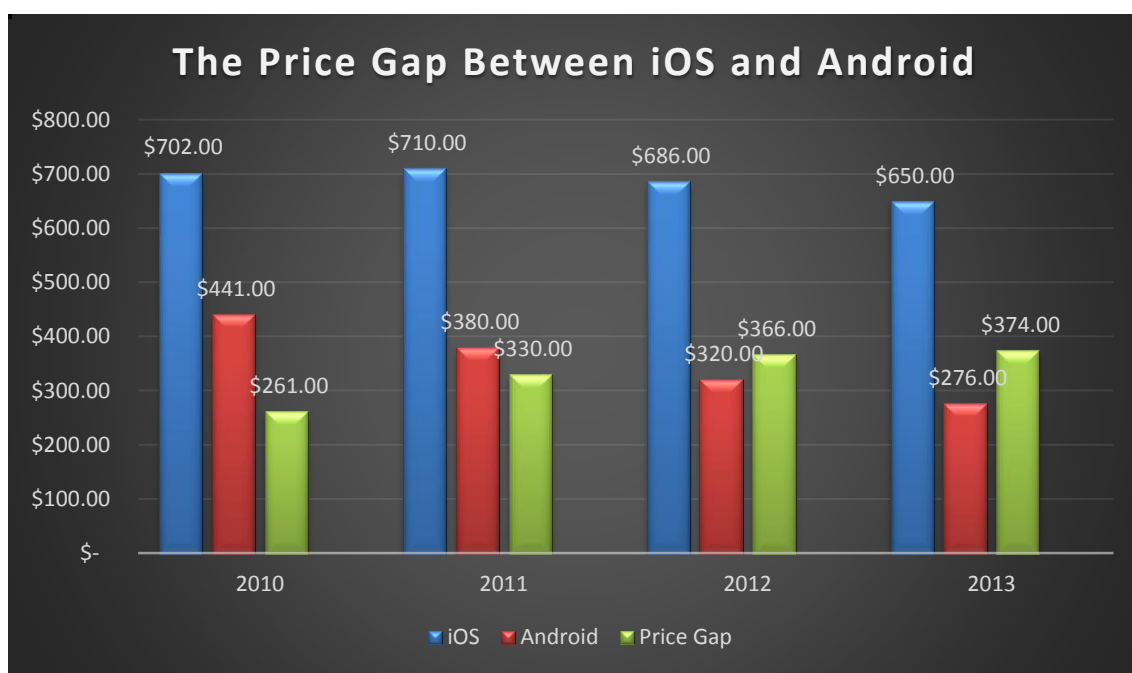


Figure 19: Price Gap between iOS and Android is widening (Statista, 2014)

Figure 19 attempted to clarify the highest and lowest price to compare the price level between iOS and Android with its main competitors Samsung. As can be seen from the bar chart, Android offers the wide diversity of smartphones in price. The common criteria for comparison based on the newest model with the same relatively equal in configuration. The statistics was first adapted from International Data Corporation (IDC) and famous website statista.com. As can be seen from the bar chart, the gap between iPhone and Android smartphones has increased twice during 2 years.

Comparison of customer reviews in value, apps, platform by iPhone, Android , Window Phone.

