

**The Ministry of Education and Science of Ukraine**  
**Ukrainian-American Concordia University**  
**Management and Business Faculty**

**MASTER’S QUALIFICATION WORK**  
**PROBLEMS AND CHALLENGES ENCOUNTERED IN**  
**INTERNATIONAL MARKETING**  
**(On the basis of “APPLE Inc”)**

Master’s student of  
Field of Study 07 – Management  
and Administration  
Speciality 073 – Management  
Specialization – Business Administration

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## ABSTRACT

Although change has always been a familiar term and phenomenon, the changes in the marketplace have never been so complex or rapidly evolved. Companies that operate or intend to operate in the international market strive to adapt to change by carefully analyzing, taking an integrated approach, and monitoring business performance.

The international marketing environment is fraught with uncertainty and challenges. International markets, as opposed to domestic markets, are more dynamic, uncertain, and demanding. The changes that occur on the international market, whether (Cultural, demographic, or technological), affect the way customers and consumers react and make competition in the international marketplace more ardent.

When competing in the international market, businesses need to be faster than their rivals in predicting the market needs. They must focus on providing their products and services with added value to make them as attractive as possible to potential customers and capable of meeting and exceeding expectations.

Though the world is progressing in terms of information technology, innovative and superior methods of organizing marketing efforts (such as horizontal organization, network organization, virtual organization), global efforts for smooth international trades, and so on, international marketing is not easy to pursue and has become a challenge to accept. Thus, international marketing has become crucial to companies and businesses that want to survive and thrive in the international market. However, implementing international marketing requires companies to be skilled in resolving complex relationships and problems in the international market.

Keywords; international marketing, international expansion, marketing activity, business development, problems, and challenges.

Хотя изменение всегда было знакомым термином и явлением, изменения на рынке никогда прежде не были такими сложными и быстрыми. Компании, которые работают или планируют работать на международном рынке, стремятся адаптироваться к изменениям, тщательно анализируя, применяя комплексный подход и отслеживая эффективность бизнеса.

Международная маркетинговая среда полна неопределенностей и проблем. Международные рынки, в отличие от внутренних, более динамичны, неопределенны и требовательны. Изменения, происходящие на международном рынке, будь то (культурные, демографические или технологические), влияют на то, как клиенты и потребители реагируют, и делают конкуренцию на международном рынке более острой.

Конкурируя на международном рынке, компании должны быть быстрее своих конкурентов в прогнозировании потребностей рынка. Они должны сосредоточиться на предоставлении своих продуктов и услуг с добавленной стоимостью, чтобы сделать их максимально привлекательными для потенциальных клиентов и способными оправдать ожидания и превзойти их.

Хотя мир прогрессирует с точки зрения информационных технологий, инновационных и передовых методов организации маркетинговых усилий (таких как горизонтальная организация, сетевая организация, виртуальная организация), глобальных усилий по обеспечению бесперебойной международной торговли и т. д., международный маркетинг не так прост. и стал вызов принять. Таким образом, международный маркетинг стал решающим для компаний и предприятий, которые хотят выжить и процветать на международном рынке. Однако внедрение международного маркетинга требует от компаний навыков решения сложных отношений и проблем на международном рынке.

Ключевые слова; международный маркетинг, международная экспансия, маркетинговая деятельность, развитие бизнеса, проблемы и вызовы.

Хоча зміни завжди були знайомим терміном і явищем, зміни на ринку ніколи раніше не були настільки складними або швидко розвивалися. Компанії, які працюють або мають намір працювати на міжнародному ринку, намагаються адаптуватися до змін шляхом ретельного аналізу, комплексного підходу та моніторингу ефективності бізнесу.

Міжнародне маркетингове середовище сповнене невизначеності та викликів. Міжнародні ринки, на відміну від внутрішніх, є більш динамічними, невизначеними та вимогливими. Зміни, що відбуваються на міжнародному ринку (культурні, демографічні чи технологічні), впливають на реакцію покупців і споживачів і посилюють конкуренцію на міжнародному ринку.

Конкуруючи на міжнародному ринку, підприємства повинні бути швидшими за своїх конкурентів у прогнозуванні потреб ринку. Вони повинні зосередитися на забезпеченні своїх продуктів і послуг доданою вартістю, щоб зробити їх максимально привабливими для потенційних клієнтів і здатними задовольняти та перевершити очікування.

Хоча світ прогресує з точки зору інформаційних технологій, інноваційних та чудових методів організації маркетингових зусиль (таких як горизонтальна організація, мережева організація, віртуальна організація), глобальні зусилля для безперебійної міжнародної торгівлі тощо, міжнародний маркетинг нелегко реалізувати. і це стало викликом для прийняття. Таким чином, міжнародний маркетинг став вирішальним для компаній і підприємств, які хочуть вижити і процвітати на міжнародному ринку. Однак впровадження міжнародного маркетингу вимагає від компаній вміння вирішувати складні відносини та проблеми на міжнародному ринку.

Ключові слова; міжнародний маркетинг, міжнародна експансія, маркетингова діяльність, розвиток бізнесу, проблеми та виклики.

**PHEE-institute «Ukrainian-American Concordia University»**

**Faculty of management and business**

**Department of international economic relations, business and management**

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Educational program “Business Administration”

**APPROVED**

**Head of Department**

**Prof. Lubov Zharova**

“14” September 2021

**TASK**

**FOR MASTER’S QUALIFICATION WORK OF STUDENT**

*Cynthia Theophilus*

1. Topic of the master thesis **“PROBLEMS AND CHALLENGES ENCOUNTERED IN INTERNATIONAL MARKETING”**

Consultant of the master thesis Dr. Nataly Amalyan, associate professor

Which approved by Order of University from **“14.09.2021\_\_ №14-09/ 2021-6c**

2. Deadline for master thesis submission **“24” December 2021**

3. Data-out to the master thesis: Materials received during the internship and consultations with the representatives of Apple Inc.

4. Contents of the explanatory note (list of issues to be developed)

There are three main tasks for the thesis:

1. Fundamentals of International Marketing

2. Analytical Review of International Marketing (Apple Case Study)

3. Problems, Challenges and Recommendations for the Development of International Marketing in response to COVID-19 pandemic

with special attention to Analysis of the problems and challenges faced by international marketing, impact of the Covid-19 Pandemic on Industries and International Marketing and Adaptation Strategies to the Consequences of the COVID-19 on International Marketing

5. List of graphic material (with exact indication of any mandatory drawings)

18 figures, including:

Stages of International Marketing involvement,

SWOT and PESTLE analysis for Apple Inc.,

Analysis of the international marketing strategies,

Representation of Apple in the US,

Apple report and Apple quarterly revenue, and A

pple's BCG Matrix

6. Consultants for parts of the master thesis

Part of the project	Surname, name, position	Signature, date	
		Given	Accepted
<b>1</b>	Dr. Nataly Amalyan		
<b>2</b>	Dr. Nataly Amalyan		
<b>3</b>	Dr. Nataly Amalyan		

7. Date of issue of the assignment

#### Time Schedule

№	The title of the parts of the diploma project (work)	Deadlines	Notes
1.	I part of master thesis	22.10.2021	
2.	II part of master thesis	12.11.2021	
3.	III part of master thesis	26.11.2021	
4.	Introduction, conclusions, summary	03.12.2021	
5.	Pre-defense of the thesis	15.12.2021	

Student \_\_\_\_\_  
(signature)

Consultant \_\_\_\_\_  
(signature)

**Conclusions:** The study provided meticulous analysis of the current trends in international marketing. The master thesis was designed at the appropriate scientific level, it's content and structure fully meet the methodological requirements. In general, if successful defense, the thesis can claim to be "excellent".

Consultant \_\_\_\_\_  
(signature)

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## INTRODUCTION

International marketing is increasingly necessary, given the increased interconnectivity between countries. International marketing brings many nations together to trade by facilitating free trade at the international level. Brands can create a better position in the international market by conducting their marketing operations internationally. These operations are pursued because of the strategic possibilities given by technical advancements, which make sourcing products and pursuing growth more convenient and profitable in new markets. Therefore, international operations are a direct result of either achieving higher revenue levels or a lower cost structure within the operations or value-chain. MNCs frequently achieve economies of scale by mass-producing in external markets at significantly lower costs or economies of scope by expanding horizontally into new geographic markets.

The world of marketing has experienced significant changes in recent years. In the last decades, the intensification of economic activities on the global scale has increased the number of firms involved in decision-making, whether or not to enter a foreign market, and what mode of operation would be the most suitable for them. However, if a company does not know how to apply marketing in the domestic market, it cannot carry out marketing in the international field.

**The master thesis aims** to analyze the evolution of international marketing across the globe and the problems and challenges encountered in the process of international marketing, using Apple Incorporated as a case study.

In order to achieve the aim of the thesis, the following **tasks** were set:

- Examination of the history and evolution of marketing spanning different eras and the stages of international marketing involvement, the trends in modern international marketing.
- Examination of the strategic planning processes pertaining to international marketing as well as the different entry strategies into the foreign market.
- Analysis of Apple's strategic international marketing process, which involves the use of SWOT and PESTLE analytical framework
- Analysis of Apple's competitive advantages using Porter's Diamond model, which explains why certain industries within a particular nation are competitive internationally
- Analysis of Apple's strategies using Michael Porter's generic strategic framework.
- Analysis of Apple's performance data
- Analysis of Apple's intensive growth data using Ansoff Matrix and Boston Consulting Group Matrix.
- Analysis of challenges encountered by multinational corporations (MNCs) in international or global marketing.
- Analysis of the effects of the Pandemic on international marketing and of the ways of multinational corporations' adaptation to these changes.

**The methodological basis:** This research is a qualitative approach with the use of a case study.

**The research object** - International Marketing

**The research subject** - Apple Inc.

This thesis is carried out on 101 sheets containing 21 figures. References are also included, and it consists of 73 literature sources.

## **CHAPTER 1. FUNDAMENTALS OF INTERNATIONAL MARKETING**

### **1.1 The Nature and Evolution of Marketing**

The question of what marketing is and what it entails has been the focus of a considerable amount of work over the past 40 years. As a result, different people have come up with different definitions, with differing emphasis on the process of marketing, the functional activities that constitute marketing, and the orientation or philosophy of marketing. For example, the Chartered Institute of Marketing defines marketing as the management process for identifying, anticipating, and satisfying customer requirements profitably."

A conceptually similar definition of marketing, although slightly longer, was proposed by the American Marketing Association (AMA) in 1985: "It describes marketing as a process of planning and executing the formation, pricing, promotion, and distribution of goods, services, and ideas in order to create exchanges that satisfy individual and organizational objectives. McDonald (1989) also described Marketing to be a management process where the whole organizational resources are used to satisfy the needs of selected customer groups in order to achieve the objectives of both parties. As a result, Marketing is first and foremost an attitude of mind rather than a series of functional activities.

Inherently, Drucker (1973) put forward a definition of marketing orientation: "Marketing is so fundamental that it cannot be considered a separate function compared with others such as manufacturing or personnel. It is a central dimension of an entire business. It is the entire business seen from the viewpoint of its final result, that is, from the consumers' point of view." The two latter definitions were captured as a strategic approach to marketing as opposed to the functional approach captured in the former two. Even though the definition of

marketing, according to the American Marketing Association (AMA) or variations of it, has been used by a variety of writers, its adequacy is has been questioned in some European textbooks, and this was pointed out by Littler and Wilson (1995, p. 1).

Marketing has been evolving over the centuries. Before the emergence of the marketing orientation, there have been several eras of different views and concepts. The general evolution of marketing precipitated the concept of business development. Marketing has taken the modern shape after going through various stages since the end of the 19th century. To better understand the evolution of marketing theory, it is expedient to examine the individual evolutionary stages in more detail.

In the *production orientation era*, the concept was that consumers would favor those products that were readily available and highly affordable. Since there was a scarcity of goods, businesses focused primarily on manufacturing. So as long as someone was producing these goods, someone would want to buy them. They established their mantra for marketing success as "Improve production and distribution ."So the companies focused on increasing their production efficiency, increasing the number of items that they could produce so that the products were readily available to the consumers. This orientation gained popularity as a result of the shortages in the market, hence creating the foundation of Jean-Baptiste Say's famous remark: "Supply creates its own demand."

By the nineteenth century, the attitude changed slowly, and the approach shifted from production to *product orientation* and from quantity to quality. The product orientation concept holds that consumers will favor those products that offer the most quality, performance, and features. The marketers held the mantra that a good product would sell itself and so does not need promotion. So gradually, the companies began to focus on producing high-quality products, products with good features and high durability. After the world economic crisis

of the 1920s, competition grew, and the focus turned to sell. The increased competition and variety of choices and options available to customers changed the marketing approach, and the attitude became, "Consumers will buy products only if the company promotes or sells these products."

The *sales orientation era* held the idea that consumers would not buy enough of a company's product unless the company undertook large-scale selling and promotional activities. So if a company focused on aggressive selling techniques or aggressive advertising or promotional techniques in order to increase their sales, that company was following the sales concept. By the 20th century, the focus of the companies had shifted from product, production, and selling to more on customers' needs and wants. The saturation of markets made companies give marketers the opportunity to perform on a more strategic level.

The *marketing orientation era* introduced the concept that organizations would achieve their goals by understanding and satisfying customers' needs and wants better than competitors. Employees within an organization were also motivated to acquire marketing knowledge, which set the grounds for clients obtaining a general brand experience. This era shifted the focus of companies towards building customer loyalty and developing relationships with clients.

In the *relationship orientation era*, the mantra of the marketers was 'Long-term relationships with customers and other partners lead to successes'. So companies started to focus on establishing long-term relationships with customers. Don Peppers, Martha Rogers, and Philip Kotler instigated the importance of creating bonds, considering that "the cost of attracting a new customer is viewed to be five times what it takes keeping a current customer happy." (Kotler, 1997)

The marketing concept went through a refinement during the *societal marketing era* when the business owners and marketers began paying attention to the environment. They recognized how their activities proved harmful to nature

and society as well. Consumer welfare came into play in this era. And the focus of the companies shifted from trying only to satisfy customers or earn a profit to focusing on societal welfare and long-run interests. They began to produce products that were not only beneficial to the customers but also beneficial to the rest of society.

The evolution of marketing didn't happen in a short period of time; rather, it underwent a number of phases and what we see today are the results of refinements that it went through. Undoubtedly marketing is the backbone of businesses, and we should realize its importance as we are going to see different aspects of it in the upcoming future.

## **1.2. The Concept, Theory, and Stages of International Marketing**

### **Concepts of International Marketing**

Having discussed the meaning and scope of marketing in general, it is essential to further describe the concepts of international marketing. In the context of international marketing, there are certain terms to be considered;

**Domestic Marketing:** Marketing that is targeted exclusively at the home country market is called domestic marketing. A purely domestic company operates only domestically. When it reaches growth limits, it diversifies into new markets, products, and technologies within the country instead of entering foreign markets.

**Export Marketing:** This is the first stage when the firm steps out of the domestic market to explore market opportunities outside the country. In export marketing, the firm's main aim is to expand its market size. The firm produces all its goods in the home country and exports the surplus production to other countries. It makes full marketing efforts in the domestic country but does not

undertake any marketing activity in the foreign countries; It makes no effort to plan and execute marketing mix to the needs and requirements of the foreign markets. Thus, the emphasis in export marketing is on expanding the market size by exporting to other countries, but not on making actual marketing efforts in foreign countries. In many instances, companies generally start with indirect exporting through international agents. Indirect exporting involves the least investment because the firm does not require an overseas sales force; however, when a firm exports directly, it has to delegate international sales personnel stationed either in the foreign country or the domestic country but visit foreign markets regularly.

**International Marketing:** In international marketing, the focus shifts from just exporting to marketing in these foreign countries. The company institutes ancillaries in foreign countries to handle marketing operations. These subsidiaries may be operating independently or through direction from the headquarters in the domestic country, but the key positions in such undertakings are manned by nationals of the domestic country. When the firm decides to pursue market opportunities outside the home country, it extends marketing, manufacturing, and other activities outside the home country. The marketing strategy of the firm is an extension; that is, products, pricing, promotion, and business practices established for the home-country market are 'extended' into the markets around the world. The underlying philosophy is that with minimal experience and resources, companies must hone in on what they do best. When a company chooses to go international, it seems sensible to extend as much of the business and marketing mix (product, promotion, price, and channels of distribution) as possible so that they can focus on learning how to do business in foreign countries.

**Multinational Marketing:** Essentially, multinational marketing is the adaptation of the domestic marketing mix suitable to the market differences in a

market environment in each country of operation. In international marketing, the company extends its domestic marketing practices to all countries; however, the company realizes that the extension of the domestic marketing mix may not be effective as the business environment in other countries differs from the domestic country. The heterogeneity in markets across the countries necessitates modification of the marketing mix suitably to the environment in each country. Therefore, the marketing mix should be unique for the respective country in which the firm conducts its business.

