

# Analysis of Apple's Mobile Phone Marketing Strategy and Its Implications for Chinese Mobile Phone Brands

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**Abstract.** Amid an overall decline in sales in China's smartphone market in the first quarter of 2023, Apple's mobile phone sales in China not only did not decline but increased. It also set the record for the highest sales volume in a single quarter since 2015 and the record for the largest market share in a single quarter since 2014, surpassing a host of local mobile phone brands. There must be a reason for the success of Apple mobile phones in the Chinese market. By analysing the brand culture promotion strategy, skimming method pricing strategy and hunger marketing strategy used in Apple's mobile phone marketing, this paper finds that although these strategies have helped Apple achieve success in the current Chinese market, they have certain drawbacks. Therefore, a comprehensive analysis shows that Chinese local mobile phone brands can seize three points in the future development: 1. Strengthen technological innovation and produce goods with good quality and low price. 2. Attach importance to the construction of brand culture and improve customer loyalty. 3. Discover the product highlights and "hunger" marketing moderately.

**Keywords:** Mobile Phone, Marketing Strategy, promotion strategy, pricing strategy, hunger marketing strategy

## 1. Introduction

With the development of science and technology and the improvement of people's living standards, smart phones are almost one in hand. The popularity of smart phones makes people's demand for new mobile phones lower. The saturation of the smartphone market makes the competition between brands in the industry increasingly fierce. In this case, Apple's performance still leaves other brands in the dust. According to a survey report released by Counterpoint, sales in China's smartphone market declined by 5 per cent year-on-year in the first quarter of 2023, at the lowest level since 2014. However, under the huge downward pressure of the overall market environment, Apple's mobile phone sales in China in this quarter increased by 6% year-on-year, setting a record for the highest single-quarter sales volume since 2015. Apple's mobile phone market share accounted for 19.9%, not only surpassing other brands such as OPPO, Vivo and Huawei to rank first. It is also Apple's highest single-quarter record since 2014 [1].

As an American brand, Apple's mobile phones are highly sought after around the world, and in the Chinese market it has surpassed a number of local brands to become the industry leader, which can be regarded as an example of a brand successfully "going out". At the China Development Forum in March 2023, Apple CEO Tim Cook spoke about how Apple and China have grown together in the 30 years since the company entered China. Apple relies on China, which is both a manufacturing center and a fast-growing consumer market for the company. He said, "It's a symbiotic relationship that we both enjoy" [2]. Apple's relationship with the Chinese market is mutually beneficial. Studying Apple's marketing strategy can provide a reference for local mobile phone brands in China, speed up the pace of Chinese companies going global, enhance the vitality of China's mobile phone market and promote the prosperity of China's mobile phone market. At the same time, a prosperous mobile phone market can also create a good environment for the development of Apple's mobile phone in China, providing broader development space and more opportunities.

This paper will analyse the advantages and disadvantages of Apple's mobile phone in light of the current situation, then analyse Apple's pricing strategy, publicity strategy and sales strategy, and finally put forward suggestions for the development of local mobile phone brands in China.

## **2. Analysis of Apple's advantages and disadvantages**

iPhone is one of the main products of Apple Inc. In January 2007, the first generation of iPhone was born, which opened the door of the smartphone era. Since then, Apple has updated and upgraded the iPhone almost every year. iPhone 14 was launched on 16th September 2022, which is the latest model of mobile phone launched by Apple at present.

### **2.1. Analysis of Apple mobile phone advantages**

The advantages of apple mobile phone are first of all its own. Apple mobile phone has a unique appearance design as well as hardware and software configuration. The appearance belongs to the minimalist style, but full of design, fashionable and trendy. Hardware Apple mobile phones are equipped with the most advanced chips, leading other brands of mobile phones in terms of technology. In terms of software, Apple mobile phones use the brand's unique iOS system. As the iOS system is not compatible with the Android system used by other brands of mobile phones, it is relatively independent and has a certain degree of closure. So it is more stable and smoother to use. Due to system differences, APP regulation in Apple mobile phones is more standardized and of better quality, which can effectively block advertisements, and the demand for permissions is also more reasonable. Consumers can get a good experience while better protecting their personal and privacy.

