


analysis, product development, market testing, and commercialization. At each stage, the company must decide whether to drop the idea or move to the next stage.

4. The consumer-adoption process is the process by which customers learn about new products, try them, and adopt or reject them. Today many marketers are targeting

heavy users and early adopters of new products because both groups can be reached by specific media and tend to be opinion leaders. The consumer-adoption process is influenced by many factors beyond the marketer's control, including consumers' and organizations' willingness to try new products, personal influences, and the characteristics of the new product or innovation.

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# Applications

## Marketing Debate


### Whom Should You Target with New Products?

Some new-product experts maintain that getting close to customers through intensive research is the only way to develop successful new products. Other experts disagree and say customers can't possibly provide useful feedback on what they don't know and can't provide insights that will lead to breakthrough products.

**Take a position:** Consumer research is critical to new-product development *versus* Consumer research may not be all that helpful in new-product development.

## Marketing Discussion

### Product Innovativeness

 Think about the last new product you bought. How do you think its success will be affected by the five characteristics of an innovation: relative advantage, compatibility, complexity, divisibility, and communicability?

## Marketing Excellence

### >> Apple

Apple has transformed the way people listen to music, play video games, talk on the phone, and even read books. The company's revolutionary product innovations include the iPod, the iMac, the iPhone, and the iPad. They are the reason the company topped *Fortune's* Most Admired Companies list every year from 2008 to 2014.

The iPod introduced many consumers to Apple and initiated a series of monumental product innovations. It exemplified Apple's innovative design skills and looked, felt, and operated like no other device. To the delight of Apple (and the chagrin of competitor Sony), the

revolutionary MP3 player became "the Walkman of the 21st century," and the launch of the iTunes online music store helped drive iPod sales through the roof.

The iPod was also central in changing the way people listened to and used music. According to musician John Mayer, people felt like they were "walking through musicology" when they used their iPods, leading them to listen to more music and with more passion. The iPod has gone through a series of re-generations, adding features like photo, video, and radio capabilities along the way.

Apple reached its impressive market domination through a combination of shrewd product innovation and clever marketing. The marketing effort appealed to both Apple fans and people new to the brand. To reach such a broad base, the company had to shift its

channel strategies. It added “mass electronic” retailers such as Best Buy and Circuit City (now defunct) to its existing channels, which quadrupled its number of outlets.

Besides this enhanced “push” effort, Apple also developed memorable, creative “pull” advertising that helped drive the popularity of the iPod. The Silhouettes campaign featured silhouettes of people listening to and dancing with their iPods and appeared all over the world. This simple message worked across cultures, portraying the iPod as cool but not beyond the reach of anyone who enjoyed music.

As the iPod’s popularity grew, a halo effect helped increase Apple’s share in its other markets. In fact, in 2007 the company officially changed its name from Apple Computer Inc. to Apple Inc. to help communicate its focus on non-computer products.

Apple’s next-largest product launch after the iPod was the iPhone, its 2007 entry to the cell phone industry. With its touch-screen pad, virtual keyboard, and Internet and e-mail capabilities, the iPhone launched to huge consumer excitement; people lined up for hours to be among the first to buy one. Investment analysts initially feared that Apple’s two-year contract with AT&T and the iPhone’s high price would hinder its success. But 74 days after the product’s debut, 1 million units had been sold. It had taken the iPod two years to reach the cumulative sales (\$1.1 million) the iPhone had reached after just its first quarter. In fact, half the iPhones’ buyers switched to AT&T, incurring fees to break their contracts with other carriers, just to have a chance to own an iPhone.

Over the next few years, Apple dropped the price of the iPhone significantly and added impressive picture and video capabilities, video game features, a faster processor, and access to millions of additional applications. The iPhone had become yet another game-changing technological invention. When the iPhone 4 launched in 2010, showcasing FaceTime video calling, Steve Jobs declared it “the most successful product launch in Apple’s history.” Jobs died in 2011 and didn’t get to witness the success of the iPhone 5 launch in 2012. Apple received more than 2 million preorders of the iPhone 5 within the first 24 hours, far exceeding sales of any preceding iPhone launch. When the phone officially hit the shelves on September 21, 2012, the company couldn’t keep up with the initial demand.

The launch of the iPad also created media frenzy in 2013. The multitouch device combined the look and feel of the iPhone with the power of a MacBook and gave consumers access to music, books, movies, pictures, video games, documents, and hundreds of thousands of applications at the touch of a finger without mouse or keyboard. Apple followed up with the launch of the iPad mini, a smaller version of the original, and the iPad Air, accompanied by a powerful marketing campaign that inspired consumers to do anything with their iPad, including creating movies, building wind turbines, studying coral reefs, and making mountain climbing safer.

In recent years, Apple has faced more serious competition for its smart phones, tablets, and other handheld devices, especially from Samsung and HTC. Investment in research and development is just one way the company remains a leader in this cutthroat industry. It spent \$2.4 billion in R&D in 2011, \$3.4 billion in 2012, and \$4.5 billion in 2013. Creating, producing, and launching new products is a top priority for Apple. With creative marketing support behind them, these products are the reason consumers and analysts stay on their toes awaiting Apple’s latest product news.

### Questions

1. ~~Apple’s product launches over the past decade have been monumental. What makes the company so good at innovation? Is anyone comparable to Apple in this respect?~~
2. ~~How important was the iPod to Apple’s current success? Discuss the significance of the iPhone and iPad launches to Apple’s new-product development strategy.~~
3. ~~It has been a few years since Apple’s last epic innovation. What’s next for Apple?~~

**Sources:** Matt Vella, “Apples’ Latest Ad Is Probably Going to Give You the Chills,” *Time*, January 13, 2014; www.apple.com; 2013 Apple Annual Report; “iPhone4: The ‘Most Successful Product Launch’ in Apple’s History,” *Independent*, June 28, 2010; Joseph De Avila, “Why Some Apple Fans Won’t Buy the iPhone,” *Wall Street Journal*, September 12, 2007, p. D3; Nick Wingfield, “Apple Businesses Fuel Each Other; Net Jumps as Mac Sales Top PC-Industry Growth Rate; iPhones, iPods Also Thrive,” *Wall Street Journal*, October 23, 2007; Terril Yue Jones, “How Long Can the iPod Stay on Top?,” *Los Angeles Times*, March 5, 2006; Beth Snyder Bulik, “Grab an Apple and a Bag of Chips,” *Advertising Age*, May 23, 2005; Jay Parsons, “A Is for Apple on iPod,” *Dallas Morning News*, October 6, 2005; Peter Burrows, “Rock On, iPod,” *BusinessWeek*, June 7, 2004, pp. 130–31; Jay Lyman, “Mini iPod Moving Quickly, Apple Says,” *TechNewsWorld*, February 26, 2004; Steven Levy, “iPod Nation,” *Newsweek*, July 25, 2004; “Apple Computer: iPod Silhouettes,” New York Marketing Association; Steven Levy, “iPod Nation,” *Newsweek*, July 25, 2004; Effie Worldwide, www.effie.org.