Apple Niche Market

Marketing Proposal Report
Identify and Evaluate Marketing Opportunities MKTG5832C & Make A Presentation COMM5928C

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Apple’s Target Market Defined

Apple operates in the highly competitive and ever evolving consumer technology industry. The industry operates to develop, innovate and create consumer goods such as personal computers, telecommunications and music players.

The sector itself contains businesses revolving around the manufacturing of electronics, creation of software as well as the aforementioned computers etc.

For further information please click here

Relevant Economic Conditions

The recent ‘Q3 2014’ report compiled by Fidelity outline seven key takeaways from the past quarter report. Chiefly they identify that global economic growth is slow but steady, with manufacturing in most countries still favourable. Despite the slowing bullwhip (new orders, less inventories), which signals that expansion should remain sluggish.

Also recognised is the opportunities still in the tech market, however these opportunities are seen as primarily for the large capital stocks as opposed to the small capital stocks.

This is due to the current price-to-earnings (P/E) ratio, which is slightly above historical averages. The P/E ratio relates to larger tech firms such as Facebook or Twitter whose price of shares remains high despite their relatively low revenues (earnings). This however aids the US stock exchange because larger value stocks are being regularly traded, which in effect bolster the total stock markets value.

In summary the global business cycle remains supportive of risk assets in the US and European and Australian markets, with market volatility remaining extremely low due in large to the steady world economy. However, rising geopolitical risks, the uncertain Chinese and Japanese outlooks and any unexpected shifts towards tighter monetary policies have the potential to spur market turbulence.

See ‘Q3 2014 update: seven key takeaways’. Click here

Apple’s Typical Customer Defined

Apple set a trend early in their years of being the company for the risk taker, for the rebels of the world, for the ones who ‘think differently’. Since the launch of the iPod Apple transcended this position to become the every persons product provider.

Opting to penetrate the home industry, Apple must now focus on the top end of our customer base to ensure the successful transition and continual growth and development within our product evolution is maintained.
Our typical customer will be someone who is environmentally conscious, has an eye for sleek and modern industrial design and loves the Smart Home concept. Moving beyond the simple understanding of a technology driven home, our customers will see the benefit of the inclusion of this technology into their day to day home lives.

Development on Three Product Ideas

The iToilet
The iToilet was the first concept established within Australia’s, Apples Niche Team. The features of this product consist of a personalised toilet experience based on the below specs:

- Bluetooth connection to smartphone/tablet
- Built-in speakers that link to music or video playing MP3 and MP4 formats
- Heat-sensor seating
- Air freshening sensors
- Stool depository analysis
- Dietary recommendations sent via notifications to smartphone/tablet, based on stool depository analysis

The iFridge
The iFridge was the second concept established. It was created with the idea that it links directly to the iToilet and conveys its communications via smartphones, tablets and/or via the Sapphire glass screen displayed on the fridges’ exterior. Other specs include:

- Automatic stocktake and inventory analysis
- Automatic grocery orders, linked to local supermarket using account transactions (inclusive of home delivery function)
- Automatic stock update, sent via iShop application that provides recommendations based on previous stocktake and iToilet stool depository analysis
- Notifications /alerts of pending stock expiration
- Automatic temperature adjustments (sectioned according to food group/type)
- Recipe download, with suggested meals based on current provisions
- Weather and news updates (including advertisement’s)

The iHome
The iHome was the final developmental idea, which includes the use of the first two concepts. This is a fully operational multi-platform technology construction that is Apple built.

This means all the facilities communicate to each other (via the central mainframe) and can be controlled with four tablets, packaged into the iHome or by linking your smartphones. Other specs include:
• Fingerprint identification for household users (users can be added)
• Voice activated control panel
• Smart TV remotes
• Centralised sound system
• iAir - Automatic temperature adjustments (can be manually set as well)
• Automatic light sensory (turns on as human heat is detected and turns off when room is not in use)
• Atmosphere and mood controlled interface
  • Segregated light adjustments
  • Tinted window adjustments
  • Automated fragrance dispenser
  • Mood suggesting music player

(For more featured facilities, see Final Concept and Product Recommendation)

Creative Thinking and Innovative Methods

The innovation processes at for the iToilet was spawned from one of our top creative agents Dan Johnson. Admittedly he was on the toilet, multitasking on his smartphone, when he quickly became frustrated with the lack of sound quality coming from his MP3 player.