Secondly, Apple mobile phones have strong customer stickiness and high customer loyalty. Apple's data for the first quarter of 2023 showed that global mobile phone shipments fell 14.6% year-on-year, but Apple's mobile phone shipments fell only 2.3% year-on-year [3]. Apple's mobile phone sales in able to maintain a solid level in the overall market headwind environment. This shows that the stickiness of Apple users is much higher than other brands.

### **2.2. Analysis of Apple mobile phone disadvantages**

Although Apple mobile phones are in an advantageous position among a group of mobile phone brands, they still have certain defects. As far as the mobile phone itself is concerned, Apple mobile phones have always had the problems of too small battery capacity and serious lack of battery life.

In addition, because Apple has always insisted on the uniqueness of its products, Apple's mobile phones are different from each other, both in terms of appearance and system configuration. But this may amplify the defects of Apple mobile phones to a certain extent. Currently, Android mobile phones are using Type-c ports with faster transmission speeds, which are already able to reach a "lightning" charging speed of 200W/hour. Apple's mobile phones insist on using their own special charging ports. However, the charging speed of the latest iPhone 14 pro only reaches 30W/hour, which takes too long to charge. And because the two charging devices are not interoperable, Apple mobile phones cannot use the charging device of Android mobile phones for emergencies when the battery is low. The lack of advanced charging equipment for Apple mobile phones undoubtedly puts a higher demand on battery capacity. At this time the defect of too small battery capacity will be particularly prominent.

## **3. Analysis of Apple mobile phone marketing strategy**

### **3.1. Analysis of publicity strategy**

Apple in the process of publicity is not like other brands just publicize each new product they launch, but focus on shaping the overall brand image, vigorously publicize the brand culture, so as to let consumers produce a more consistent perception of the brand. But brand culture is a product of the spirit rather than the actual material that can be felt. Consumers will probably not pay for this

vague perception, because people prefer to believe in their actual perception. That's why Apple strives to make every product they launch symbolic of the consumer's perception of the brand.

When the brand culture is integrated with the products, these products will no longer be just products, but become carriers of the brand culture. The consumer's original void of perception becomes a perceptible substance. In this case, consumer recognition of brand culture will increase dramatically. The continuous introduction of new products again and again to deepen the consumer's perception of the brand. Over time, consumers will be Apple's brand culture in mind and as a carrier of the brand culture of the product to produce a strong sense of identity. Apple mobile phones have excellent performance and fashionable appearance. The use of Apple mobile phones can reflect the unique personality, which means cool.

This sense of identity will form a habitual thinking, which will lead to a decrease in the degree of objectivity when consumers look at the product, and easy to ignore the defects of the product. Thus, they voluntarily become Apple's ardent fans and unconditionally buy into the Apple culture [4, 5]. This may be one of the reasons why Apple mobile phone user loyalty is much higher than other brands.

### 3.2. Pricing strategy analysis

The latest mobile phone launched by Apple, iPhone 14, was launched on 16 September 2022. This series of mobile phones are divided into various models according to the different configurations, and the prices are also different. The base model of iPhone 14 is priced at RMB 5,999 in mainland China. The highest configuration iPhone 14 Pro Max is priced at 12,499 yuan. Apple mobile phones have always been priced much higher than Android phones, but the price of the same mobile phone will gradually decline over time. The previous generation of Apple phones, the iPhone 13 series, was priced between RMB 5,199 and RMB 12,999 in mainland China when it was launched. But the current price has dropped to as low as 4,699 yuan. This practice of setting a higher price at the beginning of a product's launch and then gradually lowering the price is actually a new product pricing method called the "skimming method" [6].

