



Brand Portfolio

Product and Brand
Management

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Introduction

Apple, Coca Cola and KFC: these three brands have one thing in common. They have a strong brand identity. Whether it is the sophisticated and sleek design of the MacBook Pro, the foam and sparkling bubbles of the coke or the juicy, finger licking good chicken from KFC, you know exactly what to expect from each of these powerful brands and in most cases, they fail to disappoint.

A brand is a complex offering and can be interpreted in a variety of ways, i.e. from an input perspective (the way managers understand it to achieve a customer response) or from an output perspective (the way consumer's perceive it to enhance their personal existence). A brand fulfils a functional, an emotional and an experiential need. (Charnatony, 2006)

Apple Inc.¹ (Apple), ranked 24th in the world among the best global brands in 2008 has a brand value of \$13,724m (Interbrand, 2008) and a US computer market share of 7.4% as of Q1 2009 (Marshal, 2009). Apple ranks second only to Google for the company with the highest increase in brand value from 2007 to 2008 (Interbrand, 2008) . Since its inception in 1976, Apple has evolved keeping pace with changes in the industry and changes in the demand for more sophisticated technology products. Apple has moved from its initial PC manufacturing business model to its consumer devices business model. Analysing the company through this period reveals that this transition has been smooth so far. With the release of the iPod, Apple was no longer a hardware/software manufacturer but created a new domain for itself: consumer electronics. With the launch of the iTunes music store, Apple entered into another domain: media and with the launch of the iPhone, Apple entered into yet another domain: mobile communications.

Apple's strategy is to set itself apart from the other manufacturers of PCs, portable music players and software developers through its innovation, design and differentiated product offering. Its strategy includes providing consumers with a wide range of hardware product offerings that do not dominate the market (except for the iPod) but appeal to an influential and elite minority. Consensus is that Apple is the BMW of the personal computer industry and now the consumer devices industry and sets the standard for innovation and R&D.

Apple is well guarded in three ways:

1. The brand portfolio continues to bolster its image as a true global icon with top notch technology, world class design and awe inspiring user interfaces
2. The brand portfolio protects the Apple brand from possible downturns in any one sector
3. The brand portfolio offers Apple the strategic and innovative leadership to enter new markets, new product categories and still not dilute its brand equity

Time and time again, Apple has managed to change the rule of the game. It will be interesting to see when Apple slips, how it manages its brand and its world of loyal, almost cult-like, followers.



How did Apple create a niche for itself and remain competitive in spite of its premium priced products? How does Apple strike the fine balance between being trendy and yet appealing to the masses? My interest to study how Apple has managed to achieve success and build its brand over the last 30 years in a very competitive and dynamic industry has led me to choose it for the purpose of evaluation in accordance with my views when it comes to the CBBE pyramid.

A general view of the brand according to my perception:

The Apple Brand			
Personality Traits	Achievement and accomplishment	Professional	Out of the ordinary
Values	Pride and sophistication	Credibility	Individuality/exclusivity
Emotional rewards	Increase self esteem, creates empowerment	Distinctive and confidence in product	Distinctive
Benefits	Sense of style and trendiness, elegance	Feels good to use high performance products, sense of security	Uncommon
Attributes	Sleek design	Technologically sound products	Uniqueness (its different)

Now lets look at Apple in terms of the CBBE pyramid

Salience

I first heard about the Apple brand when I was about 12 years old when my father bought a macintosh pc. It was the first PC that my father had bought for me. Although at the time, I used the PC to play games rather than doing anything else. But it was something I treasured. Apple is one of the first things I think about when I look for a laptop. I'm always interested in what new they've come up with every time I visit an electronics store. Even when I think of buying an mp3 player, the Apple iPod Video is the first image that comes to my mind. But when I think of buying a phone, the Apple iPhone ranks below Nokia and Sony Ericsson. One of my main reasons for the attachment to the Apple iPod is because of their commercials. In their commercials, you'll see lots of happy, energetic people dancing in silhouette against a colourful and ever-changing background. Notice the distinctive white headphones flowing in unison to the owner's movements. What you don't see is a focus on iPod. No close-ups of how you select a song or adjust the volume level. Why would Apple take all the time to make a great user interface only to *not* show it on television? The reason is simple:



Apple isn't selling you an MP3 player. They are inviting you to experience the Apple lifestyle and to become part of the iPod community. Use any other MP3 player and you'll hear good music. Use an iPod and you'll *feel* good. You'll fit in. Product features don't create fans. They focus on what people do and show how they feel using Apple's stuff.