Fast-tracking his toilet process, Dan soon realised he had run out of toilet paper. His misdirected anger was aimed towards his smartphone to which he thought at the time was lacking the ‘smarts’ it required. It was in this moment that Dan believed he had captured the identity of an important gap in the market. A niche market that he believed would revolutionise the bathroom experience.

He dubbed it, the iToilet. A home installed facility that talks to your smartphone and tablet and allows users to play their favourite music, receive notifications on health recommendations, amenities replacement (such as toilet paper, cleaning products, air fresheners etc). Also included, are sensory technologies that keeps the seat warm and the room smelling fresh.

Pitching this idea to his colleagues, the team quickly became perplexed yet somewhat intrigued. Dan continued with his pitch and began brainstorming more features of the iToilet.

Team members, Darren and Julie were more willing to participate in this discussion. Although they were still not completely sold on the idea, Bobby was maintaining his position that this idea was an unmarketable product. He further argued that regardless of the fact that we were attempting to tap into a niche market, we would be limiting ourselves with this concept idea.

Collectively the team began throwing around ideas that would expand upon the original concept. These Ideas included the iToilet not only communicating with other electronic devices, but other household appliances such as a fridge.
This sparked our second innovative product concept suggested by Bobby, the iFridge. A Smart fridge which links to your local supermarket outlet and keeps logs of food supplies that can also provide alerts to your smartphone and can automatically order replacements through the iShop.

As brainstorming continued, Darren posed a valuable question, “Why stop there? Why limit ourselves to only focusing on providing home appliances and facilities when we could capitalise on the home market, in its entirety?” With that, our third and final innovative product idea was created, coined as the ‘iHome’.

Equally excited by the concept progression, each member of the Apple team were extremely enthused by these ideas and thus the creative floodgates fully open, with each member bringing more innovative ideas to the table.

**Feasibility Analysis**

The iHome is set the change the way we live. With integrated software controlling all our household appliances ranging from the toilet, fridge, air, atmosphere and security systems.

With approximately 1.5 billion homes around the world, and hundreds of thousands of brand new homes constructed every year, the market certainly is extensive. As technology becomes ever more common in our day-to-day lives, the evolution of smart homeware products is the next technological shift of our time.

At the current time, there are no competitors that we know of threatening Apple to launch or manufacture products as sophisticated as the iHome facilities. However few companies have touched on the idea, such as our previously affiliated Sapphire Glass Company, releasing a CGI animated video of glass integrated homeware products such as, bench tops, mirrors and phones. However their display did not show integrations of the home as extensive as we propose for the iHome.

When the product is ready for launch it will be a very exclusive, high-end product. However the benefits of such a product with connectivity to multiple applications is that it can be sold within the customer’s budget at the time. As the investment is returned over time with the evolution of the product lifecycle, prices will become more affordable. The growth from more and more new homes being built and new home renovations is what makes this a viable product.

Potential threats from competitors coming to market sooner with cheaper products are always a possibility. However Apple always stands by making a premium product, which inevitably differentiates us from our competitors. We will also leverage our extensive patent portfolio, ensuring our intellectual property is protected.

Apple Corporation will go into joint ventures with one (or multiple) exclusive homeware producers. Dividing the profits to an agreed percentage set out in the initial negotiations. This would benefit Apple, as we would not have to invest as large a figure of capital into manufacturing the iHome products. Their software can easily be integrated in the partnering companies products.
Upon receiving the green light for this project, we anticipate a 24 month lead time before getting the first iHome products to market. This allows us adequate time to research, design and prototype the product before we complete our marketing strategy.

Financially we appreciate the initial installations and building construction of such products and services may not be feasible for the average income earner. As such, eventually we would be looking into partnering with banks to offer mortgage-type facilities that could be consolidated with the land titles for each home.

We aim to completely revolutionise the home owning and capitalise on future home facilities and appliances. With the development of more advanced models/version, it is our aim to dominate the market and integrate technological services and applications with housing construction.

**Market Testing and Product Feedback**

Since the development of our concept design, soon came the time for market testing. As such, we each individually spoke to our peers in a casual setting to gain some feedback on the iHome. The responses were mixed in regards to feasibility and the fact that these facilities were limited to Apple user. However the overall feedback was extremely positive and gave us the positivity we were hoping for.

After the face-to-face was received, the team felt that bringing this concept to fruition would require more intel from our target audiences. Therefore we created an inactive campaign and posted it on Facebook in order to achieve more reach and exposure.