Before the launch of a new Apple mobile phone, Apple usually uses an effective promotional strategy to create a certain degree of consumer awareness of the product. When a new mobile phone is launched, most of the consumers' knowledge of the product still comes from the company's publicity. Therefore, many consumers choose to buy the new mobile phone out of curiosity or out of brand recognition. In this case, the consumers themselves are not clear enough to judge the price of the new mobile phone, so the acceptance of the price is also higher. Apple can use high pricing to gain a lot of revenue in a short period of time and reduce the risk at a later stage. In addition, the beginning of high pricing can create a larger space for price reduction in the later sales of Apple's mobile phones. As consumers' knowledge of the new mobile phones continues to deepen, their acceptance of the price will gradually decrease. At this point, Apple can use the price reduction space created in the early stage to continuously reduce the price. By keeping the price of the product within the range of consumer acceptance it will create a continuous attraction for consumers, and it will continue to attract potential customers and broaden the market [6].

High pricing can bring the company a lot of profit in a short period of time, but there are also drawbacks. Apple's mobile phones have always dominated the high-end market, with a small share in the middle and low-end markets. Its target customers are also mostly high-income groups with high consumption levels, especially in the early stage of the launch of new mobile phones. However, the global economy is currently on a significant downward trend. The recessionary economic environment means that consumers' incomes are decreasing and their consumption levels are falling. And consumers' consumption psychology is largely influenced by the consumption level. In the case of declining consumption level, consumers will mostly produce realistic consumption psychology. Under the influence of this consumer psychology, consumers' desire to consume decreases and they will be more cautious in choosing products. Therefore, many consumers will reduce the acceptance of the product price while increasing the demand for the practicality of the product. Cost-effective

products will become the main criteria for consumers to choose products [7]. In this case, many consumers with higher spending power may also switch to mobile phones with lower prices. Therefore, the decline in the number of high-income groups will be even more significant when the number of high-consumption groups declines.

The shrinking of the high-end market will seriously affect the initial revenue of the new Apple mobile phone, making the risk index rise. In turn, this will lead to a compression of the product's room for price reduction, forcing it to remain at a high price. But high-priced Apple phones will find it difficult to attract potential consumers at a later stage by creating a comparative advantage with Android phones. This series of problems is likely to lead to a decline in sales of Apple mobile phones and a loss-making situation.

### 3.3. Sales strategy analysis

Apple mobile phones usually use "hunger" marketing strategy in the sales process. "Hunger" marketing strategy is actually the seller of goods by consciously reducing the supply of goods in the market so that the market is in a state of "hunger", so as to improve the attractiveness of the goods and the consumers' desire to buy the goods for the purpose. The reason why this strategy has made Apple mobile phones so popular with consumers is that it cleverly exploits the law of market supply and demand changes and consumer psychology [8].

Due to the uniqueness and innovation of Apple mobile phones, the new Apple mobile phones can arouse the curiosity of consumers before the launch of the market and make consumers want to buy them. However, Apple usually reduces the quantity of new mobile phones in the market through pre-sale or limited supply after the launch so that the supply is smaller than the demand. "Commodity prices fall when supply is greater than demand and rise when supply is less than demand". This is the law of supply and demand in the market. In other words, "scarcity is expensive". In this case, the high pricing of Apple's mobile phones will seem more reasonable. The supply of new Apple mobile phones is much smaller than the demand of consumers, so it is easy to create a crowd-sourcing situation. Consumers generally have a herd mentality when choosing products. They believe that "the truth is in the hands of the majority", and the product chosen by the majority is a good product. Influenced by this mentality, the attraction of the new Apple mobile phone to consumers will be greatly enhanced. The high price of the new Apple mobile phone and the difficulty of the purchasing process will make the consumers who have bought it feel a strong sense of satisfaction and superiority. At this time, those consumers who have not bought the mobile phone are prone to the psychology of comparison. This will make consumers want to buy it more urgently, and their desire to buy it will be stronger. The use of "hunger" marketing strategy to make the market almost always remain in a relatively "hungry" state, so that the product can produce a lasting appeal to consumers. This is probably what made Apple's mobile phone so successful in terms of sales [9].