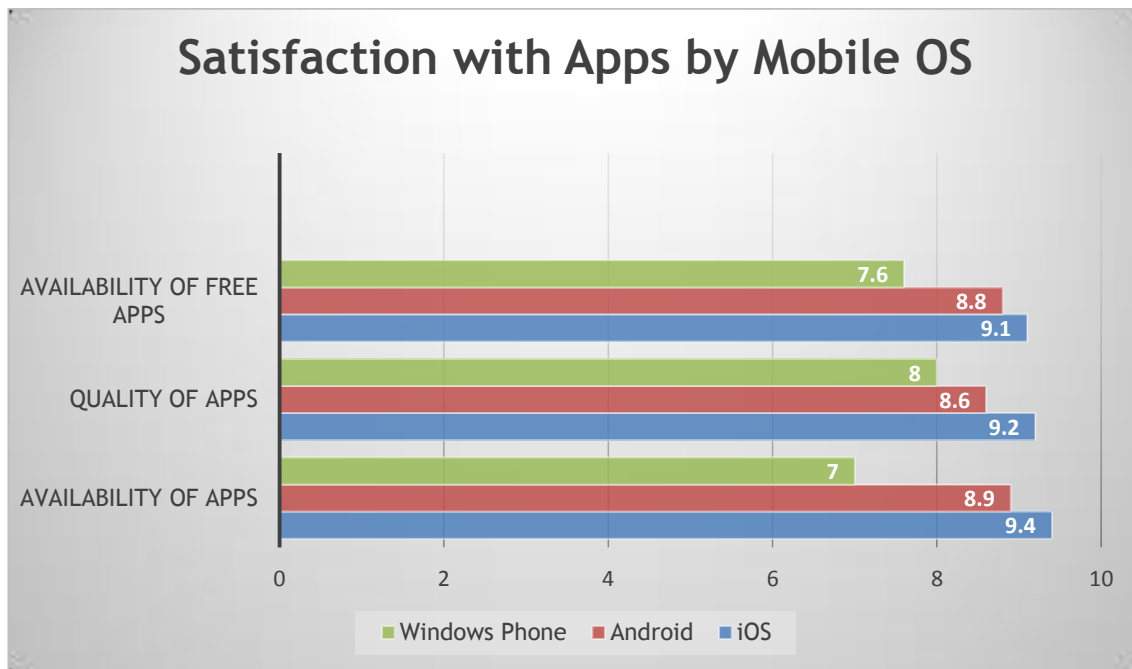


Figure 20: Satisfaction with Apps by Mobile OS. (Mac Daily News 2014)

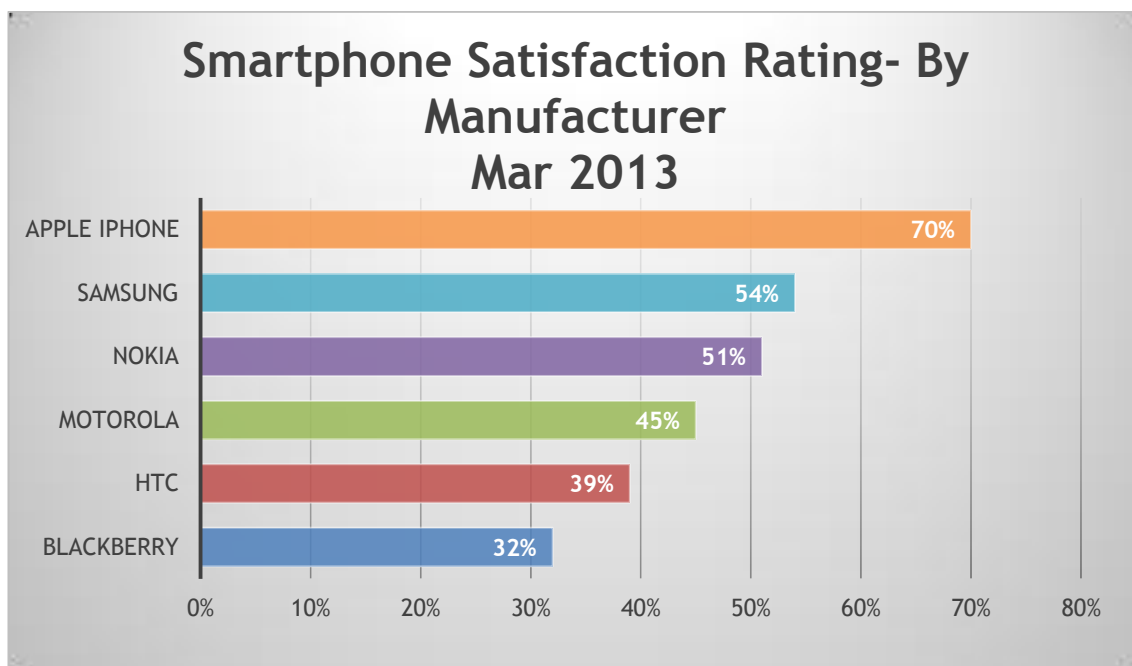


Figure 21: Smartphone Satisfaction rating. (Mac Daily News 2014)

The first above bar chart shows reviews of customers in term of availability, quality of applications and the quantity of applications in iOS, Android and Window Phones. The second diagram illustrates the percentage of customers who said “very satisfied” with their current smartphone. As can be seen, iPhone is the leading smartphone brand in the general value of apps offered to customers (more than 9.0 points) while the most competitive advantages of Samsung are availability of paid apps and free apps with 8.8 and 8.9 points respectively. Next, the general satisfaction of iPhone was dominated with 75%. Finally, the customer’s general satisfaction of both Nokia and Samsung are relatively appreciated with the almost same proportions of 54% an 51% given by clients.

#### 5.4 Target group of Iphone

##### Customer target

- Major customer target: the middle-upper income to organize their busy schedules and connect with colleagues, friends and family.
- Secondary buyer target: high school, college and graduate students who need one convenient multifunction device.

##### Business target

- Prime business target: companions with large cell phone service providers, AT&T, Verizon, Sprint and cellular one large enterprise software companies where information is delivered to the final user.
- Secondary business target: mid-to mid-size corporations that want to assist managers and workers stay in communication.