The governing philosophy of multinational marketing is that markets and business practices around the world are so quintessential that the only way to succeed internationally is to acclimatize to the different peculiarities of each national market.

Ancillaries are developed in each country or group of countries to manage all the marketing operations in that country/region. Each foreign subsidiary is run as though it were an independent unit. The ancillaries are part of an area structure in which each country is part of a regional organization that reports to world headquarters in the domestic country.

**Global Marketing:** In global marketing, the world as a whole is viewed as the market, and the firm strives to standardize as much of the company's effort as is practical on a worldwide basis. At this stage, the firm discovers, even though the world is not a homogeneous market, the possibilities to ascertain the segments or groups of consumers across the globe with similar needs, values, and behavior patterns who can be satisfied with a single standardized product and marketing mix. Thus, global marketing views an entire set of country markets as a unit, identifying groups of prospective buyers with similar needs as a global market segment and developing a marketing plan that strives for standardization wherever it is cost and culturally effective. This might mean a company's global marketing plan has a standardized product, but country-specific advertising; or



has a standardized theme in all countries with country culture-specific appeals to a unique market characteristic but adapted products to meet specific country needs, and so on, In other words, the marketing planning and the marketing mix are approached from a global perspective, where feasible efficiencies of standardization are sought, We may conclude that global marketing means operating as if all the country markets in a company's scope of operations (including the domestic market) are approachable as a single global market and standardizing the marketing where culturally feasible and cost-effective.

The concept of International marketing involves performing various business activities that have been designed to plan, promote, and direct a company's flow of goods and services to consumers in more than one country for profit. It involves the use and application of the various marketing principles in order to satisfy the various needs and wants of different people residing across the national borders. Simply put, International Marketing is to undertake marketing activities in more than one nation.

One of the most pivotal decisions that any company has to make is whether to go international or not, and this decision could be affected by different factors, for example; the company may not want to go global because of the huge market share it has in the domestic market, and they may not want to learn the new rules and laws of the international market.

Occasionally, companies buy other companies in other countries to take advantage of factories, relationships, storefronts, and personnel that is already in place. These offices still have to give accounts to the headquarters in the home market, although the majority of the marketing mix decisions are enacted in the individual countries since they are more knowledgeable about the target markets. These firms base local product development on the needs of local customers. These marketers can be said to be polycentric because they acknowledge that each country and market has different needs.

The concepts, methods, processes, and principles of marketing are universally applicable, and the marketer's task is the same, whether doing business in Ukraine, Texas, or Saudi Arabia, Tanzania. The basic goal of the business is to make a profit by promoting, pricing, and distributing products for which there is a market. The distinction of international marketing comes from a variety of unfamiliar problems as well as the strategies necessary to contend with different levels of uncertainty encountered in foreign markets.

Unpredictable consumers, government laws, legal restraints, weather, competition, and other unmanageable elements can affect the profitable outcome of good and sound marketing plans. In most cases, the marketer is unable to control or influence these elements but rather must acclimatize or conform to them in a manner in line with a successful outcome. One of the things that make marketing interesting is the constant challenge of having to take the controllable elements of marketing decisions which include product, price, promotion, distribution, and research, and mold them within the framework of the uncontrollable elements of the marketplace, in such a way that marketing goals and objectives are achieved. Even though marketing principles and concepts are generally pertinent, the environment within which the marketer must execute the marketing plans can change significantly from country to country or region to region. The international marketer's primary concern is the difficulties created by different environments.

Once a company decides to go international, it has to decide the extent of marketing involvement and commitment the firm is prepared to make. Substantial study and analysis of market potential and company capabilities should be reflected in the decision. (Philip .R. Cateora 2015)

There are a number of constituents that favor faster internationalization:

- 1) Companies that have high-technology or marketing-based resources seem to be better equipped to internationalize than companies that are more traditional in manufacturing.
- 2) Internationalization also appears to be favored by both smaller home markets and larger production capacities.
- 3) The internationalization process can also be accelerated by firms with key managers that are well networked internationally.

Many companies initially start out unsubstantiated in international marketing, growing as they gain experience, and eventually, they slowly change strategy and tactics as they become more committed. Other companies, on the other hand, enter into international marketing after a lot of research and fully developing long-range plans, prepared to make investments to acquire a market position and often indicating bursts of international activities. According to one study, striking a balance between the two approaches may actually work best, with an array of conditions and firm attributes to be analyzed. Irrespective of the means used to gain entry into a foreign market, a company or firm may make little or no definite market investment; that is, the marketing involvement of that company may be limited to selling a product without giving much thought to the development of market control. On the other hand, a company could become completely involved and invest huge sums of money and effort to acquire and maintain a permanent, specific position in the market. Generally, one of five stages can describe the international marketing involvement of a company, and sometimes, these stages can overlap.

These stages of international marketing involvement are not presented here in order of progression. On the contrary, a company could begin its international involvement at any one stage or be in more than one stage simultaneously. For example, many high-tech companies, large and small, see the entire world, including their home market, as a single market because of a short product life

cycle and a thin but widespread market for many technology products, and as a result, they strive to reach all possible customers as rapidly as possible.



Fig 1.1 Stages of International Marketing involvement

Source: The scope and challenge of international marketing  
<https://www.slideshare.net/luispachon/the-scope-and-challenge-of-international-marketing>

In the *no direct foreign marketing stage*, the companies do not actively involve in international marketing or cultivating customers outside national boundaries. There is a possibility that their products may reach foreign markets. They make their sales to trading companies and foreign customers who contact the company directly. Also, their products might reach foreign markets through wholesalers or distributors who sell abroad without the express inducement or even knowledge of the producer.

Companies in the *infrequent foreign marketing stage* may involve relatively infrequently in international marketing depending on whether there are temporary surpluses caused by variations in the production levels or demand. The companies do not necessarily have the intention to maintain the international demand. They primarily focus on the domestic demand, which, as it increases and absorbs

surpluses, affects foreign sales activity, causing it to be reduced or even withdrawn. Only when there is a surplus of products after distributing to the domestic market would the companies sell to the foreign market.

When companies are in the *regular foreign marketing stage*, they have the intention to do international marketing, and they have a temporary production capacity devoted to the production of goods and services to be marketed in foreign markets. These companies find foreign and domestic intermediaries and sales subsidiaries worldwide where they sell products that were produced with careful planning for markets in different countries. Although service domestic market needs are the primary focus of operations and production, as the demand overseas grows, the companies allocate production for foreign markets, and products may be modified to meet the needs of individual foreign markets. The companies move from seeing the profit from sales in the foreign market as just a bonus in addition to the regular domestic profits to a point where they become dependent on foreign sales and profits to meet their goals.

The *International Marketing stage* is where the companies are fully involved and committed to international marketing activities. These companies set up sales subsidiaries or foreign and domestic intermediaries and production plants in foreign countries to facilitate the production of goods outside the home market. Such companies become international or multinational marketing companies at this point. For example, Toyota is a Japanese car-making company that has production plants in Japan, but it also built production plants in the US when it expanded its business in the US.

When a company goes into the *global marketing stage*, there is a significant change in the company's orientation toward markets and correlated planning activities. The companies view the world as one market and treat the foreign and domestic markets as one. Market decisions are no longer focused on national

borders; they are defined by considering different factors and consulting with the marketers in all the countries that would be affected.

### **1.3. Analysis of the International Marketing Environment**

The international marketing environment consists of both controllable and uncontrollable factors inside and outside the organization that influence a firm's marketing decision-making globally. In deciding to trade or not to trade abroad, a company has to study the international marketing environment in-depth. When examining the international marketing environment, the main focus should be on the company's macro environment elements that cannot be controlled.

The elements of the international marketing environment include the cultural, economic, and political-legal environment. (Riekstina, 2010; MacLeod, 2010). It is necessary to assess the effect of international marketing environment forces for the company that decides to involve in international marketing



Fig. 1.2. The international marketing environment

**Source:** Siddhi Bhargava, Divya Singh Rajput. 2016

**Cultural Environment:** The cultural environment comprises the religious, educational, family, and social influence in the marketing system. Each country has its traditions and norms. Before planning an international marketing program, the organization has to consider the cultures of different countries.

A country's literacy rate, aesthetics, culture directly or indirectly impact the forming strategy of an exporting company. An organization must identify the existing cultural constraints of the target market and investigate and comprehend them diligently. Failure to consider the cultural environment is one of the major reasons for marketing failures overseas.

**Economic Environment:** A nation's economic situation portrays its current and potential capacity to render goods and services. The key to comprehending market opportunities lies in evaluating the stage of a nation's economic growth.



Global forces exist that are virtually impossible to control in the economic environment. The main factors in the economic environment may include; demand in the market and economic conditions of company functioning. Evaluating competitive potential is essential before new products are released on the market because almost 80 percent of production's marketing costs depend on the success of the economic, technical parameters research at the initial product development stage (Banterle et al., 2014).

Generally, the most significant marketing opportunities exist amidst the industrialized nations, as they have high-income levels, which is one of the essential ingredients for market formation. However, many industrialized nations also have stable population bases, and market saturation for many products already exists. On the other hand, the emerging nations have increasing population bases, and although they currently import limited goods and services, the long-term potential for growth in these nations exists.

As economic development progresses, so does the sophistication of the marketing effort focused on the countries.

**Political-Legal Environment.** Businesses are affected by the legal and political conditions of a country. The laws and regulations, political stability, monetary circumstances like the exchange rate of a particular nation's currency, Trading blocs, agreements, tariffs greatly impact international marketing activities.

Business activities tend to grow and thrive when a nation is politically stable. Because of the risk of expropriation, multinational companies are subject to foreign governments, which are sometimes unpredictable, and can change the laws they enforce at any point in time to meet their needs.

**Technological Environment:** The degree of technological development of a country affects the attractiveness of performing business activities and the type of operations that are possible in that country. Companies in foreign markets must



consider technological development and its impact on their total operations as these opportunities may not be available in lesser developed nations.

The marketing intelligence system could help international companies determine the technological acclimation of other enterprises to update their technologies to remain competitive as companies that do not keep up with technological changes could find their products outdated.

**Competitive Environment:** Going into an international market is quite similar to entering into a domestic market, in the sense that a firm seeks to acquire some differential advantage by investing resources in that market. Local firms will sometimes successfully adopt imitation strategies, and when they are successful, their nation's economy receives a good upturn; if they are not successful, they are often bought out by multinational firms. For example, Japanese marketers have developed an approach to managing product costs, giving them a competitive advantage over their US competitors. A typical American company will create a new product then calculate the cost. If the approximated cost is too high, the product will be retracted to the drawing board. In Japan, a company generally starts with a target cost based on the price that it estimates the market is most inclined to accept. Product designers and engineers are then directed to meet the cost target. This approach also motivates managers to worry less about product costs and more about its role in gaining market share.

The state of competition prevailing in an international market has great importance upon the strategic plan of the international marketer.

Evaluating various components of the international marketing environment of the company can help to analyze the competitive environment and its marketing opportunities. It is appropriate to analyze the factors influencing international trade by assessing the environment and their influence on the willingness to engage in international trade. As such, it is the responsibility of an

international firm to have a clear grasp of the international marketing environment to formulate effective marketing decisions.

Developing business strategies, implementing them, and evaluating their impact based on organizational objectives can be attributed to strategic planning.

Companies face increasing competition, and as a result, they need to respond to their constantly changing environment with increasing speed and more immensely developed strategic plans. Strategic planning helps organizations consider the increasing uncertainties of today's marketplace. It comprises a thorough examination of the company's external environment and its internal capabilities and strengths, as well as recommendations based on this internal and external analysis. A company must formulate measurable objectives and a strategy to reach those objectives.

At the very least, a company should evaluate its long-term strategies annually and adjust them as necessary. (Karel 2007, 5.)

Strategic marketing planning entails developing and implementing marketing strategies based on the planning team's market assessment and perceptions of managerial expectations and organizational capability to achieve distinctive marketing objectives, consequently leading to achieving an organization's overall objectives.

Every marketing campaign's goals and tactics are established in the marketing plan. Rather than being a static document, a strategic marketing plan is a living document guiding a firm's work and is regularly updated to reflect changes in the business, customers, and competition. It consolidates everything required to grow a company.

The process of formulating a strategic marketing plan is essential to every business.

A strategic marketing planning process;

- Provides a clear map of its goals and how they can be achieved.

- Let all stakeholders have a common understanding of the company's opportunities and challenges and share a common goal.
- Identify and fulfill customer needs with the right products in the right places.
- Grow and increase a company's market share and product lines, increasing revenue.
- Allows smaller companies to compete with bigger firms.
- Although the strategic marketing plan focuses on the company's goals for its products and customers, the overall business plan, which outlines all of its goals, should support the marketing plan and work together, else neither plan will succeed.

According to Hooley, Saunders, and Piercy (2004), the development of a marketing strategy can be developed into the following three steps: the establishment of a core strategy, the development of the firm's competitive positioning, and lastly, the implementation of the marketing strategy.

Forming an effective marketing strategy ultimately begins with the evaluation, briefing, and assessment of the company's capabilities. Its main strengths and weaknesses, opportunities and threats compared to the company's competitive environment.

The strategic marketing planning process, according to Piercy (2002), consists of three primary and interconnected dimensions:

The first dimension is the analytical dimension, which deals with techniques, procedures, systems, and planning models.

The behavioral dimension, which is concerned with management attitudes, participation, and strategic assumptions, is the second dimension.

The third dimension is the organizational dimension, which is concerned with structures, information flows, culture, processes, and management style.

The way the three dimensions are managed determines the overall effectiveness of the planning process and the plan's ultimate value. For example, if there is a culture in which there is no openness, creativity, or collaboration from people across marketing and other sectors of the organization, the value of any analysis and planning is likely to be substantially decreased.

Similarly, if the organizational dimension obstructs information flows and/or a significance on implementation, the planning process and the plan's usefulness are diminished.

Although planning has an inherent and logical appeal, the truth is that the planning process is often poorly managed in many businesses.

It is not enough to impose a planning framework on members of the marketing team if the planning process is to be effective. Instead, it should be necessary to show that planning is a living and meaningful process and that the plan is meant to be a working document. In other words, the plan is designed to be used on a day-to-day basis to guide and inform decisions. The purpose of strategic marketing is to lead firms to attractive economic opportunities, which are selected to their resources and know-how and offer potential growth and profit. Lambin (2007).

## **CHAPTER 2. ANALYTICAL REVIEW OF INTERNATIONAL MARKETING (APPLE CASE STUDY)**

### **2.1. Analysis of the strategic international marketing planning process; Apple Case Study**

Expanding a business into the international markets involves risks that should be calculated meticulously. It requires additional steps to the planning process, which could be difficult, but the results are very rewarding. The strategic marketing process includes steps and processes that companies need to follow to help them identify and reach their marketing goals. This process involves setting goals and objectives, analyzing the organization's internal and external business factors, product planning, implementation, and tracking the progress. For example, Apple has been the winner of the CMO Survey Award for Marketing Excellence for the past eleven years. Apple's strategic marketing plan has made them one of the most successful companies globally.

The strategic marketing process brings all the pieces together so that everything a company does, contributes to the business's success. Instead of executing haphazard activities and ideas, developing a solid plan that weaves goals and tactics into a seamless experience is very important.

- **Identifying And Understanding The Mission and Objectives**

Identifying and establishing the organizational mission and objectives is an essential step in the strategic international marketing planning process as it explains the reason for the company, specifies what the organization wants to accomplish, provides specific targets and a time frame so that managers can quite realistically evaluate the organization's performance toward achieving the objectives before it can commit to international business.

When defining an organization's mission, the organization must consider its capabilities and opportunities. The capabilities are related to its distinctive competencies, that is, its skills and talents in operations, finance, marketing, management, and resources (financial, human, technological, and material utilization). Opportunities where the management has to carefully match the firm's capabilities with opportunities in the market, that is, what customers need and want.

An example of a mission statement would be Apple's mission statement which is "to offer the greatest personal computing devices and support to students, educators, designers, scientists, engineers, business people, and consumers in over 140 countries globally" (Apple 2020). The mission statement is typically developed by the senior leaders or the board of directors in an organization. It is a core message that guides and influences a firm's marketing strategy.

When it comes to international marketing, organizational objectives vary in companies. For example, an organization may be more concerned with short-term marketing activities, while others may be more interested in more permanent international marketing activities.

- Situation Analysis

A situation analysis is the foundation of the strategic planning process for the international marketing plan. It involves examining and evaluating internal and external factors that affect the business and market. The analysis will illuminate the company's strengths and the challenges they face, whether with internal resources or with external competition in the marketplace, as well as provide a clear, objective view of the health of the company, its current and prospective customers, industry trends, and the company's position in the marketplace.