Similarly, the "starvation" marketing strategy has its drawbacks. Although consumers are more likely to be influenced by the herd mentality or the comparison mentality and increase their desire to buy a product when the market is "hungry", it can also backfire. But it can also backfire. If the supply is not controlled, the market may become too hungry. Some consumers may choose to buy low-priced fake Apple mobile phones under the influence of a strong comparison mentality. Most of those fake Apple mobile phones use Android system, but only have the appearance of Apple mobile phones. Fake Apple mobile phones will not only take away part of the low-end market of second-hand Apple mobile phones, but also seriously affect the brand image [10].

In addition, the sales process will be slowed down under the guidance of the "starvation" marketing strategy, which will inadvertently increase the risk. For example, in 2020, the iPhone 12 had to be delayed due to the impact of the epidemic. The delayed launch of new products is likely to affect the sales volume because of missing the golden period. It may also lose part of the market due to the opportunity to give other brands of products a chance to take advantage of the situation.

## **4. Implications for China's local mobile phone brands**

### **4.1. Strengthen technological innovation and produce products with good quality and low price**

Although some appropriate marketing strategies can help improve product sales, but the premise is that the product itself should have good performance and high-end quality.

Although Apple mobile phone itself has certain defects, but it does have absolute advantage in technology. One of the most prominent is the chip technology. Apple has the world's most advanced chip technology, while China's local mobile phone brands use chips imported for a long time. The backwardness of technology leads to the product quality and performance is not superior. Therefore, the products are at a disadvantage in the fierce market competition.

But in recent years, with the rapid development of Chinese science and technology, chip technology has also made significant breakthroughs. China's dependence on imported chips is decreasing dramatically. This is a good opportunity for China's local mobile phone brands. In the future, domestic mobile phones can continue to increase scientific and technological innovation to improve the performance and quality of mobile phones to narrow the gap with Apple mobile phones.

In view of the drawbacks of high pricing of Apple mobile phones, domestic mobile phones should reduce unnecessary costs as much as possible in the production, and strive to produce inexpensive products.

### **4.2. Attaching importance to brand culture propaganda and improving customer loyalty**

In the current Chinese mobile phone market, the customer loyalty of Apple mobile phones is much higher than that of other brands. The analysis of Apple's marketing strategy in the previous section shows that the company's brand culture will greatly affect the consumers' perception of the brand products. Customer loyalty is related to consumers' recognition of brand culture. Therefore, the construction and promotion of brand culture should be an important part of the company's development.

However, it seems that Chinese local mobile phone brands have little effect on the promotion of brand culture. So in the future, strengthening the construction and promotion of brand culture can be a direction for the development of Chinese local mobile phone brands.

### **4.3. Discover product highlights and moderate "hunger" marketing**

Using the "hunger" marketing strategy, Apple mobile phones have achieved great success in sales. But the use of "hunger" marketing strategy also has certain preconditions. One of the important points is that the product itself should have the highlights that can attract consumers. Apple's mobile phone itself has a strong uniqueness, on the basis of which each new mobile phone also has a significant innovation. Therefore, even without the use of sales tactics, Apple mobile phones have a strong attraction to consumers.

In contrast, many local Chinese mobile phone brands are too popular and not distinctive enough, so it is difficult to attract consumers' attention or leave a deep impression on them. Therefore, in the future, if local Chinese mobile phone brands want to make use of the "hunger" marketing strategy, they need to explore the highlights of their products and highlight their product characteristics, so as to increase consumers' interest and attention to their products. In addition, in view of the disadvantages of the "hunger marketing" strategy, when using it, we must grasp the product supply time and supply quantity, so that the market is in a moderate "hunger" state.

## **5. Summary**

The previous analysis of Apple's mobile phone marketing strategy can be concluded that the clever use of marketing strategy can help the brand to occupy a favorable position in the fierce market competition. However, the choice and use of marketing strategies cannot be generalized. The success

of Apple's mobile phones can only provide a certain degree of reference for the development of most local Chinese mobile phone brands. China's local mobile phone brands want to get better in the future development is more important to find the right direction, specific problems specific analysis. On the basis of continuously improving the quality of their products, they should choose appropriate marketing strategies according to the changes in the market.

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