#### 5.5 Marketing mix strategies for iPhone

This part identifies Apple’s marketing mix and provides the evaluation and analysis Apple’ effective strategy.

##### 5.5.1 Product strategies

##### Umbrella branding

Apple was the starter to use iPhone as an umbrella brand. Apple strategy concentrates on satisfaction individual buyer requirements rather than accomplishing a demographic demand.

They aim to improve quality and stability more than focusing on introducing new features when releasing new versions of any products.

### **Product Competitive advantages**

iPhone has the greatest competitive advantage by their ecosystem. Dan Gallagher said on the Wall Street Journal that “Apple remains a hardware firm, using software and content to push sales of high-end devices at high margins” (Moorman, 2014). Apple is both hardware and software company. While Samsung, Sony, HTC have to depend their smartphones by Android, iPhone operate smoothly by their own iOS. iPhone does not face as much as problems compared with others smartphone producers.

According to Markkula 1977 in “the Apple marketing philosophy”, he quoted that People DO judge a book by its cover: “We may have the best product, the highest quality, the most useful software, etc.; if we present them in a slipshod manner, they will be perceived as slipshod; if we present them in a creative, professional manner, we will impute the desired qualities” (Markkula, 1977). Apple has brought to customer the strong impression by their incredible design. Apple or iPhone has the harmonious combination between fashion and advanced technology.

### **Product positioning**

According to Arora (2013), Steve Jobs built iPhones based on four pillars. First, they concentrate on high end class so that their new product has to be prime in many aspects among innovative design and incredible in quality of products. For example, iPhone are well-known with scratch resistant screen, durable and light metallic finish and software suite resistance to OS viruses. Besides, iPhone is offered with full year warranty along with an optional three-year Apple Care warranty along with the skillful staff for customers services. Hence, the advantage of iPhone quality explains the success of Apple product’ strategy that is to offer a limited number of products to make the fan “starve for new products”. (Arora, 2014)

#### 5.5.2 Price

On low-end devices, Apple CEO Tim Cook (2013) stated in an interview, “We never had an objective to sell a low-cost phone. Our primary objective is to sell a great phone and provide a great experience, and we figured out a way to do it at a lower cost”. (Nair 2014)

The company’s vision was always to create the prime smartphones and sell with a luxury price. Thanks to their competitive advantage, a company can charge a premium price. In

fact, although Apple does not hold the high market share and revenue comparing with Samsung but they keep profit high. However, iPhone is facing with the risk by the saturation of their brand in markets. (Nair 2014)

In iPhone's case, Apple applied skimming strategy. By using that strategy, Apple it believes that price creates perception of quality and build an image of high quality. At the first stage of pricing strategy, a newest iPhone releases with high price compared with competitors, those products targeted for trailblazers who want to be the first iPhone's owners. In the second step, Apple applies discount strategy to obtain more market share. In order to reduce the price, Apple agreed the long-termed contract with hardware producers in developing countries to make the price of product more competitive.