There are several ways to conduct the analysis. A typical analysis would be the SWOT analysis, which examines an organization's strengths, weaknesses, opportunities, and threats.

The 5C analysis is another way of evaluating the market environment. The analysis consists of the company, customers, competitors, collaborators, Climate. Like the SWOT analysis, the 5C analysis involves analyzing internal factors and exploring external factors of an organization.

Also, a PESTLE analysis can be conducted; this comprises the political, economic, social, technological, legal, and environment, similar to the climate section of a 5C analysis. The PESTLE analysis method provides a comprehensive analysis of external factors affecting the organization.

A SWOT Analysis of Apple Inc.

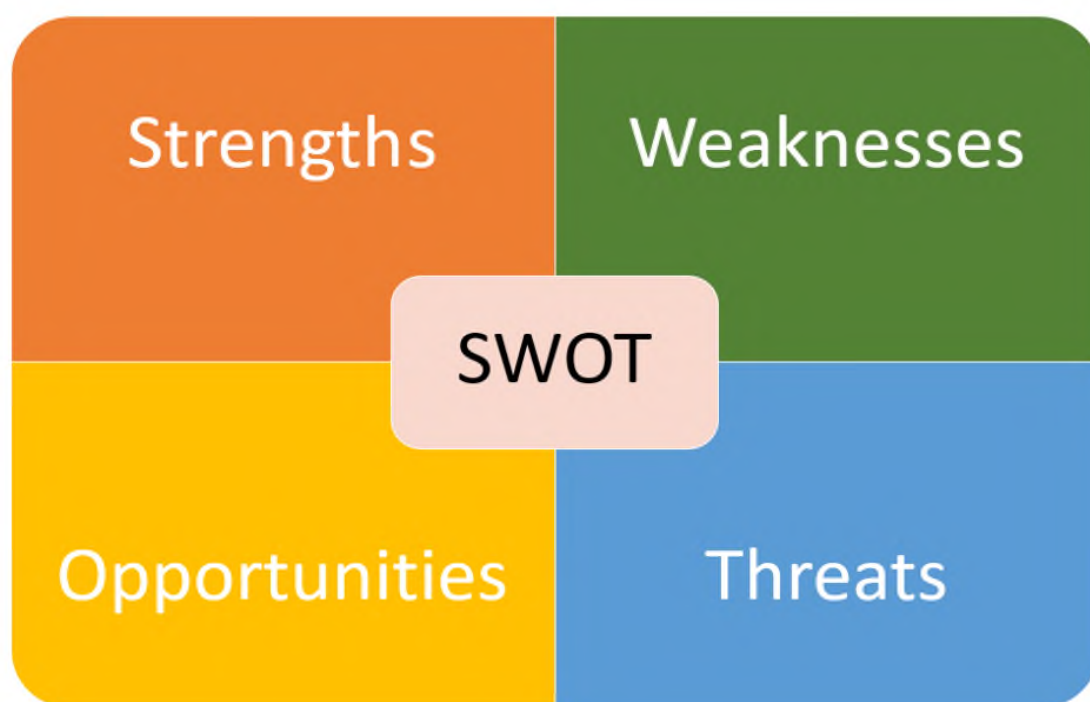


Fig. 2.1 SWOT Analysis

Source: Swot Analysis, Tallyfy <https://tallyfy.com/swot-analysis/>

**Strengths:** Apple's strengths include its business strategies and competitive advantage. It is currently one of the most valued companies globally and is widely recognized. Apple is considered one of the most reliable companies when it comes to personalizing modern computers and innovative technology products, with millions of loyal consumers attesting to this. It is a brand of choice as most companies prefer to use Apple products in the offices. Apple devoted time and effort to product design and was the first to debut some of the most revolutionary devices that have revolutionized the world, such as iPhones and iPads. Apple also has sustainable innovations as most of its products are made from recycled materials.

**Weaknesses:** Some of Apple's weaknesses include the high-priced products. Because of its high pricing, it is considered a luxury; low-income individuals cannot purchase it. Because of its success, Apple does not need to overspend on advertising and promotions, as do other large corporations. Their incompatibility with other software makes it difficult for other users to connect with Apple products. Some versions of Apple's iPod and iPhone had apparent defects, which hurt product sales and the company's reputation for excellent product performance.

**Opportunities:** Due to its high market share and brand recognition, Apple is experiencing increased demands for its various devices. Apple Inc. may be able to expand its distribution network. There is an increasing need for cloud-based services as data connectivity, and speeds improve, and Apple can expand its iCloud services and applications portfolio. There is a steady growth in the advertisement market, and the development of the digital advertising market is a possibility for Apple to further capitalize on this.

**Threats:** Some of Apple's threats include the growth of the Android OS, competitors in the online music market, now there are other online music subscription platforms like Spotify, Deezer, Youtube, Tidal, Amazon, and



Audiomack that are also competing with Apple and are potentially a threat as these can reduce the number of subscribers the Apple music has. Although Apple as a brand has solidified itself, it still faces threats from competitors; big companies like Samsung, Lenovo, Google, Huawei are giving Apple a tough time both in the creation of Smartphones and Computers. The COVID-19 pandemic also affected up to 20% of Apple's yearly revenue. The dollar rate is also a threat since Apple earns more than half of its revenue outside the US. So, the changes in the exchange rate of currencies of other countries could affect Apple's profits.

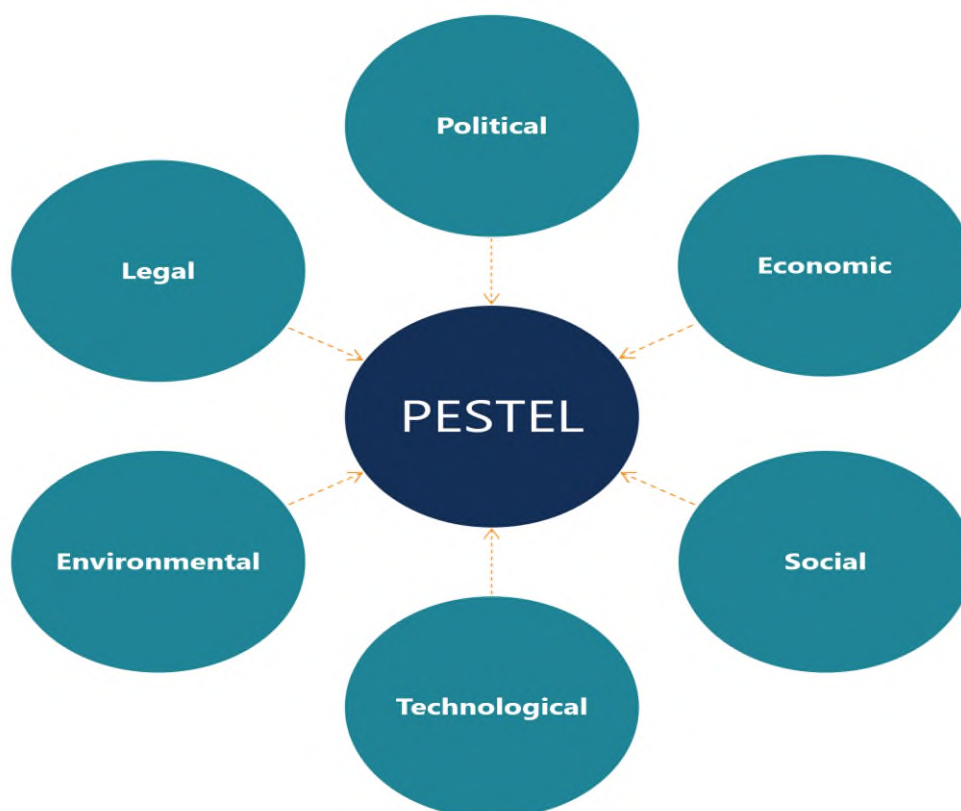


Fig. 2.2. PESTLE analysis

Source: Pestle Analysis, Corporate finance Institute

<https://corporatefinanceinstitute.com/resources/knowledge/strategy/pestel-analysis/>

Except for Antarctica, Apple operates on practically every continent. Its offices, design studios, manufacturing centers, development centers, sales and marketing offices are located in countries such as the United States, China, United Kingdom, France, Germany, Brazil, India, Singapore, Australia, Sweden, and many more, and the countries in which Apple operates have significant differences in their level of economic advancement and future economic growth trajectory due to diverse political, economic, and legal systems. This detailed PESTLE analysis of Apple examines how these important environmental factors impact the operations of Apple Inc.

**Political Factors:** Apple's products are primarily sold in developed countries with stable political settings. At the same time, the corporation is looking to expand its market share in emerging economies. However, some of these economies, especially the Middle East, have experienced turbulent political situations, which have affected Apple product sales.

Concurrently, the political tension between the US and China has made China ban "government officials from buying Apple gadgets, amidst fears that America could hijack the company's iPads and iPhones to spy on Beijing" (Rushton, 2014). This move will potentially decrease the product purchase of Apple in China. Consequently, negative political forces have pernicious effects on Apple's global market share.

**Economic Factors:** The economic stability of developed countries and the rapid growth of developing countries creates opportunities for Apple's expansion. For example, the high economic development rates of Asian countries present the potential for Apple to expand its income through sales in these international regions. In correspondence, higher disposable incomes create more opportunities to sell the company's relatively high-priced technology products.

However, while exploring all these economic opportunities, it is crucial to keep in mind all the competitive forces of the international markets. Multinational

companies like Samsung and Huawei have introduced a much more affordable cost for their tech products, creating a challenge for Apple when penetrating the Asian market, which has higher growth rates and great opportunities due to its premium pricing policy.

A strong US currency may cause exchange rates to rise, making it more expensive for Apple to trade in most principal markets like Europe and China. Also, due to the Covid-19 pandemic across the world, economies have suffered, job losses have occurred, and considering the high price point of Apple products, this would always be an important factor.

**Social factors:** The changes in social circumstances, particularly the lifestyles of consumers, is a great opportunity to increase Apple's revenue and sales, and as the needs of consumers change, Apple has become highly innovative to support modern lifestyle. The company has recorded its ubiquity all over the international markets.

Despite so many opportunities, Apple faces the social threat of opposition against its business operations. Anti-Apple sentiments arise because of the rising challenges in business disciplines, like some external repair services. Moral concerns about Apple's assembling in China could restrain its items' appeal among socially-cognizant buyers. And to improve its service, Apple has been rediscovering strategies and always adopts a customer-centric approach. The company's internal cultural approach must align with the socio-cultural trends influencing the global market.

**Technological Factors:** Technology changes have greater influences on Apple Inc's operations. Changes in technology are both rapid and highly unforeseeable. The increasing technological integration on business presents a growth opportunity for Apple Inc. by extending its technology services to more customers and institutions.

Apple faces major competition from Samsung, Microsoft, Intel, Dell, and some other companies because these companies have developed innovative products at relatively lower prices. Consequently, Apple has reacted to the competition by introducing advanced versions of its existing products. Because technology has a short lifespan, Apple needs to constantly update its products to beat its competitors easily. So far, the company has been able to sustain innovation in products to differentiate it from other products in the market.

**Legal Factors:** Laws and regulations greatly influence the company, and they can pose a threat to the company if not properly complied with. In the digital age, governments' pressure on privacy has raised privacy rules on firms such as Apple Inc. If there is a likelihood of a data breach, then Apple may face lawsuits and lose its position; however, it could present an opportunity for Apple to boost its business through enhanced privacy measures. Apple recently entered the highly regulated financial services area with the launch of Apple Pay, which may raise the level of regulation and government monitoring it faces. By providing these financial services, Apple could potentially face increased levels of litigation. Apple derives the most of its revenue from a variety of products protected by intellectual property regulations, such as software and music, making the company particularly vulnerable to both piracy and prosecution.

**Environmental Factors:** Environmental trends have various consequences on the business. The business sustainability trend is an environmental element related to increasing preference among firms to embrace sustainable practices, based on concerns about the negative environmental impact of corporate operations.

The biggest environmental challenge facing Apple is the disposal of discarded or nonworking electronic products. The cost of disposing of these devices, particularly those with lithium batteries, could be prohibitively

expensive, and Apple may be obliged to bear that cost due to environmental concerns about such devices in landfills.

Pollution and other environmental side effects from Chinese manufacturing facilities are becoming a growing worry, which could lead to higher regulation and excessive production costs in the future. Climate change caused by global warming could affect transoceanic shipping and Apple's supply chain. Apprehension about energy use and other side effects from data centers could cause increased regulation and costs.

Rapid and unpredictable changes in social lives, technology, and economic and political conditions have produced business environments that have compelled Apple to maintain its innovative trends in order to suit customers' wants and differentiate itself from the competition. The company should thrive despite these challenges because it has demonstrated an impressive ability to adapt to a changing environment.

### **Apple's Competitors' Assessment Based On Michael Porter's Five Forces Model:**

The competitive forces study in the IT market is performed using Michael Porter's five forces model.

**The Bargaining Power of Buyers:** Apple is strongly affected by the bargaining power of buyers. It depicts how the purchase decision of buyers can impact the business. Low switching costs, high customer loyalty, ease of information access, and individual buyers all contribute to Apple's medium to high bargaining strength.

The impact of the individual buyer on the company's total revenue is negligible; however, the collective bargaining power of buyers is high. Customers can swiftly compare the products of competing companies due to low switching costs and availability of information access, allowing them to easily transfer from

one brand to another; this makes Apple a strong force. Apple invests much in R&D to combat these issues by creating high-quality, creative goods that help them establish brand loyalty.

**The Suppliers' Bargaining Power:** The Suppliers' bargaining power is an important element in Porter's five forces model as it determines the influences of suppliers in terms of imposing the demands on companies and competitors.

Supplier bargaining power is a relatively weak factor in the market for Apple's products. The reason is that the number of potential suppliers for Apple and the ample supply is high.

Apple has the advantage of having many suppliers across the globe to choose from, making its position stronger. Hence, the switching costs for Apple are relatively low and not a significant obstacle for the Multinational company.

**The Threat of Substitutes:** Substitute products, according to Porter's Five Forces paradigm, are potential substitutes for a company's product but do not compete with it directly. The threat of substitutes helps an organization understand the strength of substitute products in attracting their customers.

Because of the small number of substitute items on the market, the low performance of alternate products, and the low buyer proclivity to substitute, the threat of substitute products imposes a relatively modest impact on Apple.

Customers, for example, would rather use smartphones than purchase and maintain a digital camera, cellular phone, and other gadgets.

This aspect demonstrates that Apple does not always need to prioritize the threat of substitution, particularly in management decisions in business activities such as marketing, market positioning, and product design and development.

**The threat of New Entrants:** New entrants to the market that could potentially threaten Apple's market share are relatively low because establishing a business to compete against corporations such as Apple Inc. necessitates substantial capitalization. Also, developing a strong brand to compete against

large companies like Apple could be extremely expensive. These external factors make new entrants weak.

Although it is possible for some new companies, perhaps a large firm with the strong financial capacity to eventually challenge Apple's position within the industry, for example, Google and Microsoft released smartphones to compete with brands like Samsung Apple or Chinese companies with significant financial backing from the government. However, the likelihood of such a threat arising is relatively moderate. Nevertheless, Apple must continue to enhance its competitive position through fresh product development and brand loyalty in order to put any possible new entrants into the business at a competitive disadvantage.

**Competitive Rivalry:** Competitive rivalry identifies the intensity of influence on a company by its market rivals. Apple faces a very strong force in the competitive rivalry as the level of competition between Apple and other major companies in the technology sector is high. Apple is in aggressive competition with companies like Google, Samsung, LG, Amazon, etc.

The relatively low switching cost is one factor that contributes to the industry's great competitiveness. A consumer does not need to make a significant expenditure to go from an Apple iPad to an Amazon Kindle, Samsung tablet, or any other tablet. In addition, product differentiation is low items in the market have similar apps and functionality. These corporations, like Apple, invest heavily in research and development (R&D) and marketing. As a result, the industry's competitive power is considerable.

The threat of marketplace competition is a major concern for Apple, and it has dealt with it primarily through continually developing new and unique products to increase and strengthen its market share position.