Those white iPod headphones were not designed by engineers – I think they are a pure Apple marketing trick designed to make the visible part of their product a status symbol. Wear white headphones and you are a member of the club. Think back to the first PowerBook - it was a unique dark grey colour (it was patterned after a colour designed by Whirlpool's Refrigerator research to hide or eliminate fingerprints) In both cases, the distinctive grey PowerBook case and the more recent white iPod headphones are status symbols (and uniquely Apple.) Even the glowing Apple logo was fixed to be right-side up for others (it's upside down to you when you open your new MacBook because you are selling the brand to others for Apple). These factors have really worked for me in terms of brand recall.

When I hear the word "Innovation", Apple is the first brand that comes in picture. However, when it comes to buying other computer accessories like mouse, keyboard, or headphones, I think more of other brands like Sony, HP or Logitech instead of Apple. This is mainly because of the price factor associated with Apple products. I would buy Apple products mainly just for say gifting my family or treat myself once in a while. It's not something that I would go and buy every time I need an item in the same product line. Consumer encounters trigger purchase at the Apple store.

Apple is a great brand and I adore it but then the price always comes into picture. The price is there to differentiate it from others but that also prevents it from being more accessible. I think Apple's launch of the iPod Shuffle was brilliant in this regard as it made the brand more accessible especially in terms of price. I think they should work more on the price factor to resolve this issue of accessibility to the segments they target as other brands like HP and Dell also have great products in similar price ranges.

Brand Performance

In terms of brand performance, I think Apple has set the highest benchmark for others to follow. Their products are of very high quality offering very good options, ease of use and beautiful designs. This is the reason that they charge a premium for their products. In regards to the basic functions, I think that Apple products are in line with its competitors. But when it comes to supplementary features, I think Apple has gone many steps ahead and has provided users with something revolutionary every time. Apple does one thing very well: making complex things easy and elegant. The iPod is successful because it makes getting your music into your pocket dead simple. Apple took existing MP3 player designs and applied their experience and technology to improve it. Plug your iPod in its cradle and it takes care of moving your music to your iPod, organized the same way it is on your computer. You're done (and your iPod is charged at the same time - bonus!) Other MP3



players are still trying to catch up with this elegant brilliance. On the other hand, Apple's Newton tried to carve out a whole new category - Portable Digital Assistants - and failed miserably. This shows that it doesn't always work for Apple.

In terms of reliability, durability and serviceability, I think there isn't any company even close to the level of Apple. Not only are Apple products technologically superior in my view, they're also very reliable. I've heard and experienced almost no issues when it came to Apple products. The performance of Apple products, have been very consistent over long periods. Even in terms of durability, the first PC which my father bought for me still works the way it did 13 years ago, is a standing testament to Apple's promise of long lasting happiness.

Apple's service is a hallmark of excellence. The service is fantastic from the time the problem is reported to the time it is solved and delivered to your doorstep. The servicing takes very less time as compared to other players in the market. If Apple can't fix their product, they give you a new one for free without thinking twice. This shows how much they care about the customer.

Apple styling and design is something that sets it completely apart from its rivals. That's why it's said that the artsy type always own an Apple. The design is not only eye catching, it's also very practical. This can be seen in the finish, the way the logo is presented on their product especially on their laptops (The beautiful Blue pulsating logo). The symbol with a bite taken out of it is simple and memorable. The bite makes a suggestion to the apple in the Garden of Eden implying that Apple products are irresistible and tempting. The logo incorporates multi-colour (rainbow) that signifies diversity showing that Apple celebrates diverse experiences and backgrounds. The implication here is that Apple is inclusive, not exclusive. Their products are light weight, sleek and strong which are very desirable features of consumer products.