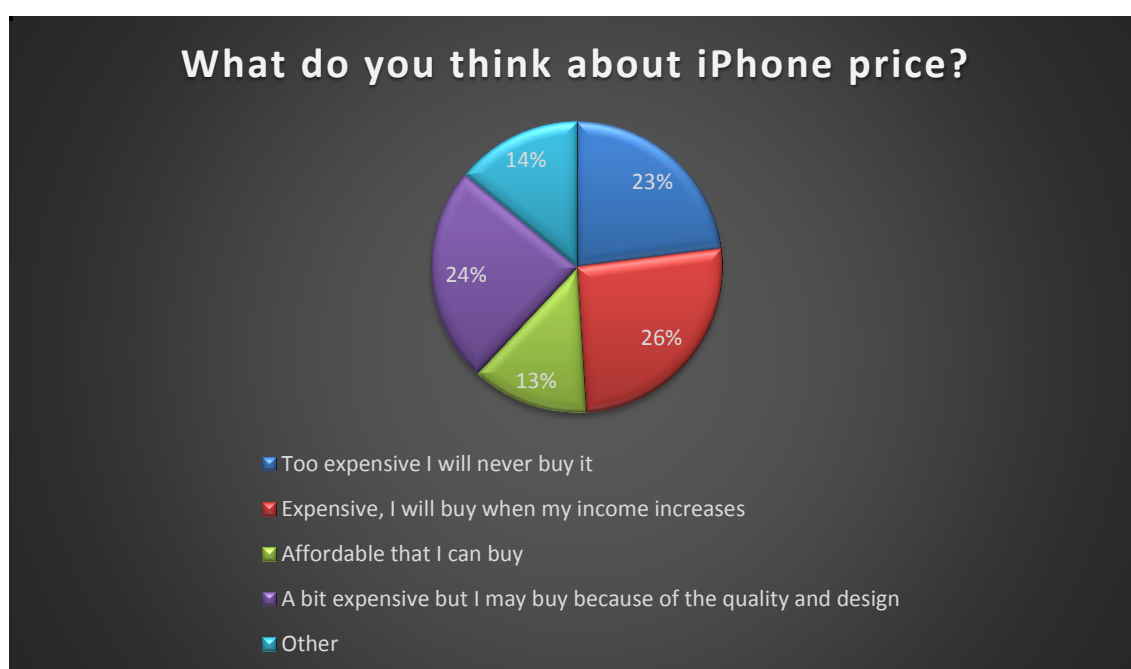


Figure 22: How people respond with iPhone price (Survey 2014)

The pie chart indicates that there are many people would like to choose iPhone although iPhone has applied the premium price. There is 26% of respondents will buy then when their standards of living improve. Besides, 24% respondent thought that they may buy iPhone because of its quality and design.

### 5.5.3 Place

One of the instances of how Apple applied tactics the place of marketing can be seen in its ability to satisfy the movement of marketplace in the new century. The Apple stores are located in very locations where people can visit easily to both experience new iPhones and ob-



tain insight technical maintenance. Besides, Apple has been uprisng an effective accessibility on the web to facilitate e-commerce and customer support. Those evidences show Apple's methodology to the "place" element of their marketing mix.

<u>Apple Store</u>	<u>Apple Online Store</u>	<u>Service Provider Outlet</u>
<ul style="list-style-type: none"> <li>• Test driving the iPhone</li> <li>• Selecting the contract</li> <li>• Signing the contract</li> <li>• Picking up the iPhone right away</li> </ul>	<ul style="list-style-type: none"> <li>• Creating an Apple account</li> <li>• Selecting a rate plan</li> <li>• Purchasing the Phone</li> <li>• Having it delivered to a preferred address</li> </ul>	<ul style="list-style-type: none"> <li>• Test driving iPhone</li> <li>• Selecting the rate plan</li> <li>• Signing the contract</li> <li>• Picking up the iPhone right away</li> </ul>

Table 3: Distribution locations (Kilprin, 2009)

According to Kilprin (2010), distribution of the iPhone is set to exclusive carriers in each country. iPhone was first released in United State. Other countries would introduce pretty later. It is explained that Apple wants iFan “starve” of Apple’s product. In fact, Apple’s distribution is examined through our survey.

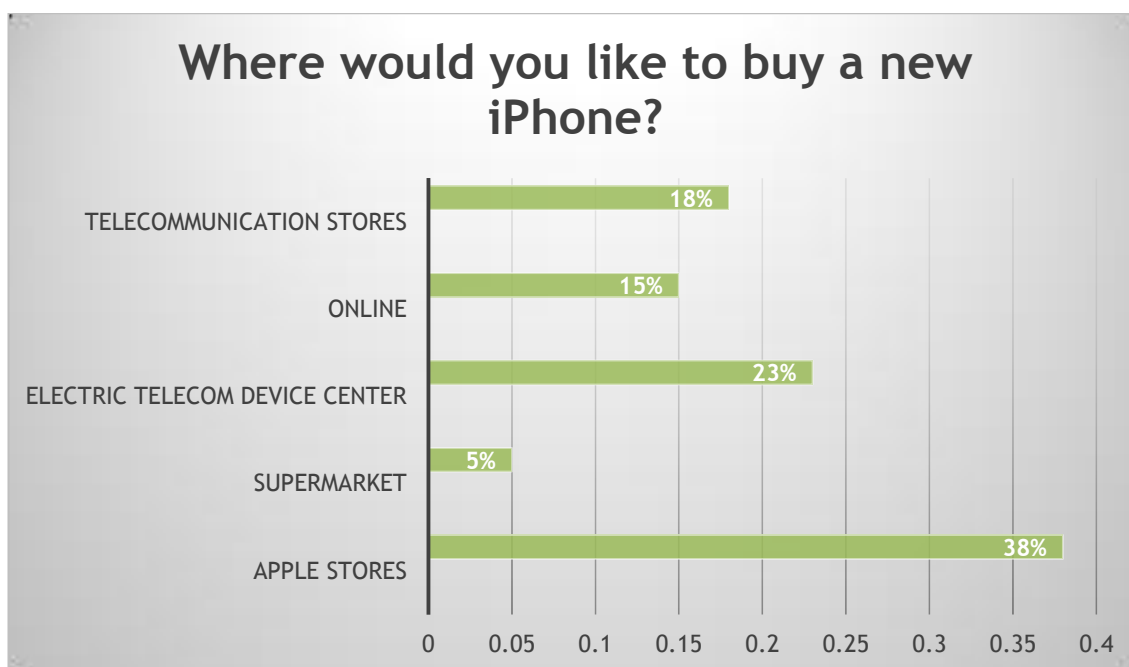


Figure 23: iPhone’s distribution. (Survey 2014)

The column chart above represents that Apple stores is the most productive of most favorite distribution channel selected from 160 respondents through our questionnaire.