After evaluating our data, it soon became apparent that we were onto something iHome, we then requested a short quantitative survey to be completed by our tested audience.

To view the survey questions and results percentages, please see *Appendix A*

**Primary and Secondary Target Market**

**Primary Market**

For potential homebuyers and families, iHome opens up a world of possibility as to how they build their new home. Our initial focus will be to capture the wealthy singles and family markets as a proof of concept.

- Builders
- Contractors
- Suppliers
- Developers
- Interior Designers

Research conducted by Master Builders Australia (MBA) shows the new homes market in Australia hit $190 Billion in 2013, excluding renovations, which totalled $30 billion.
Dwelling units commenced
The trend estimate for new private sector house commencements rose 5.2% in the March quarter, following a rise of 5.0% in the December quarter for upcoming new houses.

In securing a master builder as well as developers the Apple I-home will grow and become a successful component in the building & construction industry and pioneers in another industry.

Secondary Market
Our secondary market focus are the wealthier individuals in society that identify with the design ideals of Apple. Those in search of a premium product line that can better distinguish them from the crowd. iHome’s second market focus will be:

• Property Investors
• Business
• High Income Earners
• Gen Y Professionals
• General Tech Enthusiasts

Final Concept and Product Recommendation
As briefly discussed in the *Creative Thinking and Innovative Methods* (page X), the iHome is our final recommendation. This decision was based on the notion that there is more room for profitability and development.

The team deemed it necessary to keep our initial two concepts - the iToilet and iFridge, as features added to the iHome. The iHome is a fully operational multi-platform technology construction. This entails a centralised mainframe that controls all the functions for each technology / appliance.

With our target audience laid out and our market segmentation been finalised the future is just a touch away. Other facilities and specs added to the iHome are as below:
• iBed - mattress that adjusts according to spinal demands
• iGym – Fitness tackers, automatic weight adjustments and cardio programs
• iWardrobe - collates clothing items and displays visual combinations for different looks on a scanned 3D picture of the user
• iWash – Automatic material and colour detection, inclusive of wrinkle-free drying functions
• iVacuum – Automatic hoover that detects dirt, dust and foot traffic markings
• iCook – Glass panelled touch system with automatic cooking features
• iSecurity – a fully contained security system with heat sensor’s circulating the premises.
• iAir – Automatic temperature gauges that can be individually tailored according to room and desired temperature.

**Estimates**

**Budget**

**Recommended**

*(Please see Appendix B)*

**The Launch**

To launch iHome we will have a two-part campaign strategy starting with the Australian market.

1. Teaser clip that will be released on You Tube displaying the revolutionary specs of the iHome. This will allow us to create buzz around our concept and allow viewers to comment, providing us with important feedback for our product. We will also offer prototypes to be tested by loyal Apple users who in return are to share our video and expand our promotion.

   To view example of, please see Sapphire Glass Company, releasing a CGI video. Click [here](#)

2. The second part of our campaign is to be launched with the partnership of Channel 9’s, The Block, where we will provide each of the contesting teams with a featured facility from the iHome. This will allow us to showcase our products and demand notoriety using semi-celebrity endorsement and their sponsorships, such as Mitre 10, Suzuki, The Good Guys, Nature’s Own, NAB and iSelect.
2014 Online survey conducted for iHome feedback

1. Do you think the iHome will revolutionise the home experience?
   - Strongly Agree = 91%
   - Agree = 5%
   - Neither agree or disagree = 3%
   - Disagree = 1%

2. Do you believe this concept is powerful enough to reach the Apple community?
   - Strongly Agree = 78%
   - Agree = 12%
   - Neither agree or disagree = 5%
   - Disagree = 5%

3. If you were yet to own a home, would you invest in the total construction of the iHome?
   - Strongly Agree = 83%
   - Agree = 9%
   - Neither agree or disagree = 5%
   - Disagree = 3%

4. If you were a current homeowner, would you invest in the installation of some or all of the product ranges?
   - Strongly Agree = 72%
   - Agree = 13%
   - Neither agree or disagree = 5%
   - Disagree = 10%

5. Do you believe that having a mortgage plan for iHome/facilities will make it more feasible for the average income user to afford?
   - Strongly Agree = 81%
   - Agree = 7%
   - Neither agree or disagree = 7%
   - Disagree = 5%
## Estimates Budget Recommended

### Apple Corporation - Home Investment Budget

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