## Marketing Strategies

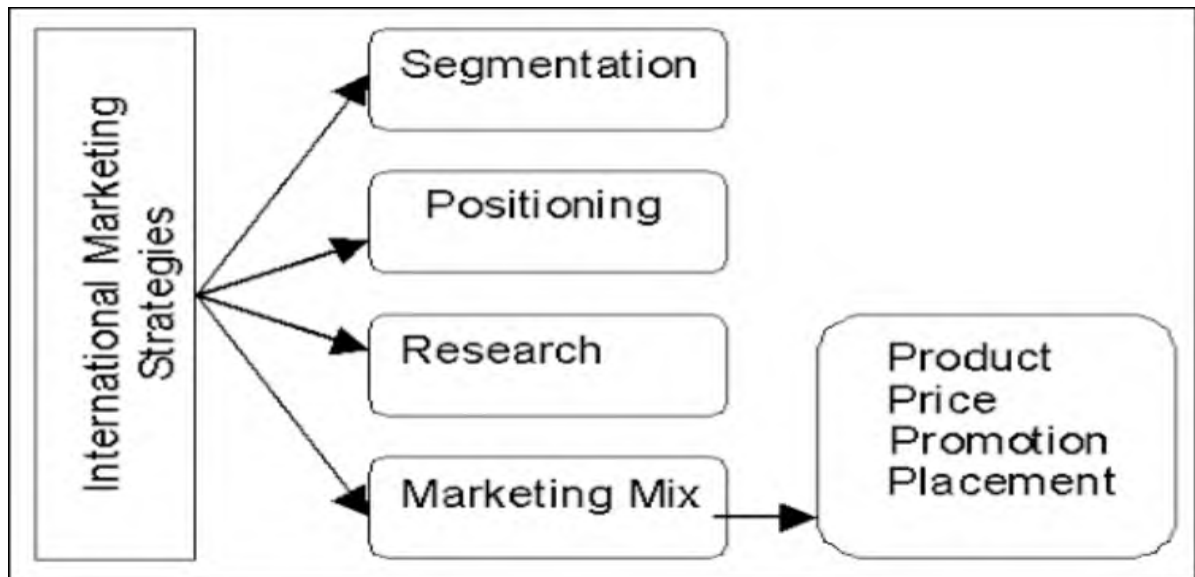


Fig 2.3. Analysis of the international marketing strategies

Source: International Marketing Strategies Formulation

<https://www.fao.org/3/xii/0483-a1.htm>

After identifying the opportunities through the analysis, it is important to prioritize and map out which opportunities are worth pursuing. The marketing strategy involves selecting and analyzing a target market and developing a marketing mix for this target market. It determines the means for achieving the marketing strategies. The marketing strategy is crucial to an organization because it is used to assess consumer needs and the firm's potential to gain a competitive advantage in the international market. When properly implemented, the marketing strategy achieves the organization's marketing objectives, which contribute to accomplishing the organization's overall objectives. Hence there is a degree of overlap existing between an organizational strategy and its marketing strategy.



## **Market Segmentation and Target Marketing**

Not very many companies can meet the needs and wants of the entire market, especially on a global scale. So instead, these companies split the market into a segment that aligns best with their strengths and opportunities. Market segmentation is the practice of separating a huge consumer or business market into smaller segments, often made up of present and future customers, into sub-groups of consumers, also known as segments, depending on specific factors. Essentially, market segmentation determines how an organization divides its customers or target market into smaller approachable groups based on age, income, personality traits or behavior, and demographics. When the company decides on which target segment they want to go after that could potentially be profitable, they apply target marketing.

Apple Inc. products are of different demand segments. So undoubtedly, their products also determine their target market. The company's global user base exceeds 1.5 billion people, and its market is expanding with its yearly product release.

**Age Group:** Based on age, Apple's target market includes people aged 22-25 as it is a very convenient market. However, the age dimension varies with different products. For example, smart, compact devices are mostly used by people aged 20-45, whereas the iTunes, Apple Pay, app store, and iTunes store are more used by the age range 18-30.

**Gender:** Apple products are generally used by both males and females, and until recently, the product market was not gender-dominated. According to a recent survey, the current male-to-female user rate is 60.8 percent and 39.2 percent, respectively. As a result, the target market in the male market is organically expanding.

**Income:** Apple targets medium to high-income individuals. A study showed that one-third of Apple product users have a household earning of \$100,000. So

Apple Inc's target market is undoubtedly conserved close to standard to high payroll individuals.

**Geographical Market:** Apple has its next-generation stores in 25 countries, including Dubai, London, China, San Francisco, New York, Brussel, etc., but they have made app stores available in about 155 countries. Their excellent e-commerce foundation has enabled this, and their unique strategy in different countries has helped them get additional clients.

**Behavior-** Hardcore loyalists: Apple users tend to get addicted to the product working style; this is because the users are offered an operating that is unique, creative, and stands out. This customer group becomes very loyal to the brand, as is the case with most people; once they become Apple users, they remain apple users. Study shows that 54% of Apple users will buy nothing but Apple products in the future.

**Lifestyle:** Income is somewhat synonymous with lifestyle, and since Apple has medium to high-income individuals as segments, the lifestyle they target is Modern, young, open to change, etc.

### **Brand Positioning**

According to Jan-Benedict Steenkamp (2014), brands are the lifeblood of companies as they generate market share, increase customer loyalty, offer the potential for higher profit margins, amplify channel power, and guard against competitive attacks.", The consumer's perception of a brand is critical to its success" Aurand et al., (as cited in Victoria Magrath & Helen McCormick, 2013).

Brand positioning is the process of structuring a company's offering and image to occupy a specific occupy a distinct position in the mind of its target audience. Brand positioning requires a lot of marketing effort that can only be done through promotion and advertising. It reflects a company's brand identity,

elements, product, and communication, which play an important role in positioning a product.

Based on a study by wired.com, it was deduced that Apple's emotional branding, a brand that is felt in the heart and mind of the consumer", is the key to its survival.

Apple's brand reflects very strongly in its core beliefs about innovation, simplicity, design, and creativity, and these beliefs are promoted through its products, advertisements, and customer experiences.

Apple is positioned as a luxury brand with a strong emotional connection and client loyalty. Apple is widely regarded as the world's number one brand, with the highest mind positioning, and there is no question that when it comes to Smartphones, Laptops, and Tablets, Apple is usually the first brand that springs to mind.

Apple's tagline "Think Different" is seen as one of the best slogans in the tech industry over the years, as it encourages innovation. Although it was said to respond to the IBM slogan "think." This slogan has proven very effective in positioning the Apple brand in the mind of its loyal customers.

### **Developing a Marketing Mix**

Firms operating in one or more international markets must determine whether to adapt their marketing mix to local conditions and to what extent the marketing mix is applied to suit the country in which they are carrying out their business activities when introducing a product into foreign markets.

As expressed by ( J.E. McCarthy,1960), the marketing mix concept is based on the Four P's of marketing: Product, Promotion, Place, and Price. The 4Ps serve as key decision areas that a company must manage when conveying the value of its product to the foreign market (Jobber, 2007). They are essential for a company as it moves through the evolutionary phases to become an international or global

company. In positioning products and their competitive advantage in the foreign market, these companies need to be clear about marketing.

Apple Inc.'s marketing mix shows just how the company matches its business activities to the global market conditions for information technology, consumer electronics, and online services. A company's marketing mix involves the different strategies and tactics that are used in the implementation of a marketing plan.



Fig 2.4 4Ps marketing mix

Source: The 4 Ps of Marketing- <https://neilpatel.com/blog/4-ps-of-marketing/>

### 1. Product

The product variable is an essential aspect of international marketing strategy decisions because it directly satisfies consumer needs and wants. Every company or business has a product they market; it can be goods, services, or

ideas. The Product variable includes decisions, design, branding, product lines, services, and its policy on the international market. (Jobber, 2007).

Apple's product mix includes goods and services classified as information technology, or it involves information technology, and the company continues to expand its product mix, creating the possibility of adding more innovative products into this element. Their products include the Mac, iPhone, iPad, Apple Watch, Cloud services, etc. These different products are produced with high quality and standards, and they serve different purposes for different customers, making them arguably the most sought-after technology brands in the world. Apple also produces iPhones and iPads of different sizes colors to suit consumers' individual preferences. According to the famous marketer (Jay Abraham, 2005), "give them your solution or somebody else will."

## **2. Price**

Pricing on a global scale is a complex task, and it always varies from market to market as it is affected by many variables like cost of product development, whether it is produced locally or it is imported, cost of ingredients, delivery, transportation, tariffs, exchange rate fluctuations, etc. Also, the position of a product in relation to the competition influences the ultimate profit margin. The price point is determined by whether a product is regarded as a high-end, pricey option, an economical, low-cost one, or something in between.

In its marketing mix, Apple adopts the Premium and Freemium pricing strategy. Apple uses the premium pricing strategy to set high prices for its products. For example, in general, iPhones are more expensive than Samsung smartphones. Premium pricing maximizes profit margins. Even though Apple's high pricing can be a weakness, as discussed earlier in the SWOT analysis, it utilizes this premium branding and combines it with creative innovation and premium branding to create competition.

The Freemium pricing strategy is a strategy that involves "free" and "premium" pricing combined to become one single strategy. In this strategy, Apple has some free products or features offered to customers; however, they need to pay for them to access more. For example, the free iCloud storage offered to Apple users would need to pay a recurring fee if they want to access more storage.

The development of modern communication technology has created challenges for companies as internationalization blurs the differences between the various markets, making markets around the world similar to each other, leading to an increase in competition and pricing pressures. The companies have to carry out a global pricing strategy in this case.

### **3. Promotion**

Promotion is generally the largest line item in a global company's marketing budget after product research, development, and creation. Integrated marketing is usually the goal at this stage of development. Global companies strive to minimize costs and redundancies in personnel and work while maximizing the speed of implementation.

Being a global company, Apple Inc promotes its products in various ways, involving different communications channels and parties. The company emphasizes the premium brand image and premium quality of its products. Their products are promoted through advertising, personal selling, sales promotion, public relations. Apple capitalizes on digital advertising to promote its products through digital advertising networks and technology news websites. In addition, the company uses personal selling in the form of Apple Store employees who provide product-specific information to convince store visitors to make a purchase.

If the company's goal is to transmit the same message to everyone on the planet, the challenge becomes delivering that message in a way that is relevant,

engaging, and cost-effective. There may have to be an adaptation of the advertising messages in countries because of language, political climate, religious practices, and cultural attitudes. For instance, a promotional strategy in one country could be offensive. Every promotional aspect will require research and planning. For example, in China, the color red is used to signify luck, and it is worn by brides in India, whereas white is worn by mourners in India and China and worn by brides in the United Kingdom and the United States.

Before creating promotional activities for a foreign market, a PEST study must be completed to understand the dynamics at work in the foreign market that the company plans to join.

#### **4. Place**

They are often considered as product distribution tackles the various outlets and channels in which the product is distributed to the foreign market. In national marketplaces, product distribution may entail the transportation of items in a chain from the manufacturer through wholesalers and then to shops where customers can buy. A foreign market, on the other hand, will include additional parties since items must be moved throughout a foreign market where business practices differ from those of national markets. Japan, for example, has approximately five different types of wholesalers involved in the distribution chain. Global businesses investigate the distribution chains for each country they intend to operate in. There is also a need to investigate who their products and services would be sold to, whether it is retailers, wholesalers, or directly to consumers. The distribution strategy for each country may vary due to profit margins and transportation costs.

To make it easier to reach consumers worldwide, Apple has a variety of distribution channels ranging from Apple Store locations to the company-owned website and online stores for desktop and mobile, authorized vendors, and telecommunications providers operating in numerous cities and countries. These

retailers have outlets in various strategic places, such as shopping malls, in numerous markets throughout the world. Large retailers such as Walmart and Best Buy, Amazon, which sells both online and in-store, and telecommunications corporations such as AT&T and Verizon are among the sellers. This mix takes advantage of online and offline distribution channels.

### **Identify and Set a Marketing Budget**

When setting a marketing budget, the organization has to allocate the resources to turn the plan into action. The marketing budget outlines all the expected costs for implementing the marketing plan, including advertising, online content, branding, public relations, staffing costs, and more. Making choices about which goals and tactics are the top priorities depends on the size of the company's budget.

### **Selecting Entry Modes**

Selecting the mode of entry is essential to international marketing as products don't emerge overnight in foreign markets; companies have to build up a market over time. Certain considerations, such as the barriers to entry, marketing costs, sales and delivery costs, and the projected effect of joining the market, must be examined by a company when deciding on the sort of market to enter.

Companies need to assess their various options to choose the entry mode that best suits their strategy. For example, different strategies differ in aggressiveness, risk, and control that the firm can maintain. A company may enter a foreign market in a variety of methods. There is no single market entry technique that works for all international markets.

One of the easiest ways to move from being a domestic to an international player is by exporting goods overseas, developing through overseas investment,



and setting up an international division. Another way into international trading could be shared ownership schemes or joint ventures with foreign companies. Another way could also be through licensing of manufacturing.

With very few exceptions, products don't appear in foreign markets overnight; a company has to build up a market over time.

There are a variety of strategies that differ in aggressiveness, risk, and the amount of control that the firm can maintain,

**Exporting:** Exporting is the most common and traditional form of operating in foreign markets. It is the marketing of goods and services produced in one country into another. Although no direct manufacturing is required in an overseas country, notable investments in marketing may be required.

The Exporting strategy is a relatively low risk in which few investments are made in the new country. It can be very profitable, especially with high value-added products.

Furthermore, this strategy allows learning overseas markets before investing and operating in the country.

**Licensing:** This strategy is also a low exposure method of entry where a company in one country permits a company in another country to use the manufacturing, processing, trademark, know-how or some other skill provided by the licensor. It is an especially useful strategy if the purchaser of the license has a relatively large market share in the market the other company intends to enter.

**Franchising:** This is very similar to licensing. It is seen as a North American process for rapid market expansion; however, it is gradually gaining traction in other regions of the world. Franchising is well suited for organizations with a repeatable business model like food outlets that can be easily transferred into other markets.

**Joint Ventures:** Joint ventures can simply be described as an enterprise where two or more investors share ownership and control over it. It often involves the creation of a third independently managed company. The two firms agree to work together in a particular market, either product or geographic, creating a third company to undertake this. The risks and the profits are usually shared equally. A great example of a joint venture would be a Sony/Ericsson Cell Phone.

**Turnkey Projects:** These projects are distinct to companies that provide services like environmental consulting, architecture, engineering, and construction. The company uses the knowledge and expertise acquired in one or more markets to provide a working project in this project. The facility, either a factory building or bridge, is built from the ground up and turned over to the client in a new country ready to go.

Turnkey projects are a good way to enter the foreign markets as the client is often a government body, and an international financial agency is usually financing the project, so the risk of not being paid is eliminated.

**Greenfield Investments:** Greenfield investments necessitate a substantial involvement in international business. A greenfield investment involves a company purchasing property, constructing a facility, and running a business in a foreign market on an ongoing basis. It is often the most expensive and risky, as some markets may compel you to incur the expense and risk owing to transportation costs, government laws, and access to technology or trained labor.

**Management Contract:** Management contracts are used as a great strategy for entering a market with a minimum investment and political risks.

In some instances, government pressure and restrictions could force a foreign organization to sell its domestic operations or relinquish its control. But in some other cases, the firm may prefer not to have any FDI. Under the circumstances like that, the firm may have to develop another way to generate the revenue that they had given up. One strategy used by these businesses to generate

revenue is to enter into a management contract with the government or the new owner to manage the business for the new owner, as the new owner may lack technical and managerial expertise and may require the former owner to help manage the investment until local employees are trained to manage the facility.

## **2.2. Competitive advantage in the marketing strategy of Apple**

The ability of a country's industry to innovate and upgrade determines its competitiveness. Michael Porter studied all those factors associated with success in international markets. He identified four interlocking elements (referred to as "Porter's Diamond") which underpinned the success of organizations from a particular country in international markets (Reinhert, 2013). Hence for multinational companies like Apple, the strategy is essential as it helps direct their approach towards the international market.

**Factor conditions:** These are necessary elements or inputs of resources that provide a competitive advantage to the industry and its firms. These include natural resources, capital resources, human resources, infrastructure, scientific knowledge, and technological innovation available to Apple in its home country and in the countries where it has set up operational and production plants. For Apple Inc, these resources are available through water channels, equity capital resources, financial debt resources, training programs,

countrywide resources, industry-wide resources, or resources specific to the firm, local infrastructure development, etc.

**Home market demand conditions:** The size and demand conditions of the domestic market have been crucial for Apple in its internationalization and expansion measures. Increased size of the domestic markets is important for companies to understand the dynamics at play with larger markets and strategize

and plan operations accordingly. The demands of independent purchasers of the company's products have forced them to continually innovate and improve the products while predicting and anticipating the behavior and demands of consumers in other markets.

**Related and Supporting Industries:** Supporting and related industries in domestic and international markets has also been a source of growth and development in terms of expansion and internationalization for Apple. For example, Apple benefited widely from the existence of highly capable suppliers who manufactured parts and supplied Apple with innovative products that spurred growth. Apple is one of the world's most valued firms. Therefore, a supporting ecosystem is critical to any industry's success, for, without it, other companies in other countries will surely steal the show.