#### 5.5.4 Promotion

Apple creates product differentiation in PR. Apple uses the variety of approaching methods to customers to make customers understand about the quality of products. The table below is the summary of Apple Online marketing when the company first released the new product.

<u>Email marketing</u>	<u>Display Ads</u>	<u>Social Media Advertisement</u>	<u>Blogs</u>
<ul style="list-style-type: none"> <li>• A message sent to every Apple customer few weeks before launch</li> </ul>	<ul style="list-style-type: none"> <li>• Banner Ads</li> <li>• Interactive Ads</li> </ul>	<ul style="list-style-type: none"> <li>• Facebook</li> <li>• Myspace</li> </ul>	<ul style="list-style-type: none"> <li>• Industry Blogs</li> <li>• Forums</li> <li>• Discussion Boards</li> </ul>

<u>Apple.com</u>	<u>Crowdsourcing &amp; Online Communities</u>	<u>Search engine Marketing</u>	<u>Opinion Leaders</u>
<ul style="list-style-type: none"> <li>• Extensive introduction to the advantages the use of iPhone gives</li> <li>• Hosting iPhone Apps purchasing center</li> </ul>	<ul style="list-style-type: none"> <li>• Word-of-Mouth, Apple fan club websites, blogs</li> </ul>	<ul style="list-style-type: none"> <li>• PPC (Pay per click)</li> <li>• Affiliated Marketing</li> <li>• Other paid listings</li> </ul>	<ul style="list-style-type: none"> <li>• Handing free iPhone for review</li> <li>• Supplying access to iTunes iPhone apps section for free</li> </ul>

Table 4: Apple Online marketing (Kiprin, 2010)

In the beginning of iPhone introduction, Apple published many articles about their product's quality. Apple's advertising are not much informatics. Their message will be very simple but the press and iPhone Fans will fulfill them. Apple's Add do not focus on any specific clients but for every generations. An iPhone's advertising contents of the brand values, creativity,

variety and personality and iPhone is also well-designed and good-functioned. Those reasons explain why young generation tend to become iPhone fans.

The propagation of iPhone inspired into followers and fans through influential people. At the same time, product placement has helped to drive Apple's brand promotion. Celebrities like Ellen DeGeneres regularly mentioned the photographs taken with iPhones. The iPhone compounded with brand appeal of famous people through promotion and marketing. iPhone promotion strategy implanted it as a necessary part of entertainment. (Chenda, 2014)

Finally, Apple uses its approach with products to ensure that it will be a relevant force in personal computing. Developing distinctive products is a part of this process. Apple takes an approach that is aggressive in branding products that carry the Apple name. Technology that is lighter, more compact, and capable of doing more while infusing it with a personalized approach that is appealing to the consumer is how Apple's approach to the product aspect of its marketing mix has been effective.