It's said that buying an Apple is worth every penny. But I think that they can still do more when it comes to pricing. The segment they're targeting will look for sophistication and something new, but it might not always be accessible to them price wise. Apple products keep changing and hence this keeps the price range over the years on the same levels. This does get frustrating for me especially when the product is just a little beyond my price range at some points of time. I think Apple should also continue producing and selling their older products at cheaper prices. This will help it become more accessible to a wider segment and fan base. Apple's products being premium priced will definitely get affected by negative market conditions and therefore Apple needs to be adaptable in such situations. Apple needs to re-think its long term strategy and business model in line of a changing computer industry, the gradual decline of the MP3 player market and the increase in competition from smartphone competitors like Nokia. Apple will have to quickly and rapidly exploit its dynamic capabilities and change its objectives, strategy and business models while still operating in a position of strength. Apple can no longer depend on the PC market and will need to strengthen its iTunes and iPhone product offering.



Brand Imagery

The Apple brand is associated with sophistication and technology. Apple products are generally bought by computer and fashion savvy customers rather than the usual computer user. This is because they are looking for something more than functionality and Apple delivers that little extra in a very subtle but distinctive fashion. I love to use an Apple not just because of its performance and the way it looks, but also because it shows others who see me working on it that, I'm different from the rest. Apple products give users an unique identity that other products fail to convey. This is because Apple has concentrated on selling the brand rather than the product and this approach has worked very positively for them. Take podcasting for example. 'Podcasting' started to become popular at the end of 2004. The term first appeared in February 2004, and is a combination of the words iPod and broadcasting. 'Podcasting' involves users downloading audio files from the web and then transferring them to an MP3 player, to be listened to at any convenient moment. Not only has this given broadcast radio programmes a new distribution method but has provided ordinary people around the globe with the opportunity to make their own 'podcasts'.

The BBC began a trial of 'podcasts' in October 2004. In June 2005, Apple added 3,000 'podcasts' to its iTunes service. Within two days customers had downloaded over one million 'podcasts'! According to one management consultant, 'iTunes has managed to move podcasting into the mainstream.'

Media giants such as CBS and ABC now offer a number of radio programmes in 'podcast' form. 'Podcasts' are appearing on all sorts of subjects: business and management topics, education, sport, religion, computers and culture.

August 2005 saw the first ever 'podcast' from space, by US astronaut Steve Robinson from the space shuttle, Discovery. Now, 'podvertising' could become popular, with companies such as MasterCard and Orange already paying for advertising slots at the start of 'podcasts' by Virgin radio in the UK.

Apple's iPod is one of the most popular MP3 players, helping to make the company one of the leaders in the digital revolution. Although the term 'podcast' does not only refer to the iPod, the increasing popularity of 'podcasting' is certainly benefiting profits at Apple! Just as Sony became synonymous with 'Walkman', it seems that the new term 'podcasting' is enhancing the Apple brand.

According to my view, Apple products are used for applications which require high performance. Hence the high levels of quality that lead to high reliability and durability. Apple macbooks are used by artists, designers and engineers. The iPods are used by athletes and fitness freak and the Iphone for people who take their business seriously but also like to have fun. It sets about portraying a fun, new and hip personality which not only moves with the times but is also a trendsetter.

Apple identifies itself as a company that started from scratch and grew to something amazing and it portrays this in all its products. It shows how, through innovation, great things are possible in the shortest time scale. It builds its brand image based on the experience it provides to its customers from the time the customer enters the showroom to the time the product is purchased and after that. This is the reason why the brand recall is so high. For example, Apple encourages owners of its computers to form local Apple user groups. By 2009 there were over 3000 groups, ranging in size from fewer than 25 members to over 1000 members. The user groups provide Apple owners with opportunities to learn more about their computer, share ideas, and get product discounts, as well as sponsor



special activities and events and perform community service. A visit to Apple's website helps customers find nearby user groups. The Apple brand also identifies itself with particular segments of the market like specific age groups and Income groups. The multi-coloured logo itself depicts that Apple is for all races and creeds. ***The meaning of the name also gave the company a "friendly and shine" and warm based personality.***

Brand Judgements:

Lets look at this from the following points of view:

Brand quality: According to me, an Apple customer will mostly conclude that Apple products exude quality which is actually what you would normally identify a German product with. Apples perceived quality can actually be higher than it really is. This adds a lot to its brand equity. This is because the customers rate the quality on the basis of the experience rather than the product only.