**Firm Strategy, Structure, and Rivalry:** This identifies the company's strategic focus and managerial and organizational structure, which is essential for the international expansion of the company and firm. Apple's strategy focuses on customers to provide them with high-quality products that promise value for money and satisfaction to customers. Apple has acquired a great understanding of different regional and international business practices and cultures, and this has aided the company in developing more intricate and region-specific products and offerings. The global competition has also enabled the company to predict global trends and consumer behavioral patterns that have allowed the company to maintain a competitive advantage internationally.

In addition to these four major elements, Porter also identifies others, which includes;

Governmental behavior, in the form of intervention to encourage growth and the creation of jobs in areas of high unemployment, for example, by granting subsidies and investment in development areas, or even by non-intervention. The

element of chance applies to global companies as much as to individuals, i.e., being at the right place at the right time.

Michael Porter's Diamond and Value chain and Business process modeling are very important models that help domestic business companies expand globally and gain a competitive advantage in their business processes.

### Michael Porter's Generic Strategies

In the long run, Michael Porter suggested that the fundamental basis of above-average profitability is a sustainable competitive advantage, and businesses can secure a sustainable competitive advantage by adopting one of three generic strategies. He also pointed out the fourth strategy, the "stuck in the middle" or "middle of the road" strategy, which, although adopted by some businesses, is quite unlikely to create a competitive advantage. The other three generic strategies are fundamental for achieving above-average performance in an industry: cost leadership, differentiation, and focus.



Fig 2.5 Porters Generic strategy

Source: Porter's Generic Strategies

[https://www.mindtools.com/pages/article/newSTR\\_82.htm](https://www.mindtools.com/pages/article/newSTR_82.htm)

**Cost Leadership.** In cost leadership, an organization intends to become the low-cost producer in its industry, and depending on the industry's structure, the sources of cost advantage would vary. The organization may decide to drive costs down for all production elements from the sourcing of materials to labor costs while involved pursuing economies of scale, preferential access to raw materials, proprietary technology, and other factors. Any organization that intends to be a low-cost producer must find and exploit all the sources of cost advantage. Because the corporation believes the brand can fetch a premium price, it can acquire a competitive advantage and achieve cost leadership by cutting production costs and raising the amount of profit made on each sale. A firm can also create a competitive advantage by reducing production costs and passing on the cost-saving to customers, hoping to increase their sales and market share. If an organization can achieve and sustain overall cost leadership, it will become an above-average performer in its industry as long as it can command prices at or near the industry average.

**Differentiation.** Every organization strives to be unique in its industry. Companies with products that appeal to the customers and stand out from the crowd usually have a competitive advantage. According to Porter, businesses can stand out from their competitors by developing a differentiation strategy. Using a differentiation strategy, the business can develop product or service features that are different from their competitors and appeal to customers, including functionality, customer support, and product quality—for example, Apple Inc's general approach is broad differentiation, which emphasizes the primary qualities that distinguish the company and its information technology goods from competitors. Apple may differentiate itself in the market by employing a broad differentiation generic strategy. The company's elegant design and user-friendly products, combined with high-end branding, effectively differentiate their products in the technology business. This generic strategy means that Apple aims

to set itself apart from competitors not by price but by competitive advantages based on product design that attracts customers. A company that employs the differentiation strategy chooses one or more traits that many buyers in the industry see as significant and positions itself uniquely to suit those needs. It, in turn, commands a premium price as a reward for its uniqueness.

**Focus.** The Focus strategy is based on a narrow competitive scope within an industry. In the focus strategy, a corporation or business chooses a segment or group of segments in the industry and focuses its efforts on that section of the market, adapting its strategy to serve them at the expense of others. They create a competitive advantage by satisfying their niche market's specific needs and wants. For example, companies like Bentley, TOMS, Frog Box, and Saga use the Focus Strategy by targeting a very specific narrow market. Porter further asserts that once a company decides which market segment they will aim their products at, they have the option to pursue a cost leadership strategy or a differentiation strategy to suit that segment.

The focus strategy is of two types:

The cost focus: Where a company strives to get a cost advantage in its target segment, and

**The Differentiation focus:** Here, a company seeks differentiation in its target segment.

**Stuck In The Middle or Middle of the Road:** Some companies fail to effectively pursue one of the generic strategies. These companies try to implement all three strategies; cost leadership, differentiation, and niche (focus). Businesses that are "stuck in the middle" do not offer unique features to convince customers to buy their products, and their prices are too high to compete effectively based on price.

These businesses have no clear business strategy and try to be everything to everyone. Unfortunately, firms using this strategy are likely to incur running costs



and cause confusion because it is difficult to please all market sectors. No business can pull this off. The "Stuck in the middle" businesses usually perform the worst in their industry because they are not concentrating on one business strength.

Every successful company has a competitive advantage that helps them stay valuable and successful in its industry. Apple has a number of competitive advantages over its rivals, including software control, superior technology goods, retail strategy, product differentiation, brand equity, and so on.

**Brand Equity:** Apple's brand equity is a significant source of competitive advantage. The company has gained a high level of market trust and is best known for its cutting-edge technology and high-quality products. Its high level of popularity reflects a strong brand image as well as the dependability of its technology and technological products.

**Research and Development:** Apple invests heavily in research and development. The amount it invests in R&D, with a view on the future rather than the present, ultimately fuels the development of its product pipeline.

**Superior Technology Products:** Because of the amount of money and time invested into R&D, Apple can come up with superior products that the consumers can't seem to get enough of. The Macbook and Apple watches are leaders in their market space because of the OS and the technology used.

**Product Differentiation:** The technology industry is full of undifferentiated products. Apple has always introduced innovative products to the market that are one-of-a-kind, exceptional, and highly different from competitors' offerings. Aside from technological innovation, its goods are notable for their design and flair. Millions of people around the world are anticipating the release of new iPhones and Macs. Until now, nearly all of the products it has released have become major hits.



**Premium Pricing:** While many people consider Apple's premium pricing a weakness, this company has somehow managed to turn it into a competitive advantage. The premium cost has also assisted it in maintaining a distinct image that distinguishes it from competitors such as Microsoft, HP, Huawei, and Samsung.

**Customer loyalty:** Customer Loyalty has also become one of Apple's competitive advantages. Every brand strives to keep its current clients and build customer loyalty. Despite their exorbitant prices, Apple products have become extremely popular. iPhone, Mac, iPad, and other Apple products are extremely popular, and Apple fans are extremely loyal.

### **2.3. Statistical Performance Data of Apple**

It is no news that Apple Inc is one of the most successful companies in the world. From its founding in April 1976 until date, the company experienced exponential revenue growth, making it the first to reach a \$2-trillion market capitalization. According to reports, Apple had a revenue of \$58.3 billion in the first fiscal quarter of 2020. As of March 2020, the iPhone was Apple's best-selling product, with a revenue of \$28.96 billion. According to Forbes, the firm is the world's sixth-largest public company. It's the only tech company ranked in the top 10 of this list.

Representation at Apple in the US

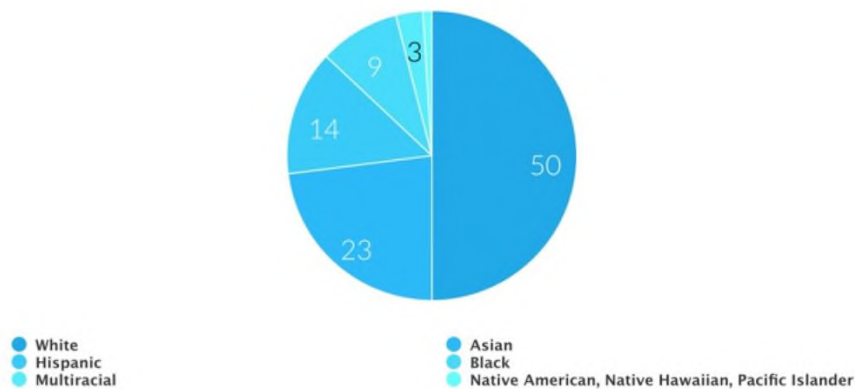


Fig.2.6. Representation of Apple in the US

Source: Apple Statistics <https://comparecamp.com/apple-statistics/>

Apple prides itself on its informal work culture, similar to start-ups, then multinational corporations. The company is known for encouraging individuality and its culture of intense secrecy, particularly around new products.

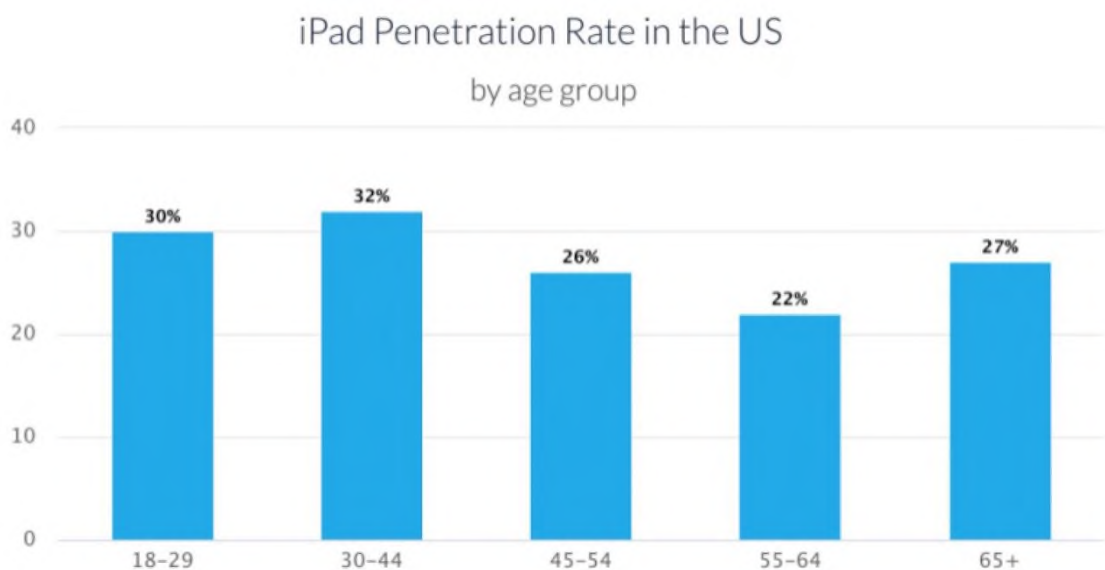


Fig.2.7. Ipad penetration rate in the US.

Source: Apple Statistics <https://comparecamp.com/apple-statistics/>

The iPad can be traced to Apple's Message Pad PDAs line, which discontinued in 1998. The iPad has evolved to include so many different functions, and it comes in different sizes and capabilities. Apple iPads accounted

for the biggest market share - 36.5% - of tablets shipped worldwide for the same period. As of March 2020, iPad revenue makes up 7.5% of Apple's total global income-generating about \$5.98 billion in revenue.



Fig. 2.8. 2020 Leading Apple App store categories

Source: Apple Statistics <https://comparecamp.com/apple-statistics/>

The App Store's Games category had 3 billion downloads in January 2020, making it the most popular category on the App Store. Apple has increased its investment in research and development and now devotes the lion's share of its sales to R&D.

Despite the market dominance of competing PC makers such as Lenovo, HP Inc., Dell, and Asus, Apple's Mac division has maintained solid sales over the years. For the first quarter of 2020, Apple's global revenue from Mac computer sales was \$5.4 million. Their wearables and other accessories have also gained popularity, like the AirPods, Apple TV, Beats, Apple watches, etc. For the first quarter of 2020, Apple's wearables, Home, and Accessories division had a revenue of \$10 billion, a significant increase from the previous year. When Apple announced its financial results for the fourth quarter of fiscal 2020, it reported

revenue of around \$64.7 billion for the September quarter and quarterly earnings per diluted share of \$0.73. International sales accounted for 59% of total revenue in the quarter.

Apple Inc.		
CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)		
(In millions, except number of shares which are reflected in thousands and par value)		
	September 26, 2020	September 28, 2019
<b>ASSETS:</b>		
Current assets:		
Cash and cash equivalents	\$ 38,016	\$ 48,844
Marketable securities	52,927	51,713
Accounts receivable, net	16,120	22,926
Inventories	4,061	4,106
Vendor non-trade receivables	21,325	22,878
Other current assets	11,264	12,352
Total current assets	143,713	162,819
Non-current assets:		
Marketable securities	100,887	105,341
Property, plant and equipment, net	36,766	37,378
Other non-current assets	42,522	32,978
Total non-current assets	180,175	175,697
Total assets	\$ 323,888	\$ 338,516
<b>LIABILITIES AND SHAREHOLDERS' EQUITY:</b>		
Current liabilities:		
Accounts payable	\$ 42,296	\$ 46,236
Other current liabilities	42,684	37,720
Deferred revenue	6,643	5,522
Commercial paper	4,996	5,980
Term debt	8,773	10,260
Total current liabilities	105,392	105,718
Non-current liabilities:		
Term debt	98,667	91,807
Other non-current liabilities	54,490	50,503
Total non-current liabilities	153,157	142,310
Total liabilities	258,549	248,028
Commitments and contingencies		
Shareholders' equity:		
Common stock and additional paid-in capital, \$0.00001 par value: 50,400,000 shares authorized; 16,976,763 and 17,772,945 shares issued and outstanding, respectively	50,779	45,174
Retained earnings	14,966	45,898
Accumulated other comprehensive income/(loss)	(406)	(584)
Total shareholders' equity	65,339	90,488
Total liabilities and shareholders' equity	\$ 323,888	\$ 338,516

Fig. 2.9. Apple Financial reports

Source: Apple Inc. Condensed consolidated Financial reports

[https://www.apple.com/newsroom/pdfs/FY20\\_Q4\\_Consolidated\\_Financial\\_Statements.pdf](https://www.apple.com/newsroom/pdfs/FY20_Q4_Consolidated_Financial_Statements.pdf)

Apple does not release unit sales figures for any of its hardware products. Instead, it provides a revenue breakdown by product category. Here are the figures for the fourth quarter of fiscal 2020:

\$26.44 billion: iPhone (down from \$33.36 billion in Q4 2019)

\$14.55 billion: Services (up from \$12.5 billion in Q4 2019)

\$9.03 billion: Mac (up from \$6.99 billion in Q4 2019)

\$7.88 billion: Wearables, Home, and Accessories (up from \$6.52 billion in Q4 2019)

\$6.79 billion: iPad (up from \$4.66 billion in Q4 2019)

<sup>(1)</sup> Net sales by category:				
iPhone	\$ 26,444	\$ 33,362	\$ 137,781	\$ 142,381
Mac	9,032	6,991	28,622	25,740
iPad	6,797	4,656	23,724	21,280
Wearables, Home and Accessories	7,876	6,520	30,620	24,482
Services	14,549	12,511	53,768	46,291
Total net sales	<u>\$ 64,698</u>	<u>\$ 64,040</u>	<u>\$ 274,515</u>	<u>\$ 260,174</u>

Fig. 2.10. Apple reports

Source: Apple Inc. condensed consolidated financial reports  
[https://www.apple.com/newsroom/pdfs/FY20\\_Q4\\_Consolidated\\_Financial\\_Statements.pdf](https://www.apple.com/newsroom/pdfs/FY20_Q4_Consolidated_Financial_Statements.pdf)

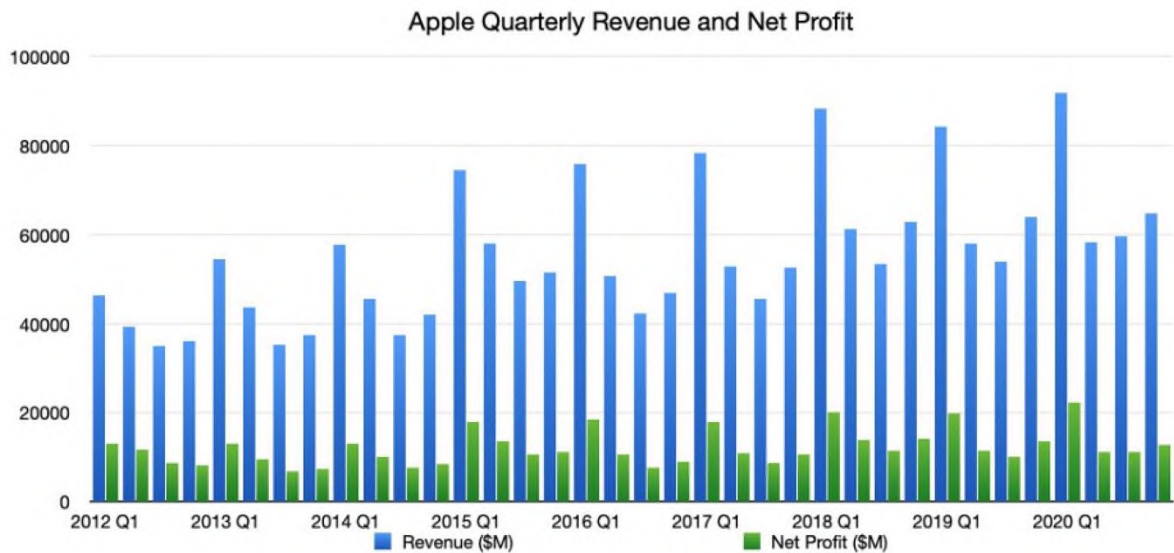


Fig. 2.11. Apple Quarterly revenue,

**Source:** Appleinsider.com Examining Apple's record-setting quarter by the numbers

### Analyzing the Intensive Growth Strategy with Ansoff Matrix

The Ansoff matrix was developed by Igor Ansoff, an applied mathematician, and business manager. The Ansoff is one of the most extensively used methods for analyzing and planning organizational growth strategies and building market entry strategies. The matrix provides a framework for decision-makers, entrepreneurs, and marketers for developing their company's growth strategies. The Ansoff matrix consists of four strategies that can grow revenue for a business developing new products and services or entering new markets.