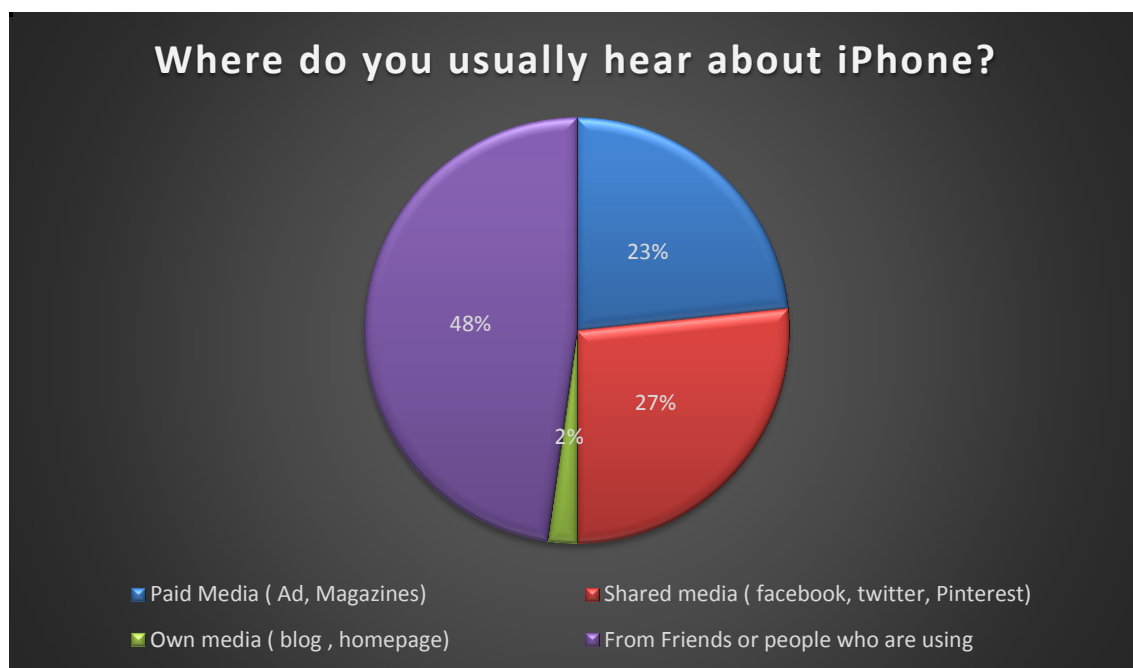


Figure 24: iPhone advertisement effectiveness. (Survey 2014)

The chart below shows the results of our survey responded from 160 people. As can be seen from the pie chart, the words of mouth are the most effective way of iPhone in terms of public relation.

## 6 Recommendations to Iphone

This first part of this chapter describes the lessons from two bigger smartphone producers such as Nokia and Samsung. The second part provides the suggestions for iPhone for sustainable development.

### 6.1 Lessons from Nokia's downfall

Nokia made a number of faults in the past few years. Therefore, the lessons from Nokia's Downfall could be great example for all smartphone producers. The main reason of failure is that the Nokia's leaders stifle innovation by bureaucracy.

Nokia had many years to make Symbian better but they did not do that. In 2007, they did not identify the disruption in the launch of iPhone in 2007. Nokia integrated its Symbian 60 series in year 2002 which originally had a worthy market response but with the occurrence of Apple iOS in 2007 and Android in 2008, the OS battle was completely taken over by the two giants. The reasons for collapse of Symbian OS are shortage of applications and UI (User Interface). During the time of facing competition from iOS and Android, Nokia uninterruptedly tried to improve their Symbian OS but it was mostly following the UI of Android and iOS and was not creating something unique. Secondly, the company failed to look into the need of available applications in gaining market share. (Singhal, 2013)

In 2011, "when the tide turned against the company, the company made a mistake to take a leap of faith in Windows in 2011" estimated by Singhal, 2013. At that point of time, Lumia series could have been a top success for the company had they launched on the Android platform. All these phones which the company launched were comparable to other competitor devices but OS was the problem which leads to ultimate collapse of company. (Singhal, 2013) This is diagram showing how sales sunk from Q4 in 2010 to Q4 in 2012.

