Analysis Of Strategy Behind Launching Apple Watch

“Think Different” with this slogan in mind, Apple launches each of its products, such that it becomes a perfect match of hardware and software with aesthetics and technology in focus. The main motto behind each product launch strategy of Apple is ‘To prevent commoditization through enhanced user experience. Same was true for Apple watches, launched in April 2015.

The strategy behind launching Apple Watch:

1. What is this product:

‘Designed with aesthetics, capabilities and functional usefulness’

Watch with fitness tracking and the capability to integrate with other Apple devices as well as Siri. They use WIFI from iPhone though, after series 3, they can be used in isolation also.

It has different combinations of body and band styles, making it a fashion statement. User imagery of this product is: Gadget & tech lover, fashionable and luxury-oriented, who are also health-conscious, the mid-aged high-income group.

Price: Around $400 or Rs 50000

2. How they launched the Apple watch

Name: Launched as Apple watch not iWatch, to differentiate it from the other line of products: the iPhone, iPod etc.

Distribution: Initially available only as preordered product, with only demonstrations and fittings at stores. This made the product even more attractive and desirable due to the luxury feeling of difficulty in attainment involved.

Product differentiation: The watch itself had a different band and body style, yet further collaboration with other brands made it into a ‘Fashion Statement’ unlike other Fitbands available in the market from competitors.

For this differentiation it collaborated with Nike for ‘Apple Watch Nike+’ and Hermes for ‘Apple watch Hermes’

3. Why did they launch it

Profitable global watch market: The fit band watch market is highly growing and proved profitable for android companies. The fitness tracker market was at that time fragmented with various price ranged products as cheap as Rs 1000 to Rs 20,000.

Increasing income level: The overall income level in the US and most developing countries is rising and hence target group is increasing

New product category: Apple is known for experimentation; this product gives them the perfect chance to experiment into a new category that is already growing and is compatible with other offerings by Apple

Approaching the Next Gen: The new generation is not just brand conscious but product's functionality conscious as well. A fashionable-wearable watch that could substitute the need to hold mobile phones 24*7, seems the most logical approach to provide functionality with the promise of brand value to the next generation, the millennials

4. Porter's Five Forces analysis

a) Threat of New Entrants:

The risk of new contestants will probably rely upon the Apple Watch's prosperity upon passage to the market. In the event that the watch earns high volumes of offers and client enthusiasm, there could be a blast of contestants to the wearable smartwatch industry and market emulating Apple's example. Since Apple's huge three rivals have just discharged their renditions of a 'smart watch', any danger of vast scale rivalry will probably take time to develop.

b) Threat of Substitutes:

As far as substitutes are concerned, industry competitors Samsung, Google, and Sony have all discharged their own 'smart watches' with their very own operating systems. These analog and digital watches would be the fundamental substitutes for the Apple Watch. However, the Apple Watch appears to put itself in front of its rivals as far as utilizing their very own innovative progressions, making it more attractive than its substitutes. The Apple Watch puts a substantial accentuation on its double reason capacities of a fitness tracker and rest tracker. In entering this market, Apple Watch plunges straightforwardly into rivalry with current wearable fitness tracker monsters, for example, Jawbone and FitBit.

c) Rivalry Amongst Existing Competitors:

The contention among the competitors of the Apple Watch incorporates not just the business mammoths, for example, Google and Sony, yet additionally the tap-to-pay features. This element mirrors debit and credit frameworks for quick payment alternatives at present being utilized in Europe. The Apple Watch will likewise be in rivalry with other smart apparel and wearables, for example, smart glasses that have started to make progress in the market. With the end goal for Apple to prevail with this gadget, they would need to concentrate above anything else on cutting edge innovation as well as on make utilization of their loyal customer base.

d) Bargaining Power of Consumers:

In terms of the bargaining power of customers, those interested in the item can browse watches going between $349 to up to $17,000. This puts weight on contenders to more readily value smartwatches at the low end of the price range. The physical item, matched with Apple's most up to date WatchOS programming, leaves little to shopper creative energy concerning the prices.

e) Bargaining Power of Suppliers:

Apple has endeavoured to suppress the threat of bargaining power of suppliers by making an item with cutting edge configuration, pressure sensing innovation, and an extraordinary operating system, all made in-house. Concerns emerge with the bargaining power of potential third party app makers for the software or the industrial facilities where the raw material is manufactured.

5. Product fit with Apple's current situation

Strategically well positioned: iPhones have now attracted a lot of competitors. Cheap copies are also available resulting in loss of sales and even the company name. With this new product, Apple will be able to position itself once again well above other competitors through its superior feel and technology. Hence, an Apple watch fits best strategically, given the current market and brand position.

Standing out from its competitors: By giving the luxurious feel in the bands, through contracts with Nike and Hermes, Apple watch stood out of its competitors like Samsung in the android segment. When its other products were losing their identity, a watch that can be in sync with all other Apple devices, will help give a boost to sales by establishing the brand once again ahead of the competitor and reinforcing the motto of 'Think different'.

6. VRIO analysis

If we go by the VRIO analysis, we can further analyze the company's resources to be in sync with Apple Watch

a. Physical Resources: Customer base, licensing, market size, other products of the brand

Apple stands a unique position in its physical assets which are rare and inimitable given the technology and idea behind its every product. This watch perfectly fits with the available resources and will certainly make the brand more valuable.

Again, the customer base is such that it will certainly buy this next range of product as it comes in line with other Apple products

b. Financial resources: Fixed assets, Manufacturing Capabilities, Capital requirements for R&D

The company has the potential to delve into R&D and come up with the unique technology to stand out in this fragmented watch market. Hence it gives the perfect opportunity to delve here and immerge as the leader in this brand for the quality and brand conscious segment of this market.

c. Technological resources: Synchronization with other devices, R&D team

As the other devices are already well established in the market, a watch that can sync with all of

them and enhance the user experience even more, seems the best logical step. With the current R&D team expert in providing apps and getting most smooth sync between hardware and software, a device that can use these resources in most efficient way is required. An Apple watch hence will be able to gain the most out of the present technological resources of the company

d. Organizational resources: Ad campaigns, marketing strategies, Company's mission and vision

Apple's marketing strategy revolves around the 'promise of enhanced user experience through gadgets that are different from rest'. Hence, a fitness measuring watch that can sync with all mobile functions, will obviously make the company's motto clearer and more reinforced in the customer segment. Marketing of the watch will be easier and so will find the target customers.