Fig. 2.12. The Ansoff Matrix,

Source: Ansoff Matrix; <https://www.mbaskool.com/business-concepts/marketing-and-strategy-terms/2550-ansoff-matrix.html>

1) **Market Penetration:** is a strategy of increasing sales of existing products in current markets. It is generally about gaining new market shares with an existing product. Apple Inc. uses market penetration as an intensive strategy for growth. For example, Apple applies this growth strategy by selling more iPhones and iPads to its current markets in North America. The company also achieves more sales by adding more authorized sellers to boost competitive advantages in its current markets. This approach penetrates markets where Apple has not yet achieved a significant position. Apple Inc. uses promotion through numerous websites, media sources, and commercials as part of their market penetration intense growth strategy to encourage more people to buy its goods.

2) **Market development** – is a strategy that focuses on introducing existing products into new markets to increase sales. This strategy usually

involves expanding into new geographic areas. The market development strategy often involves only minor changes to the products to adapt to the new markets. Market development is a low-priority-intensive strategy for growth adopted by Apple. The company employs this aggressive growth approach by allowing new merchants to operate in places where they do not currently have a presence. This growth strategy corresponds with the broad differentiation generic strategy by expanding the company's market reach by introducing its current consumer electronics to new overseas markets.

3) **Product development:** This strategy focuses on increasing sales by modifying or improving existing products or developing new products for existing markets. Product development is Apple Inc.'s primary intensive strategy for growth. This strategy requires the development of attractive and profitable technology products to grow the company's market share and business performance.

Apple carries out the implementation of this intensive growth strategy through innovation in its research and development processes. Through this strategy, the company uses innovation as a critical success factor and competitive advantage. For example, the company innovates products like the iPhone, iPad, and Apple Watch. In this intensive growth strategy, the company grows because new products allow the business to generate more revenues, such as selling new iPhone models.

4) **Diversification** – Start-up companies mostly use this strategy. It involves the development of new products to sell in new markets. Diversification usually has the most significant growth potential, but it also has the highest risk for failure. Tobacco companies are using this strategy because of the decline in the sale of cigarettes as fewer people smoke in the United States. American Brands Inc, for example, successfully diversified from tobacco products into liquor and consumer products. Apple has occasionally engaged in a



diversification strategy. However, not all diversification attempts by Apple have proven successful. For example, despite the pandemic-fueled boom in the video streaming industry, Apple TV+ has ranked lower than Netflix, Amazon Prime, Hulu, and even NBC, and with the global market saturation for iPhone, which is Apple's largest source of revenue, the company is expected to implement the diversification strategy in the short-to-medium term.

## Boston Consulting Group Matrix

Table 1: Apple's BCG matrix

Brands	Revenues	% of corporate revenues	Largest competitor's market share	Your brand's market share	Relative Market Share	Market Growth Rate
Iphone	91,279	53%	26%	32%	1.2	44%
Ipad	31,980	18.70%	18.80%	38.80%	2.11	51.80%
Ipod	4,411	2.60%	20%	32.60%	1.68	3%
iTunes	16,051	9%	22%	63%	2.86	5%
Mac.	21,483	13%	26.50%	13.70%	0.52	-5.60%

Fig. 2.13. Apple's BCG Matrix

**Source:** International Journal of Economics, Commerce and Management

[https://www.researchgate.net/publication/282274921\\_a\\_critical\\_analysis\\_of\\_in\\_ternal\\_and\\_external\\_environment\\_of\\_apple\\_inc](https://www.researchgate.net/publication/282274921_a_critical_analysis_of_in_ternal_and_external_environment_of_apple_inc)

Boston Consulting Group (BCG) matrix is among the widely used models that help make timely and efficient strategic decisions (Fred R. David). The BCG matrix was designed to help businesses analyze their business units their product lines. Here, the companies can consider growth opportunities by reviewing their portfolio of products to decide where to invest, discontinue, or develop products. The BCG matrix is typically grouped into stars, cash cows, question marks, and dogs.

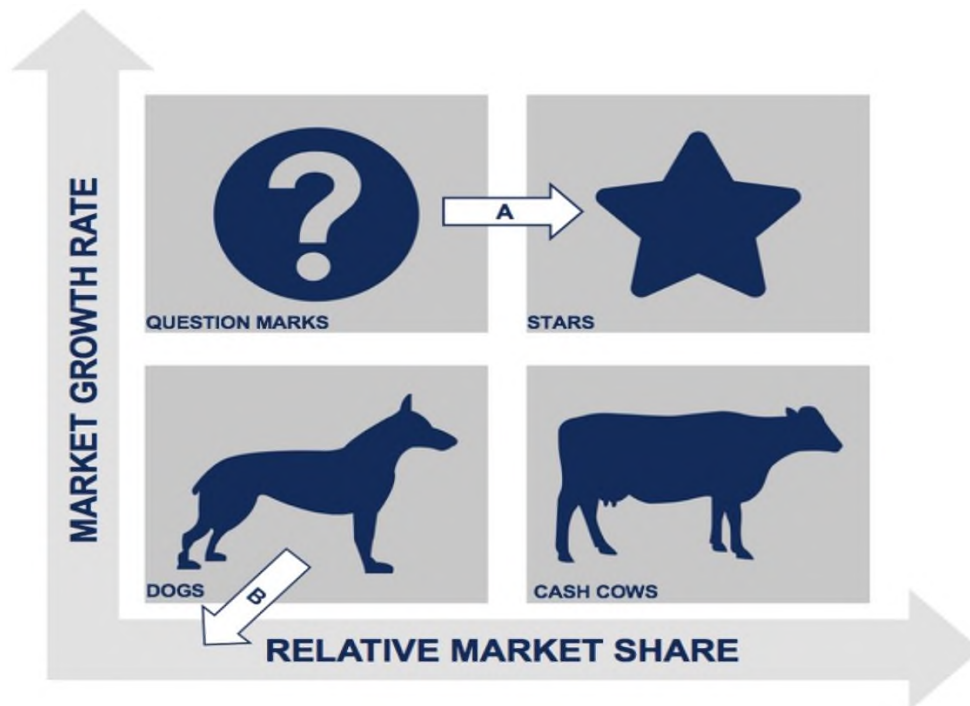


Fig 2.14. BCG matrix

Source: Boston Consulting Group (BCG Matrix)

<https://corporatefinanceinstitute.com/resources/knowledge/strategy/boston-consulting-group-bcg-matrix/>

**The Stars:** The stars are those products that have high growth rates and high market share. Apple's stars are the iPhones, iPads, and now the Apple watch. These products have a high ROI for apple. Stars require large sums of money to compete and maintain their growth rate.

**Cash cows:** The cash cows are products in low growth markets with a high market share. These units typically generate cash above the amount needed to maintain the business. These products require little investment since such investment would be wasted in an industry with low growth. The cash cows for apple include the mac computers, etc.

**The Question Marks:** These products have a high growth rate but low market share. They serve as a starting point for the majority of businesses. When market growth slows, question marks have the ability to earn market share and

become stars, and eventually cash cows. Here the Apple watch and AirPods fit the description, as they have a lot of potential to rise in the market and become stars.

**The Dogs:** These products have a low growth rate and low market share. These products do not generate much profit for the company. These units typically “break even,” generating barely enough cash to maintain the business’s market share. The home pods of the Apple TV fit quite nicely into this category. More money would need to be invested in this industry to make these products more profitable, albeit this is not recommended.

## **CHAPTER 3. PROBLEMS, CHALLENGES AND RECOMMENDATIONS FOR THE DEVELOPMENT OF INTERNATIONAL MARKETING IN RESPONSE TO COVID-19 PANDEMIC**

### **3.1. Analyzing the Problems and Challenges Faced by International Marketing**

International expansion can be an appealing and lucrative business proposition, and international business across both emerging and developed markets offer a plethora of new opportunities. However, international marketing is not as simple as domestic marketing. Although the world is progressing in terms of information technology, global efforts for smooth international trades, and innovative and superior methods of organizing marketing efforts (such as horizontal organization, network organization, and virtual organization), international marketing is not easy to pursue and has become a challenge to accept. The International marketing environment presents several problems and uncertainties. In contrast to national markets, international markets are more dynamic, uncertain, and challenging. Particularly, countries' political realities and cultural diversities create plenty of barriers that require special attention. Additionally, geographical constraints cannot be completely undermined. It is critical to realize the need for enterprises to up their game in order to properly engage with their global clients.

**Tariff Barriers:** Tariff barriers are taxes and charges levied on imported goods. Due to import taxes and levies, international marketers find it difficult to earn a reasonable return while selling items in the host countries. In a bid to promote domestic products, countries formulate strategic tariff policies that restrict international marketing activities. Frequent changes in tariff rates and

varying tariff rates for various product categories generate confusion for foreign traders. Antidumping taxes on imports, as well as defensive actions, pose difficulties for exporters.

In 2019, former President Trump imposed a new round of tariffs on Chinese imports, which were more likely to hit U.S. technology stocks and consumers the hardest. Apple Inc. And its smartphone competitors were said to have gotten the worst since cellphones were the most exposed consumer product to trade with China. Apple and other competing firms have been forced to raise prices to compensate for higher costs, crimping overall consumer demand resulting from these tariffs' squeeze of profit margins.

By March 2020, U.S. trade officials removed tariffs on the Apple Watch to avoid the U.S.-China trade war that had once posed a dire threat to the company's business. The company requested that the watch be exempted from tariffs as it was assembled in China, and it had not found a way to make the watch outside China to meet American demand for the device over the next year. Because of economic differences, Apple has faced international trade restrictions with India. For example, Apple was scheduled to build a technical support center in Bangalore in 2006; however, the plans were scrapped because Apple had decided it wasn't cost-effective. Apple overcame the obstacle by utilizing support centers in less expensive markets.

**Government Policies:** Administrative procedures or bureaucratic rules in host countries and foreign countries make international (export and/or import) marketing more difficult. International marketers have to get accustomed to the legal formalities of several countries where they intend to operate. For instance, the Food and Drug Administration in the U.S. has the authority to regulate the amount of radiofrequency energy emitted by a cellphone, and if a cellphone releases too much radiofrequency energy, the device could be recalled for repair or replacement. Some countries put importers and exporters through extremely

lengthy formalities, and these unjust dealings to get through these formalities create many problems for some international players. The concept of free trade and free markets has been put forward to the advantage of all countries. Free trade movement has been achieved on a limited scale and has resulted in several trade barriers being lowered, but there is still a long way to go before prices of goods are equalized, even among members of the European Union (E.U.), despite the E.U. being based on the principle of free trade between the member states. Several countries, including France and the USA, still fiercely defend their interests by imposing trade embargoes when they feel these are necessary.

**Considerable Diversities:** Different countries have unique cultural values and standards, which may present certain challenges for international marketers. Global customers display considerable cultural and social diversities in terms of needs, habits, languages, preferences, expectations, buying and consumption capacities, and patterns. Understanding and incorporating the personal and societal traits of customers of various nationalities is a genuine challenge. Understanding client behavior in other nations is more difficult than in local and domestic markets. Correspondingly, as against domestic markets, the design and modification of marketing mix over time for international markets seem more difficult. Market segmentation, product design, pricing, and distribution require more information and effort. Product promotion in overseas markets is a difficult task. Message development and implementation of appropriate media in international markets is a difficult game to master.

Language and religious diversities are the real challenges for international business players. There are 6000 languages in the world. Chinese (20%) is the largest in terms of native speakers, followed by English (6%) and followed by Hindi (5%). Yet English is recognized as a global business language. English-speaking countries have the greatest potential to contribute to global business (40 percent). Religious differences appear to be tough to deal with since they

influence people's needs and desires. At the moment, Christianity is the world's largest religion (1.7 billion), followed by Islam (1.0 billion), Hinduism (750 million), and Buddhism (350 million). The variety of these aforementioned cultural distinctions allowed Apple to advertise in the most appropriate culturally sensitive manner. One of Apple's mottos is that "humanity is plural, not singular. The best way the world works is everybody in. Nobody out" (Apple 2017 ).

**Political Instability or Environment:** Some of the actual obstacles that international marketers face are different political systems (democracy or dictatorship), distinct economic systems (market economy, command economy, and mixed economy), and political instability. The political climate in various countries provides possibilities or obstacles for multinational marketers. Varied governments have different priorities, beliefs, and methods for international trade. They may adopt a restrictive (protectionist) or liberal approach to international business operations. Especially, the political approaches of dominant nations have more influence in international marketing activities.

The global political environment's long-term trend is unpredictable and ambiguous. Different countries' economic policies (industrial policies, fiscal policies, agricultural policies, export-import policies, and so on) have a direct impact on international commerce. A drastic change in these policies creates endless difficulties for international traders. While dealing with international markets, the international political and legal environment needs special attention.

**Place Constraints (Diverse Geography):** Trade in distant foreign countries is basically impossible. It is especially difficult in the case of perishable goods. Exporting and importing products by water, as well as arranging preparations for effective sales, take more time and danger. Segmenting and selecting international markets requires marketers to be more careful.

**Fluctuations of Exchange Rates:** Every nation has its currency to be exchanged with currencies of other nations. Every day, currencies are traded, and

exchange rates fluctuate. The Indian Rupee, U.S. Dollar, Euro, Japanese Yen, and other currencies are appreciated or depreciated against other currencies on national and international markets.

**Norms and Ethics Challenges:** Ethics refers to the moral principles, standards, and conventions that regulate individual and corporate behavior. They are strongly influenced by informal laws and regulations. Different rules of conduct are set in various parts of the world that every international business actor must follow. However, the globalization movement has highlighted some universal ethics. Another issue with business ethics is corruption.

**Terrorism and Racism:** Terrorism is a worldwide issue. People of the world live under constant fear of terrorists attracting anywhere in the world. International trade is not economically risky, but there is a risk to life. Racism also restricts international trade activities.

**Other Difficulties:** Aside from these issues, there are several impediments in international markets, such as the changing ecological environment and global warming, differences in weather and natural climates, and so on. Inappropriate or insufficient role of international organizations in supporting and regulating international trade. Natural and man-made disasters, currency, weights, standards, measures, and marketing tactics differ. Some countries' protectionist policies, The world is in the grip of an economic crisis.

A number of principles can be particularly effective in taking advantage of global possibilities and meeting the challenges that come with them. Every organization needs to understand what is involved in "strategy," or else the haphazardness involved in exporting can be accepted as the norm with all underlying dangers involved. Potential exporters must also be aware of what is happening in the global "environment." International marketing, like domestic marketing, requires consideration of "government," "competitive," "society," and other aspects. If products or services can be assigned to a point on an



environmental sensitivity/insensitivity continuum, the necessity to account for variances in the marketing mix becomes clearer. The organization is better positioned to extract the key aspects important to success by evaluating the similarities and variations between local and foreign marketing needs and planning requirements.

### **3.2. Adaptation Strategies to the Consequences of the COVID-19 on International Marketing**

The world, as we know it, has faced one of its most significant challenges since World War II. The COVID-19 pandemic disrupted every part of our life, paralyzing society and the economy, with practically every country in the clutches of a recession. The world economy was compressed due to the economic shocks caused by the COVID-19 epidemic and the many efforts aimed at controlling its spread. The World Bank forecasted a global contraction of approximately 5.2 percent in June 2020 and that the impacts of the pandemic would be felt more profoundly in nations whose economies were largely reliant on foreign trade, commodity exports, tourism, and external financing.