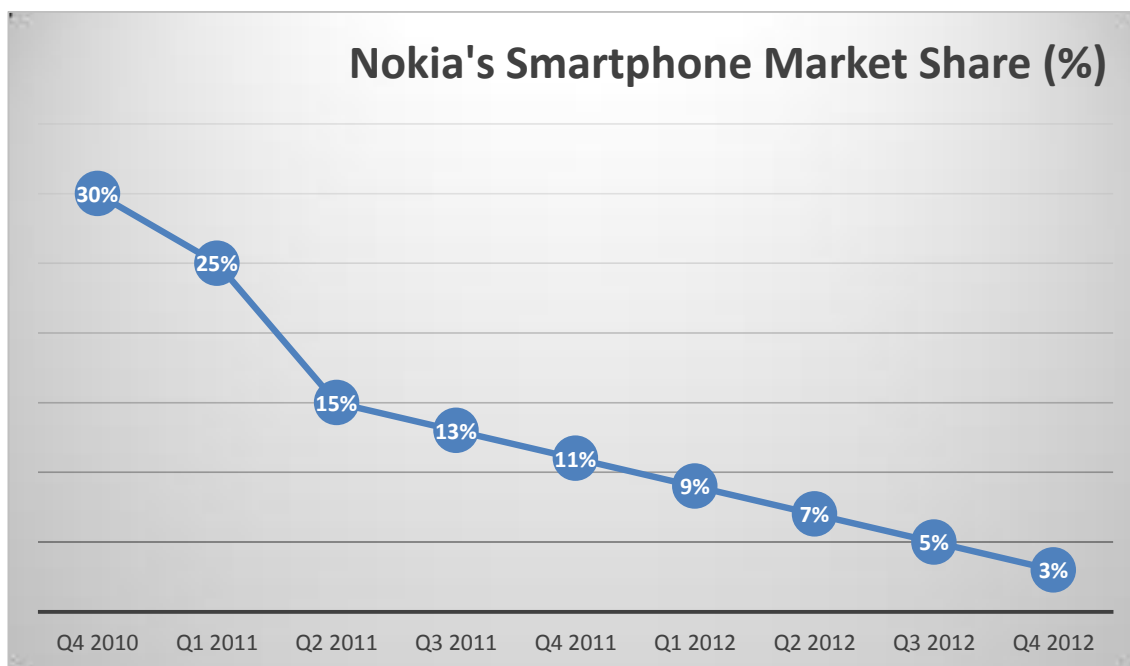


Figure 25: Nokia's smartphone market share in USA. (Singhal, 2013)

## 6.2 Lessons from the success of Samsung

In the first place, Samsung has boosted R&D and executed marketing flexibly. In fact, Samsung has spent pretty generous budget for marketing. In Samsung's strategy, marketing plays a significant element in Samsung's success. The company disbursed " a mind-boggling \$11 billion on marketing, nearly ten times more than it spent on R&D in 2012 ". ( Phone Arena, 2013). As an illustration, Samsung's image has built more value when they are one of the sponsors for also Olympics together with Coca-Cola and IBM. The contract of sponsor has extended until 2016.

Secondly, this Korean company inherits the reputation from many trustworthy appliances and televisions. That is one of the reasons consumers are more likely to believe their first smartphones and tablets.

Thirdly, the marriage between Samsung and Android go so well. Google has been a main Samsung coordinator during many years. Samsung is released some of the uppermost Android-based devices on the market. For example, the Galaxy S 5, it is considered as one of the high-estimated strategies on the market. Google and Samsung have a nice cooperation. (Reisinger, 2014)

Last but not the least, Samsung's CEO recognized the good strategy from main competitors, in smartphone's era, smartphone's design plays very big roles in products' success. Therefore,

Samsung improved their design as well as quality of their smartphones. Besides, Samsung also quickly realized the umbrella brand of Apple to initiate to develop Galaxy S series.

### 6.3 Suggestions for Iphone

This part indicates the potential risks in iPhone strategy and gives the suggestions of improvement for future development.

#### 6.3.1 Risks from strategy

It is undeniable that iPhone's product line is still good at features, performance, usability and value. However, customers could not find the excited feeling to possess the outstanding design and innovation as before. In order to keep maintaining the leadership at high-end of smartphone's market, Apple should have a revolution in R&D. According to Lowensohn (2013), Apple stays one of the smallest R&D spenders compared with its rivals. Microsoft, for example, expended \$10.4 billion during 2013. Another instance, Google has expended around 5.8 billion USD so far in 2013 (and 9.8 billion USD in all of 2012). Besides, Samsung spent around \$10.5 billion on R&D in 2012.

In the reality, Apple has been one of the top companies with high profit. However, from the lesson of Nokia's downfall, it is recommended for Apple to keep innovating and stay focusing on developing iOS systems by providing more budgets for R&D. In the past, Nokia could have never thought of the launching of iOS and Android. Apple could be fail as Nokia case if they are not act now. Magazine (2013) stated in the article about Nokia: "Failure is often the last stage of a process that begins with the first mistake and it is often the magnitude of the first mistake that goes unrecognized."(Magazine, 2013)

#### 6.3.2 For marketing strategy

As mentioned from Marketing Mix, Apple's advertising budget is tiny compared to Microsoft and Samsung's. Although Apple spent less than 1% of sales on advertising in 2012, its sales growth has been far outpacing its advertising budget. (Forbes, 2012). It is affordable for Apple to spend more on advertising the new product line in the future such as iPhone 5C for common class or some new releasing product.

#### 6.3.3 For strategic product development

**The important of R&D in the smartphone market's segmentation of commoners**

Currently there is a low interest of Apple brands in the Asian countries which are creating difficulties in the expansion of the Apple brands to the Asian market. To expand the Apple iPhone brand to the Asian market they need to offer lower price model of iPhone. It is proposed to offer lower price model by installing operational activities in the Asia which reduce the price because the labor costs are pretty cheap in Asian countries as compare to US and European countries.

### The lesson from the failure of iPhone 5C

Drawing experience from iPhone 5C's failure, it is recommended to provide a proper brand name for new smartphone's common class such as Apple phone so that Apple will keep the iPhone image as the target of the luxury class. Secondly, the awareness of iPhone's customers to purchase the new figures, the newest smartphones in the market, it is suggested that smartphones for commoners should be released some months after the newest iPhone has launched. In addition, it is taken a year for Apple to release a new iPhone. Hence, when the cheaper version of new iPhone released in the middle time, it will help to promote Apple's name during the year. Finally, the price of smartphones for commoners should be reduced more. In fact, it is considered that iPhone 5C partly failed due to the small differences in price compared with iPhone 5S.