Brand credibility: Apple is one of the most trusted brands in the world. Being innovative is its core competency and it has definitely caught the attention of the customer. Apple develops products based on customer inputs and keeps customers interest in the top of the list while designing its products. The entire Apple experience makes customers come back again and again. This shows that Apple enjoys high levels of likeability among its customers. This is mainly due to the experience Apple provides its customers rather than the product only.

Brand Consideration: Apple as a brand is very close to its customers and has been able to give them what they want with very close accuracy. This has created a high level of consideration for the brand with the customers. I consider the brand first while contemplating to buy something from the product range because of the brand image that it has created over the years. The customers of Apple products don't only go to look at them but also have strong considerations of actually buying the products.

Brand Superiority: Apple as a brand and a "total experience" is much superior to its rivals. The products are superior technologically as well as aesthetically. The brand does have the image of being a premium product. The fact that it is user-friendly shows how advanced Apple is. Apple have taken their products to new heights every time. This shows the brand superiority of Apple especially in terms of technology. The price band also create a perception among customers that the brand is superior.

Brand Feelings

The Apple brand radiates feelings of fun, excitement and pride. People who own Apple products always look forward to using them with a lot of enthusiasm. The brand through its advertising has created an image of being diverse and colourful. This has been deeply etched in the minds of the customer. The Apple brand is synonymous with creativity and



creativity is directly linked to fun and excitement. The Apple experience brings about feelings of fun and excitement to its customers. Lets take one of their advertisements for example. When the ipod was launched, it was a hit with celebrities and technical writers. But many consumers were under the impression that it was a sophisticated device for tech fans rather than the average music lover. The ad agency Apple hired and Apple itself set a goal to “create a campaign that extended ipods relevance to more music lovers and told the world this wasn’t just a tech-gadget available to few, but was also the icon that stood for a new experience with music.

The marketing effort was designed to appeal to Mac fans as well as people who had not used Apple products in the past. The Silhouettes campaign ran all over the world, so the message had to be simple enough to work across culture. The ads also had to portray the iPod as cool, but not so cool as to be beyond the reach of anyone who enjoyed music. The idea behind the campaign was that the Ipod was a passport to enjoying music whenever and wherever a consumer wanted. Text with ads, such as “iPod. Welcome to the digital music revolution. 10,000 songs in your pocket. Mac or OC” told the story of the iPods capabilities in a simple, appealing way. And the concept of 10,000 songs was designed to appeal to consumer markets like Japan, where other min-disk players with less capacity crowded the market.

The top markets for digital music were picked based on their role as influencers for youth culture in their regions. Apples campaign strategically targeted a handful of big cities such as San Francisco and Shanghai and used them as the focus for all media spending in that market. Those cities were flooded with iPod billboards, bus posters, print ads and TV commercials that were intended to spread the message “iPod is everywhere”.

Silhouettes television commercials featured people in silhouettes listening to iPods and dancing in front of neon backgrounds. Songs in the ads included U2’s “Vertigo” and Eminem’s “Lose Yourself”. Similar images of people dancing were used for the print ads, billboards and posters.

This showcased the fun side of Apple. Other products like the Macbook and iPhone portray sophistication and pride. These are bought at a premium and hence the owner has a sense of pride.

Brand Resonance

Apple customers relate to the brand very intimately. Repeat purchases are very common. They feel a very strong attachment towards the brand because it portrays a very different image. It helps make them feel that they are flowing with the changing trends because they own an Apple product. Many Apple consumers sometimes consider their Apple product their favourite possession or say that they love the brand because they get very attached to it. Apple has portrayed itself to be a brand that the customer can have a happy and lifelong relation with. The Apple experience has created deeper attitudinal attachment in the minds of the customer.

Apple has also conveyed a sense of community through the Apple experience. Take for example the Apple local users groups as explained in the previous session. It has created a feeling of oneness among different customers and hence brought them close making the experience even better. Apple through some measures like these have engaged their customers and have actually made the process of investing time, energy, money or other resources enjoyable.



Conclusion

Apple has been rated as one of the best brands in the world. This has not happened overnight but has taken a shorter time than normal only because Apple branded themselves, not as an organization as such, but as a journey that has to be experienced at least once and once you've experienced it, you'll want to keep coming back for the sequels.