Coronavirus disease 2019 (COVID-19) is an infection (SARS-CoV-2) of the lower respiratory tract discovered in late December 2019 in Wuhan, China. Since that time, there has been a daily increase in the number of COVID-19 infections worldwide. The World Health Organization (WHO) characterized the COVID-19 outbreak a global pandemic in March 2020. As a result, numerous national governments imposed long-term complete or partial lockdown measures to slow the virus's spread. Even though these strict safeguards have proven to be highly effective in stopping the virus's transmission, they have had an enormous impact on the global economic system, creating an unprecedented shock to economies

and labor markets. Indeed, the COVID-19 pandemic is considerably more than a health catastrophe since it has significantly impacted society and the economy. More than any other interruption this decade, the COVID-19 pandemic has unpredictably impacted how we work, communicate, and shop.

Even before the pandemic was announced, the effects of the COVID-19 pandemic on international trade were already being felt globally, particularly in sectors such as automotive and electronics, whose global value chains are complicated and rely significantly on the manufacture of raw materials and parts from China and Southeast Asian countries, which were the first to be infected by the virus. In January 2020, China implemented social isolation policies that hampered the worldwide supply of some items, with investment in manufacturing declining 31.5 percent in the first two months of the year and exports falling 17.2 percent in the same period.

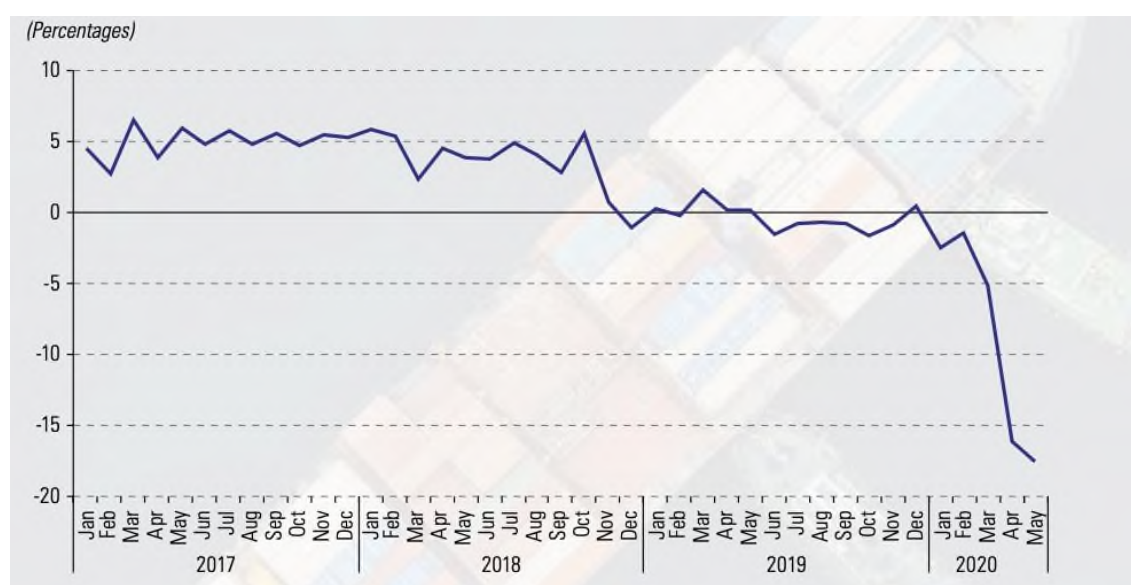


Fig. 3.1. Year-on-year change in the volume of trade in goods globally, January 2017–May 2020

Source; Economic Commission for Latin America and the Caribbean (ECLAC)

Special report Covid-19 [online database] <https://repositorio.cepal.org>



Fig.3.2. Latin America and the Caribbean (selected countries): year-on-year change in international tourist arrivals, January 2018–May 2020

Source; Economic Commission for Latin America and the Caribbean (ECLAC)

Special report Covid-19 [online database] <https://repositorio.cepal.org>

The global pandemic (COVID-19) has impacted all industries causing changes in advertising, marketing, technology, promotional, media spending etc., and pushing businesses and brands in every sector to rethink existing and future advertising and marketing initiatives to retain a consistent stream of cash. While businesses are presently attempting to set the appropriate tone in the midst of a global health emergency, the future predicts market shifts, more competition, and a requirement for inventive and aggressive marketing techniques. These are made all more important since, as a result of COVID-19, advertising spending is expected to decrease for some companies in 2020 as stores close and revenue decreases. One online rental property booking company, for example, claimed

that it would cease all marketing activities in 2020 to save hundreds of millions of dollars. Other companies have redirected their marketing budgets toward purpose-driven, mission-based, and cause-related marketing in order to better meet consumers' increased media consumption while working from home. For example, 45 percent of global consumers are spending more time on, and online gaming traffic on the servers of one telecoms provider has expanded enormously, and the number of consumers using online food delivery and essential goods delivery has increased dramatically (Jason Mander, 2020). Prior to the pandemic, the US restaurant industry was growing at a rate of 3 to 4 percent per year, with meal delivery sales increasing at a rate of 7 to 8 percent. Over a four-year period, global food delivery increased by 23%. However, with the outbreak of the pandemic, which sent many countries into complete lockdown, demand for food delivery increased significantly, building on what was already a strong demand for the \$27 billion industry, according to NPD Group, and has maintained this trajectory throughout 2020 and into 2021.

As a result of the pandemic's influence, many firms are seeking to optimize their marketing techniques in order to better represent the growth in online transactions, communications, and face time with consumers.

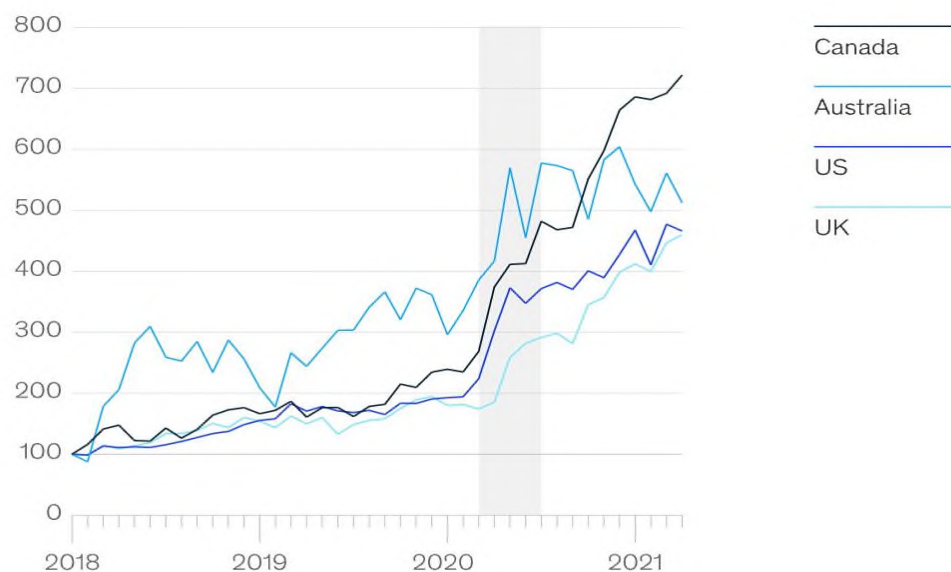


Fig.3.3. Delivery Sales growth from 2018 to 2021

Source: <https://www.mckinsey.com/industries/technology-media-and-telecommunications/our-insights/ordering-in-the-rapid-evolution-of-food-delivery>

Because of the pandemic, advertisers of all sizes are reconsidering the types of advertisements they should run. For many, this means focusing spending: according to a poll, lifestyle advertisers' top objective is customer acquisition, and other consumer categories are also adjusting their marketing methods. Media that works well for identity-based marketing, such as television, may not be a priority in the near future.

There is, however, an exception to the rule that corporations reduce their advertising expenses during a recession. Governments have emerged as advertising buyers in many nations to promote public health messages or fund journalism.

Advertising spending has altered in reaction to changes in consumer behavior. Advertisers should not spend money on media that has no audience.

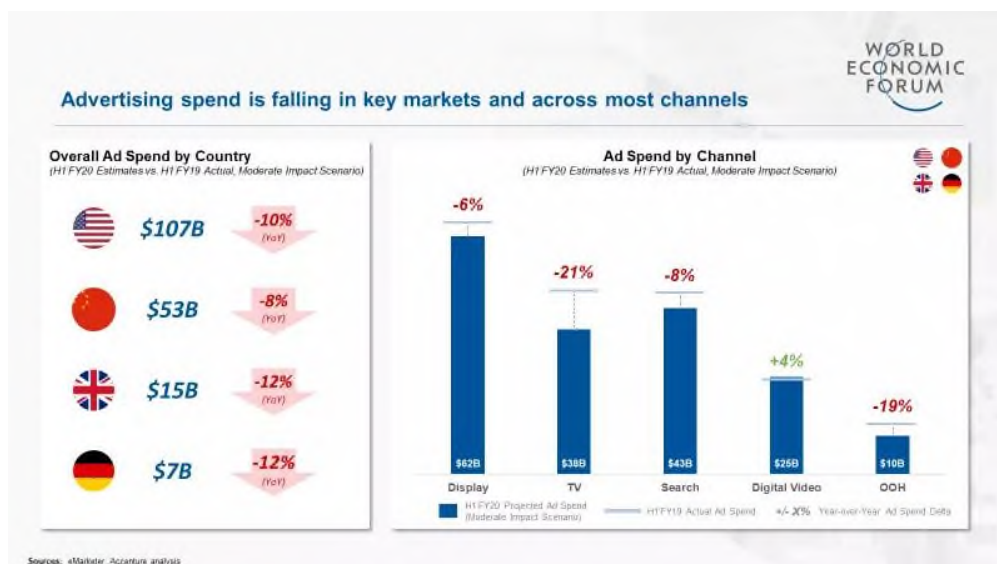


Fig.3.4 Fall in advertising spend by country

Source: How COVID-19 is affecting the advertising industry;  
<https://www.weforum.org/agenda/2020/06/coronavirus-advertising-marketing-covid19-pandemic-business/>

The figure above shows how the Covid-19 pandemic has brought about a fall in advertising expenditure in various countries.

However, the impact of the Covid-19 Pandemic on different industries across the globe has been very noteworthy. The automotive industry was one of the hardest-hit industries by the COVID-19 pandemic. Their supply chains were gravely disrupted from the first shutdowns of Chinese factories. More severe, however, was the shutdowns of factories in Europe between March and May.

In the first half of 2020, the EU automotive industry suffered a production loss of 3.6 million vehicles, reflecting a loss of €100 billion. Until the end of September 2020, this number increased to 4,024,036 motor vehicles, representing 22.3% of the EU total production in 2020. As of September, the demand for cars in the EU decreased by 28.8% compared to the previous year (ACEA, 2021)

The impacts of the COVID-19 pandemic on the EU food industries need to be assessed differences between the different subsectors, as the impacts are highly



diverse. For example, subsectors with close links to the Hotellerie-Restaurant-Café (HORECA) were hit the hardest, while food retailers experienced increased sales due to an extreme shift in consumer behavior from outdoor eating towards food consumed at home. Retailers of frozen and packaged foods experienced a precipitous increase in sales. The employment levels in the food and drink industry experienced a decrease, but to a lesser extent than for total manufacturing. The supply chains of the food industries remained relatively strong. Simultaneously, some bottlenecks emerged due to closed borders, which affected the supply for inputs, transport of goods, and through confinement, caused labor shortages. Another problem in supply arose from panic buying and stockpiling by consumers in the first weeks of the pandemic.

The second wave had a much lower impact compared to the first wave. Even though some subsectors were negatively impacted, it was less as some producers have adapted to new demand and adjusted production, labeling, and packaging, the borders remained open, and consumers refrained from panic buying and stockpiling.

In 2020, food insecurity in the United States increased drastically. The National Restaurant Organisation, the sector's largest trade association in the United States, predicted that the restaurant business in the United States would generate \$899 billion in sales in 2020.

With the implementation of the movement restrictions, all bars and restaurants were closed with only the option for carryout or delivery services. Several restaurant chains changed their operating procedures to prevent the spread of the virus, including eliminating seating, restricting the use of condiments, and shifting to mobile payment systems. Many restaurants chose to close their dining rooms and instead switch to solely take-out food service to comply with social distancing recommendations. A number of retailers, specifically grocery stores, reduced their opening hours to allow additional time

to restock and deep-clean their stores. Retail sales fell 8.3 percent in March and 16.4 percent in April, according to the Commerce Department. In March, restaurants reported \$30 billion in losses.

The mobility restrictions worldwide had intense consequences on the textile and apparel industries, a labor-intensive and highly globalized industry. At the beginning of 2020, the global health crisis and subsequent government measures caused a drastic drop in production and considerable disruption in textile supply chains, creating spill-overs at the cross-regional level. Because China is a significant global source of textile inputs, when trade disruptions occurred, the trade effects on manufacturing unavoidably spread throughout the whole global market, including the EU. The production in the EU dropped by more than 10% in the first quarter compared to the previous years, reaching a difference of 38% in textile and 57% in the clothing subsectors in April 2020. The labor market in this industry experienced a limited setback in the first few months of the crisis. Due to lockdowns that forced mobility restrictions and the shutdown of shops in many countries, the demand, especially the clothing subsector of the overall industry, dropped drastically, with retail sales declining by 18.8% in the EU.

The hardest-hit sectors included home furnishings (down by two-thirds over these two months) and clothing (down 89% over these two months). Many of these companies faced serious financial difficulties, and about 80% reduced their workforce at least temporarily.

The outage to Chinese production rippled across Asian supply chains. Countries relying upon China to supply a high proportion of their manufacturing inputs saw a corresponding slump in the exports of their goods. In Vietnam, where goods exports had previously risen at double-digit rates, export growth slowed to just 2% in January-February 2020. Thailand also saw a decline in production close to 4% over the same period.



The outbreak of the pandemic in Europe triggered a drastic fall in demand for civil aviation, this was evident in the daily trend of March, a month that ended with an 86.1% decline in air traffic compared to 2019 levels, and in the unprecedented 92.8% decline in mid-April, when most EU Member States implemented mobility and transport restrictions.

Between January and June 2020, the number of grounded aircraft in Europe had increased by a total of 80% as compared to the previous year, making Europe the region featuring the worst global trends. The rapid decline in the demand for aircraft production, coupled with disruptions in the supply of raw materials caused by the restrictions in cross-border movements over the first quarter of 2020, triggered supply delays and huge fallouts in production. These, in turn, resulted in precarious cash flow issues for many companies at all stages of the aerospace supply chain, many of which were notably small and medium-sized enterprises (SMEs).

In mid-March, most major American and foreign airlines began cutting back on domestic and international flights due to the sudden drop in travel demand from the pandemic and subsequent travel bans. The lobbying group for the airline industry, Airlines for America (A4A), on March 16 called for a \$50 billion subsidy, including \$4 billion for cargo services.

During the pandemic outbreak, virtually all leisure and cultural production sites were forced to close in most EU countries to contain the spread of the virus. A survey carried out between March and April 2020 with more than 7,000 European Cultural and Creative Industry representatives showed that 60% of respondents indicated they experienced or anticipated a drop in sales over to 30% during the first two months of the crisis; in the long-term, 45% had a decline in sales of up to 40%, and 52% expect losses of 50% to 75%. The COVID-19 outbreak impacted various subsectors of the whole cultural and creative industries, including suppliers of infrastructures, equipment, and facilities

constituting the CCI's production system, marketing providers, advertising, selling, and distribution of products and services.

However, the digital sector experienced some negative impacts from the pandemic, particularly during the first wave as supply chains were disrupted, which slowed down or stopped production in many countries. In addition to cumbered supply, there was a fall in demand in the manufacturing part of the supply chains (e.g., demand for hardware). Demand was further diminished by the confinements of industries such as the hospitality or automobile sector (due to their face-to-face Business-to-consumer (B2C) character), implying lower demand for digital manufacturing and service products. Notwithstanding, due to telework, the demand for digital infrastructure increased substantially.

Many marketing and advertising departments will rise to the occasion, devising imaginative and inventive marketing strategies and procedures to guide the company through this new normal. For brands, this includes dealing with market changes as a result of the economic impact on all industrial sectors, as well as greater competition as a result of customers' and society's "new normal." They are also tasked with addressing sustainability evaluating operational options and challenges presented by strategic planning in an environment of uncertainty. In addition, the marketing team would need to examine brand reputation issues, discover potential new products and services needed to fulfill consumers' wants and expectations, focus on innovative and strategic marketing campaigns and targeted advertising, and effectively leverage social media.

Navigating international marketing during a pandemic can be challenging, especially when every country and individual region has been impacted differently, from travel restrictions to social and working restrictions. A message that works in one market may be irrelevant in another. The pandemic has changed the international marketing of organizations and industries.