In conclusion, Apple is standing a risk of losing their leadership. To improve the situation they need to keep introducing the new brands which is cannot be imitate by rivals.

## 7 Conclusions

Research questions	Brief answers
What is the importance of strategic analysis and marketing management?	Strategic analysis and marketing management are the criteria of the development and expansion of all organizations. In order to execute the goals in any company, its strategy should be adjust and improve to adapt with the demands of the external environment.
What is the key strategy that leads to iPhone's success in high-end class?	iPhone has been successful in high-end segmentation because of its innovation strategy. Apple offered the exclusive product and maintained the reputation quality of product in high-end class.
What is the most important element to achieve triumph in smartphone industry?	The most significant element to success in smartphone industry is to have a good plan

	for innovation. It is suggested to invest in research and development to invent the technology not formerly applied by rivals.
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Table 5: Short answers of research questions

Apple has successfully developed its strategic and marketing management for their company, especially for iPhone line. Before the release of the iPhone, handset manufacturers such as Nokia and Motorola were enjoying record sales of cell phones based more on fashion and brand rather than technological innovation. The iPhone fundamentally changed the mobile industry, with Steve Jobs proclaiming in 2007 that "the phone was not just a communication tool but a way of life".

Apple has a proper marketing strategy for iPhone. They made their customers "starve" of waiting their products. Apple has done successfully their promotion to make the strong impression to their customers. Although iPhone is considered at luxury class, the skimming pricing strategy helps iPhone more affordable. Besides, the elements of iPhone's success in smartphone market are the creativity and innovation. They keep creating the new products that their competitors are not able to imitate them.



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## Appendix

### iPhone survey's Questionair

1. How old are you? \*

- Below 18
- 18-25
- 26-40
- Above 40

2. Gender: \*

- Male
- Female

3. What is your current occupation? \*

- Working population
- Official
- Entrepreneur
- Student
- Retired
- Others

4. Which brand of smartphone do you own? \*

- Apple
- Samsung
- Nokia
- Sony
- Blackberry
- HTC
- LG
- Others

5. What drives you to buy your smartphone?

- The price is cheap
- The applications are diverse
- The screen is larger than others'
- The appearance looks good
- The way it is advertised
- Many people use it, I think it is trendy

- My friends is using it and they say it is good
- Configuration and Operating system are good

6. If you have changed the smartphone brand or you must, what was/is the primary reasons of change? \*

- The previous brand did not have suitable configuration
- My previous phone is easy to break
- My income has just increased, I want to have a better phone with more functions
- I want to try a new phone
- I need a phone with better appearance

7. If you were to buy a new smartphone, why you do not choose Apple? \*\*

- iPhone is expensive
- iPhone's touchscreen is smaller than others'
- I think the apps stores of other brands are better
- Other brands have better phones' appearance
- Others

8. Do you think iPhone is better than other brands? \*

9. What do you think about iPhone's price?

- Too expensive, I will never buy it
- Expensive , I will buy when my income increases
- Affordable that I can buy
- A bit expensive but I may buy because of the quality and design
- Others

10. If you are iPhone owner or plan to buy one, where are you going to buy ?

- Apple Stores
- Supermarket
- Electric telecom device center
- Online
- Telecommunication stores ( DNA, Sonera,..)

11. Where do you usually hear about iPhone?

- Paid media ( Ad, Magazines)
- Shared media ( Facebook, twitter, Pinterest)
- Own media ( blog, homepage)
- From friends or people who are using

12. How did you first hear about iPhone?

- Internet advertising
- Magazine, newspaper, online newspaper
- TV
- People recommend

13. Compared to other smartphones in the market, the value for iPhone is?

1=Very poor , 5= Excellent

1                      2                      3                      4                      5

14. Your opinion of BEST strength of iPhone compared with Android phones (optional)

- Android is multi-functional but difficult to use
- iTunes is better than Google Play/Window Phone
- iPhone's touchscreen is smoother than others
- Accessories for iPhone devices is really good
- The applications' quality is excellent
- Operating system and configuration are good
- Others

15. Your opinion of WORST weakness of iPhone compared with Android or Window Phone?(optional)

- Users cannot increase iPhone's memory
- Maps application is bad
- The price is not affordable
- iPhone is not user-friendly
- Others

16. In your opinion, what is the best brand for smartphones in the market? \*

- Apple iPhone
- HTC
- Samsung
- Blackberry
- Sony Ericsson
- Nokia
- Others