

BTEC Unit seventeen

Marketing intelligence

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## Task 1

Not many companies can set up shop in a giant glass box on some of the world's most expensive real estate, and still make a fortune. You might be surprised to learn that Apple's flagship Fifth Avenue store in New York City is valued at \$4,709 per square-foot. As CNN pointed out, that's worth just about as much as The White House.

However, they can afford it. The same article points to Apple's \$14.1 billion of revenue from retail stores alone during the 2011 fiscal year. The company's worldwide revenue for the 2011 fiscal year totaled \$108 billion. How do they do it? I wouldn't even pretend the full answer to that question is within my scope of understanding. *But*, together we can take a look at some of the key elements that makes this brand so effective!

### Apple Creates Geniuses

If you've never been into an Apple retail store, you should make your way over to see one. Don't go on a Saturday; definitely don't go on a Sunday. Really, there's never a good time to go because the stores are *packed*. People are flocking to see (1) the products and (2) the Geniuses.

'Genius' is a term Apple uses to refer to their expert staff that helps resolve technical issues with customers. This is no Geek Squad. These guys *know* their stuff. (I have several friends who have worked/currently work for Apple as Geniuses, and it's no easy feat. Even the lowest retail positions usually require four interviews.)

The 'Genius' label is just one piece of the pie when it comes to why Apple is such an incredible brand. Apple insures that Geniuses are extremely well-trained in order to resolve tech issues, but they also focus on customer education. From group workshops to one-on-one training, Apple Geniuses represent the brand in a very human way.

### Streamlined Products & Experience

Apple founder and former CEO, Steve Jobs, is famous for his cuts. The last paragraph in this article from Fast Company covers a few of them. But, the most impressive cut happened in 1998, after Jobs had returned to the company. Jobs reduced the product offerings from 350 to just 10! Jobs' sometimes counterintuitive measures didn't just boost sales... they did wonders for the brand image. Recognizing that the company could make a few products *really well* by narrowing their focus, Jobs introduced a new brand image that has remained ever since. Apple is streamlined and

unified. Customers know *exactly* what they're going to get, how a product will work, what it will look like, etc. If you own an iPad, for example, you'll have no trouble at all working an iPhone.

## Apple & Content Strategy

What's odd about Apple and their [content marketing](#) strategy? Well, there's not much happening out there. Sure, they have a [YouTube](#) account and some [average TV spots](#). But Apple hardly uses social media at all. No Facebook; no Twitter; certainly no Instagram or Pinterest.

There's been a lot of speculation as to why Apple is so conspicuously absent from the world of social media. Some believe Apple to be making a statement, or being elitist. However, those who look closer usually see the opposite to be the case. Steve Jobs was famous for his "open door" policy with customers. He's one of the few CEOs that actually took time to [respond directly to customers and fans](#) via email.

While Apple may not have its own content marketing services running a Facebook page, there's a lot to be said for a company that had a CEO who responds directly to emails. Whether the emails were questions, compliments, or irate messages, Jobs was listening throughout his years at the helm.

## Brand Loyalty

Of course, fans of Apple have an incredible sense of brand loyalty. (This loyalty is in part due to the public's fascination with Jobs.) With a baseline price of \$999, Apple computers are not cheap. And, in truth, you can buy a machine with a lot more power for half the price. However, Apple products continue to fly off the shelves. All this without a serious online content strategy? Imagine what *your* small business could do by developing this kind of brand loyalty, *and* hiring content marketing services to build momentum

### Question

*Do you think Apple needs to beef up its content strategy, or are things perfect as-is? What would you love to see Apple do from a branding perspective?*

## *Task 2*

Shazia is manager of a McDonald's restaurant in a city with many "senior citizens". She has noticed that some senior citizens have become not just regular patrons—but patrons who come for breakfast and stay on until about 3 PM. Many of these older customers were attracted initially by a monthly breakfast special for people aged 55 and older. The meal costs 0.99c, and refills of coffee are free. Every fourth Monday, between 100 and 150 seniors jam Shazia's McDonald's for the special offer. But now almost - as many of them are coming everyday - turning the fast food restaurant into a meeting place. They sit for hours with a cup of coffee, chatting with friends. On most days, as many as 100 will stay from one to four hours. Shazia's employees have been very friendly to the seniors, calling them by their first names and visiting with them each day. In fact, Shazia's McDonald's is a happy place, with her employees developing close relationships with the seniors. Some employees have even visited customers who have been hospitalized. "You know," Shazia says, "I really get attached to the customers. They're like my family. I really care about these people." They are all "friends" and being friendly with the customers is a part of McDonald's corporate philosophy.

These older customers are an orderly group and very friendly to anyone who comes in. Further, they are neater than most customers, and carefully clean up their tables before they leave. Nevertheless, Shazia is beginning to wonder if anything should be done about her growing "non-fast-food" clientele. There is no crowding problem yet, during the time when the seniors like to come. But if the size of the senior citizen group continues to grow, crowding could become a problem. Further, Shazia is concerned that her restaurant might come to be known as an "old people's" restaurant—which might discourage some younger customers. And if customers felt the restaurant was crowded, some might feel that they would not get fast service. On the other hand, a place that seems busy might be seen as "a good place to go" and a "friendly place."

Shazia also worries about the image she is projecting. McDonald's is a fast-food restaurant, and normally customers are expected to eat and run. Will allowing people to stay and visit change the whole concept? In the extreme, Shazia's McDonald's might become more like a European-style restaurant where the customers are never rushed—and feel very comfortable about lingering over coffee for an hour or two! Shazia knows that the amount her senior customers spend is similar to the average customer's purchase but the seniors do use the facilities for a much longer time. However, most of the older customers leave McDonald's by 11:30 - before the noon crowd comes in. Shazia is also concerned about another possibility. If catering to seniors is OK, then should she do even more with this age group? In particular, she is considering offering bingo games during the slow morning hours—9 AM to 11 AM. Bingo is popular with some seniors, and this could be a new revenue source—beyond the extra food and drink purchases which probably would result. She figures she could charge \$300 per person for the two-hour period and run it with two underutilized employees. The prizes would be coupons for purchases at her store (to keep it legal) and would amount to about two thirds of the bingo receipts (at retail prices). The party room area of her McDonald's would be perfect for this use and could hold up to 150 persons.

**Questions:**

1. Evaluate Shazia's current strategy regarding senior citizens.
2. Does this strategy improve the McDonald's image? Justify your answer.
3. What should she do about the senior citizen market - i.e. should she encourage, ignore, or discourage these seniors? Why?
4. What should she do about the bingo idea? Explain.