The existing assumptions surrounding customers' responses in particular markets have been fundamentally challenged. Every country is reacting to the Covid-19 pandemic differently. For example, some have recovered reasonably well, some have been significantly damaged, some are in regional lockdowns, some aren't; this will influence audiences in each market, even in markets that would have generally responded to marketing messages in similar ways. A global study in Marketing Week showed that 51% of B2B marketers and 62% of B2C marketers say that Covid-19 has caused significant or drastic changes to the customer journey. This change typically implies that new needs may arise, and similarities and differences between markets that weren't there before may emerge. All of this indicates the increased importance of in-market research to truly understand customer needs now, which may have changed significantly throughout the pandemic. Thus, companies need to adjust their marketing plans to consider this updated insight.

Marketing is determined by consumer behavior and its understanding. Consumer behavior has shifted as a result of the covid-19 pandemic; hence the various marketing strategies developed to help bridge the gap already caused by the pandemic. They include.

- **Influencer Marketing:** Social media sites like Instagram, Snapchat, TikTok, and YouTube have a considerable following. While influencer marketing provides higher value and more focused messaging, ad prices have only modestly increased; this is due to millennials and Generation Z, the target demographic for influencer marketing, having a general skepticism of advertisements.

Brands don't want to appear out-of-touch or tone-deaf to the pandemic's effects. As a result, they've begun to employ promotional device strategies such as gift cards to their favorite restaurants or raffles and giveaways.

- **Cause-Related Marketing:** Because the epidemic affects billions of people economically, socially, intellectually, and physically, brands have begun focusing

on charitable promotions and co-venture partnerships between brands and organizations.

Brands continue to ask themselves more questions because influencer marketing, promotional gadgets, cause-related marketing, and addressing specific customer trends are insufficient.

To combat the impact of COVID-19, firms are still asking themselves more marketing and advertising-related questions. They're looking for better methods to connect with their clients, and they want to give them the impression that normalcy has returned.

### 3.3. Apple Inc. Performance during the Covid-19 Pandemic



Fig 3.5. Apple's market value in recent years (Covid-19)

Source: Apple market value <https://www.ft.com/content/ef09a97a-fcea-44d7-a5c0-5dc67becf286>

As the COVID-19 pandemic ushered in a more digital world, Apple Inc. benefited from a significant uptick in sales of laptops and iPads as consumers working and learning from home during the COVID-19 pandemic flocked to its products and services. Like every other company and industry, Apple Inc. was affected by the COVID-19 pandemic. During the quarter, the company was on pace to have a record March quarter; however, because China was in the midst of the COVID-19 pandemic, iPhone supplies plunged due to travel restrictions, a stop in industrial operations, and supply chain disruptions, and as COVID-19 moved to Europe, the US, and the rest of the world, global demand fell. Despite store closures, supply-chain delays, and stretched finances for many customers, Apple emerged as one of the major winners in the first year of the pandemic, posting a record fiscal year and nearly doubling its stock. Although Apple Inc's products have revolved around the iPhone for years, the company's Macs and iPads became especially critical to people while adjusting to remote work and remote learning during the pandemic. The work from home trend gave new life to Apple Inc.'s enervated product categories and positioned the company to capitalize on improving spending while the economy rebounds in the coming year.

By September quarter, Apple's Mac revenue of \$9.03 billion became a new company record as families prepared for even more schooling centered on the home. Amidst the increasing demand for personal computers, Apple embellished its offerings with the November rollout of new MacBook Pro, MacBook Air, and Mac mini computers featuring Apple's custom-designed M1 chip, which promises performance improvements. Apple showed its resilience and revenue diversification during these extraordinary COVID-19 times. "Despite COVID-19's unprecedented global impact, we're proud to report that Apple grew for the quarter, driven by a record in services and a quarterly record for wearables," chief executive Tim Cook said in an earnings release.

The company experienced a 7% decline in the sales volume of the iPhone but was able to more than make up the difference with service revenue, which increased by 17%, and wearables revenue, which increased by 23%.

## **CONCLUSION AND RECOMMENDATIONS**

Marketing is dynamic because customers are dynamic (change is constant). Only a few markets remain unchanged over time, and companies that do not find new ways and develop newer ideas of doing things, become eroded over time by fresher ways of doing things or new trending cycles. The more understanding of customer and consumer behavior, the better companies can keep in touch with their markets; hence, the number of research companies invest into gathering data about customers in their market region. However, even if technology changes the way market research is conducted, people will continue to play an essential role in assessing nuances and cultural effects, even if their abilities have changed. Market research can be expensive, but it does not have to be that for the smaller company. Informal data collection tactics might pay benefits for the smaller organization just by staying close to the leading players in any channel. The most effective market research is constant, continuous, and unending. Selecting international markets to operate is a crucial element of international activity.

Business is constantly changing. New products and new technologies are constantly innovated at all times. Market trends change quicker than most can keep up with; businesses with an extra opportunity. Businesses will connect with partners and customers in their target country if they remain open to new ideas and points of view. A careful approach to new ideas, implementing those that fit with business goals and discarding those that do not, can help the business expansion plans run smoothly, and it could also improve the business in its original market.

This research aimed to identify the problems and challenges faced in international marketing; this was made possible by using Apple as a case study for which the following tasks were conducted.

- Analysis of Apple's strategic international marketing process, which involves the use of SWOT and PESTLE analytical framework
- Analysis of Apple's competitive advantages using Porter's Diamond model, which explains why specific industries within a particular nation are competitive internationally
- Analysis of Apple's strategies using Michael Porter's generic strategic framework.
- Analysis of Apple's performance data
- Analysis of Apple's intensive growth data using Ansoff Matrix and Boston Consulting Group Matrix.

The results received from the analysis were used to draw inferences on how international marketing operates on a global scale.

However, the Coronavirus (COVID-19) global crisis is one event that has had several effects on various stakeholders, including businesses, consumers, and markets. Consumers are frustrated and agitated by the changing policies and the "new normal," resulting in the evolution of new consumer behavior to which businesses must adapt. At the same time, local and global organizations in different industries, such as tourism, restaurant, hospitality, airline services, are hit hard with potentially long-lasting consequences (Song, Liu, & Deng, 2020).

Within this new international environment, Multinational Corporations (MNCs) and global brands must discover how to manage unique and unpredictable challenges, and international marketing research and practice has a vital role to play from various perspectives. Within the marketing field in general, and the international marketing discipline in particular, scholars have mainly concentrated on three types of such unusual events: international incidents between countries, economic crises, and product-harm crises (e.g., Barbarossa, De Pelsmacker, & Moons, 2018; Williams, & Martinez, 2012; Gertner, & Rifkin, 2018; Heslop, Lu, & Cray, 2008; Maher, & Mady, 2010). However, except for a



few papers on the obesity epidemic and the AIDS pandemic crisis of 2004, international marketing knowledge regarding the potential effects, problems, and solutions to virus-related pandemic crises like that mirrored by the COVID-19 pandemic, is almost absent within the marketing discipline. In addition to this, the peculiarities of the COVID-19 event are unique and unacclaimed. The effects of COVID-19 on global business may be more consequential than any other global crisis in living history, its impacts on the international marketing theory and practice could be game-changing, and new lessons may need to be learned, or the lessons learned from previous crises may need to be amended. Consequently, the need for research insights to inform international marketing theory and practice is highly significant.

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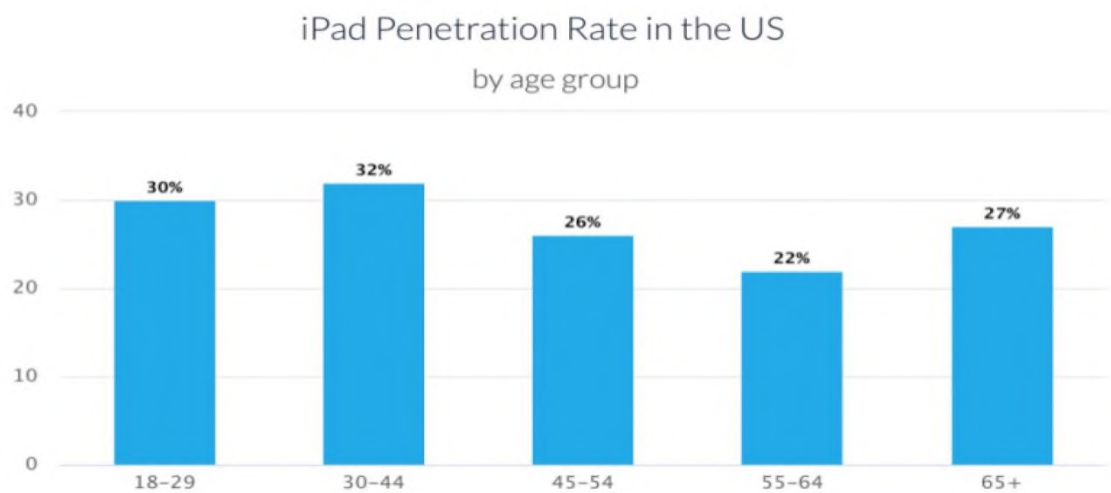
**ANNEX****ANNEX A****STATISTICS**

Fig.9. Ipad penetration rate in the US.

Source: *Apple Statistics*, <https://comparecamp.com/apple-statistics/>

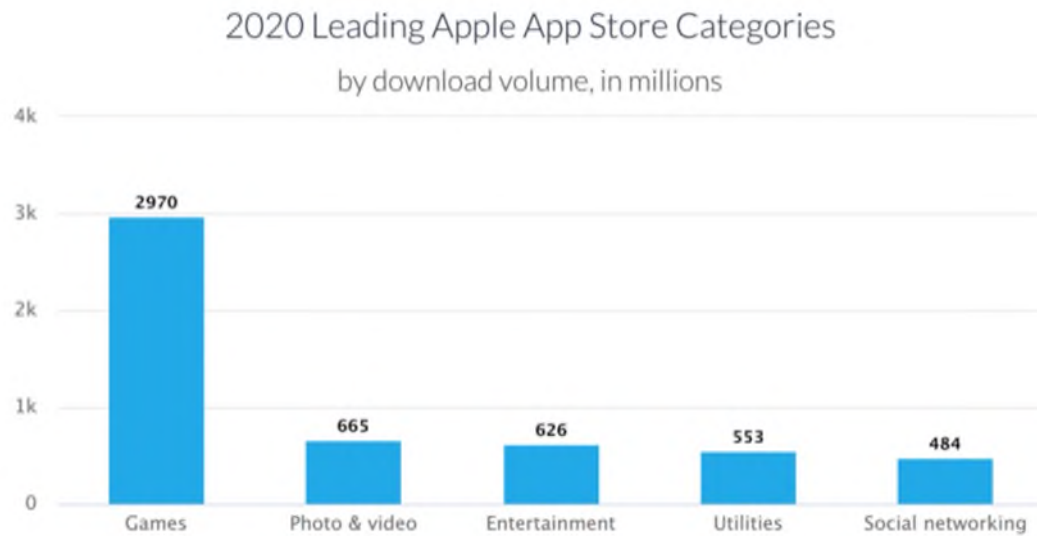
**ANNEX B**

Fig.10. 2020 Leading Apple App store categories

Source: *Apple Statistics* <https://comparecamp.com/apple-statistics/>

## ANNEX C

## Apple Financial reports

Apple Inc.  
CONSOLIDATED BALANCE SHEETS  
(In millions, except number of shares which are reflected in thousands and par value)

	September 26, 2020	September 28, 2019
<b>ASSETS:</b>		
Current assets:		
Cash and cash equivalents	\$ 38,016	\$ 48,844
Marketable securities	52,927	51,713
Accounts receivable, net	16,120	22,926
Inventories	4,061	4,106
Vendor non-trade receivables	21,325	22,878
Other current assets	11,264	12,352
Total current assets	143,713	162,819
Non-current assets:		
Marketable securities	100,887	105,341
Property, plant and equipment, net	36,766	37,378
Other non-current assets	42,522	32,978
Total non-current assets	180,175	175,697
Total assets	<u>\$ 323,888</u>	<u>\$ 338,516</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY:</b>		
Current liabilities:		
Accounts payable	\$ 42,296	\$ 46,236
Other current liabilities	42,684	37,720
Deferred revenue	6,643	5,522
Commercial paper	4,996	5,980
Term debt	8,773	10,260
Total current liabilities	105,392	105,718
Non-current liabilities:		
Term debt	98,667	91,807
Other non-current liabilities	54,490	50,503
Total non-current liabilities	153,157	142,310
Total liabilities	258,549	248,028
Commitments and contingencies		
Shareholders' equity:		
Common stock and additional paid-in capital, \$0.00001 par value: 50,400,000 shares authorized; 16,976,763 and 17,772,945 shares issued and outstanding, respectively	50,779	45,174
Retained earnings	14,966	45,898
Accumulated other comprehensive income/(loss)	(406)	(584)
Total shareholders' equity	65,339	90,488
Total liabilities and shareholders' equity	<u>\$ 323,888</u>	<u>\$ 338,516</u>

See accompanying Notes to Consolidated Financial Statements.  
Apple Inc. | 2020 Form 10-K

Source: *Apple Inc. Condensed consolidated Financial reports*  
[https://www.apple.com/newsroom/pdfs/FY20\\_Q4\\_Consolidated\\_Financial\\_Statements.pdf](https://www.apple.com/newsroom/pdfs/FY20_Q4_Consolidated_Financial_Statements.pdf)

## ANNEX D

<sup>(1)</sup> Net sales by category:								
iPhone	\$	26,444	\$	33,362	\$	137,781	\$	142,381
Mac		9,032		6,991		28,622		25,740
iPad		6,797		4,656		23,724		21,280
Wearables, Home and Accessories		7,876		6,520		30,620		24,482
Services		14,549		12,511		53,768		46,291
Total net sales	\$	64,698	\$	64,040	\$	274,515	\$	260,174

Fig. 12. Apple reports

Source: *Apple Inc. condensed consolidated financial reports*

[https://www.apple.com/newsroom/pdfs/FY20\\_Q4\\_Consolidated\\_Financial\\_Statements.pdf](https://www.apple.com/newsroom/pdfs/FY20_Q4_Consolidated_Financial_Statements.pdf)



## ANNEX E

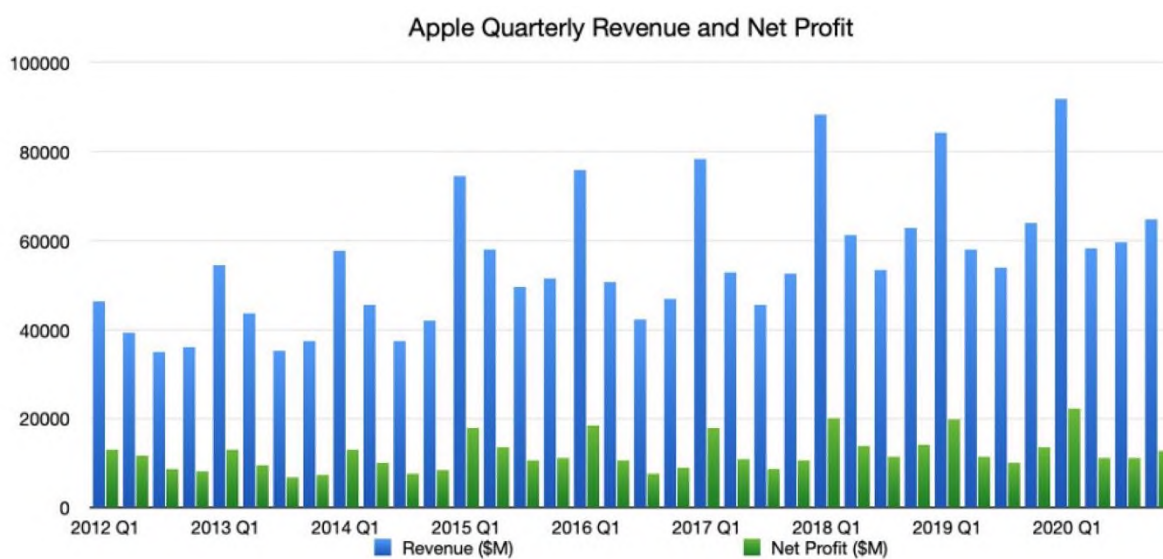


Fig. 13. Apple Quarterly revenue,

Source: *Examining Apple's record-setting quarter by the numbers*

[www.appleinsider.com](http://www.appleinsider.com)

## ANNEX F

Apple's market value has doubled in the past year

Market capitalisation (\$bn)



Fig 18. Apple's market value in recent years (Covid-19)

Source: *Apple market value*, <https://www.ft.com/content/ef09a97a-fcea-44d7-a5c0-5dc67becf286>