Overview

Apple is trying to distinguish itself and the iphone with its new facetime campaign. Apple wants to show the iphone not only as a smart phone, but a hand held device that allows you to stay in touch with those you care about and love through face-to-face chat and video.

The facetime campaign is also different from other iphone campaigns, and smart phones for that matter, because it is targeting a demographic that hasn’t historically purchased smart phones. And to reach this market, Apple released a string of 30-second commercials that rely on emotions and life altering events. The ads don’t show everything an iphone can do. In fact, it doesn’t even really show how facetime works. But it resonates with people, especially with those 34 years of age and older who don’t necessarily care about Rock Band Apps or GPS locators.

I think this will be a very successful campaign for the iphone 4 because it is aiming to reach a target that is relatively untapped and I think Apple is approaching the campaign the correct way. A marketing professor once told the class that consumers don’t want to see the features of a product but they want to see the benefits they can receive because of the features.

I think that’s what the facetime campaign is doing with the iphone 4. It’s not focusing on the high-resolution screen or its Wi-Fi capability. Rather with those features you can see your loved one over facetime and that’s something no other smart phone can do.

Situation Analysis

Apple in the past year has had about a 4 percent share in the PC market but that is expected to increase this year with the sales on the ipad, which is being considered a PC in the market. Accoridng to Gene Muster, Apple is projected to sell 6.2 million ipads this year. Add that number to estimated computer sales and Apple could raise its market share to 6 percent by the end of the year.

Apple computers are also the most popular laptops for college students with 27 percent of the market. Apple took market share over Dell, who had led the market the previous five years. Apple’s marketing and branding has struck a cord with the new generation of computer users and it is showing on college campuses.

But Apple just doesn’t sell computers and laptops. Apple also sells MP3 players (ipods) and smart phones (iphones) and it does well in both markets. At the Apple media event in September of 2009, Apple boasted a dominating 73 percent share in the MP3 market, crushing SanDisk, the closest competitor at 7.2 percent market share.

Apple has just released the fourth version of the iphone and, according to Apple, sold 1.7 million iphones in the first three days. In June, 2010, the iphone had 28 percent of the market share, second only to BlackBerry’s 35 percent (Apple Insider). However, the iphone had gained 2 percent of BlackBerry’s share from the previous quarter.

The BlackBerry and Android are the biggest competitors to the iphone. TiBp, an iphone blog, states that the reason BlackBerry could be leading the market is because the BlackBerry is offered on all four U.S. mobile carriers and Verizon offers it as part of its Buy One Get One free campaign. Apple doesn’t allow AT&T to use BOGO campaigns for the iphone. However, it should be noted that the newly released iphone 4 is not included in the numbers for market share, yet.

Apple has recently caught some bad press with antenna problems with the iphone 4. Apple offered a free rubber “bumper” to iphone users to fix the problem and it hasn’t seemed to slow down the iphone 4 sales.

Segmentation and Targeting

Previous Apple ads were geared toward college students and the younger computer generation with the “Get a Mac” campaign. The iphone 4 “facetime” campaign is geared toward older users and teens with commercials geared towards both.

The commercials, in classic Apple style, don’t discuss the product itself but show how the product can enhance your life. There is a commercial with a teenage girl showing her braces to her father, a woman telling her husband she’s pregnant, and man showing a new grandfather his grandson. These ads aim to reach the teen and older generation audience. Apple is well known with the 18-30 crowd, as evident by its high market share on college campuses and iphone demographics (42 percent of users 18-34, Nielsen Demographics).

Apple aims to build a strong brand loyalty with its users and their users usually act as an ambassador to the company (Jims Marketing Blog). Apple also gets a lot of free press. Steve Jobs gives a presentation at a product launch and within hours there are tons of blogs and news stories dedicated to the product. Apple works the free advertising and uses it to their advantage.

The same free press is being used in the iphone 4 facetime campaign. Blogs and tech sites have posted the new TV commercials and written articles about the campaign. The videos have become viral hits, racking up 1.8 million views in the campaigns first week.

According to The Nielsen Company, 40 percent of iphone users make more than $100,000 a year. That’s a larger percentage than both the Android and BlackBerry. Another 38 percent make more than $50,000 a year. A little over half (55 percent) of iphone users are male and 80 percent of iphone users would buy another iphone when it was time for a new phone (The Nielsen Group).

The “Segment Criteria” asks if the segment is measurable, substantial, accessible, and relevant. There are a lot of iphone users that cover a large span of demographics but the facetime ads target the older generation (I would say over the age of 34). According to The Nielsen Group demographics stated previously, 78 percent of iphone users bring in more than $50,000 a year.

This target market (34 years of age and older) can be reached but they may be less likely to follow blogs or viral videos. This is why Apple produced emotional TV ads for the iphone 4 facetime. Apple is trying to reach that market and resonate with it.

Positioning of the Brand and Product

Apple has always tried to position itself as a brand that is changing the way consumers use technology. Apple wants to show that using its products can enhance your life. It started with the “Think Different” campaign of the 90’s and continued with the ipod, iphone and the ipad. To promote the first iphone Apple used “Apple reinvents the phone” and the ipad was a “revolutionary device”.

With the iphone 4 Apple is “changing the way we communicate” and what better way to show that then highlighting the facetime app? That is what Apple is saying in the new facetime campaign. Unlike any other smart phone, Apple offers its users the ability to connect with family and loved ones through face-to-face video chat.

And to stick with the position of using Apple can enhance your way of living, Apple shows communication situations that just wouldn’t be the same with a normal phone conversation.

A daughter SHOWING her dad her new braces while he is out of town, a grandpa SEEING his grandson for the first time and the LOOK on her husbands face when she tells him she is pregnant. These are all moments in a person’s life that were enhanced and made memorable thanks to the iphone 4 and its facetime application.

Communication Objectives:

Apple released a string of TV commercials promoting the new Facetime application and seems Apple is using Facetime to sell the new iphone 4. The commercials don’t have hip, catchy music or a shadow dancing to music with white beads coming from the ear. The ads don’t show all of the cool technology the iphone 4 is equipped with or have a celebrity endorse it.

The commercials show people using Facetime to communicate emotional milestones or situations with their loved ones. A grandpa seeing his grandson for the first time, a woman telling her husband she’s pregnant and a teen girl showing her father her braces.

These ads seem to be targeted to families who were left out of previous iphone campaigns. The previous iphone campaigns would show how an iphone can help you choose a close sushi restaurant or games to download while traveling. The ads never really showed how an iphone can help you communicate and connect and that’s why the iphone 4 is showing with Facetime.

Along with families, I believe the new iphone 4 is aiming to reach older demographics. Apple has a very loyal following with its existing customers. One marketing blog (Marketing Minds) states that Apple is loved by its users and has formed the “Mac community” of die-hard Apple users.

Apple shouldn’t focus all of their attention on this market because they will probably already buy the new iphone 4 or will purchase the phone when they can. Apple needs to focus on a market that does not already purchase the iphone or other Apple products. What’s that market? It seems to be consumers over the age of 55. Of Apple’s demographics, 42 percent are between the ages of 18-34 and 36 percent between 35-54. Only 17 percent of the iphone users are older than 55 (Tech Crunchies).

With such room for expansion in the over 55 market, I think Apple decided it was time to reach that market with its Facetime campaign.

I think the iphone facetime campaign is also trying to separate the iphone from the Droid. I will discuss this further in the tactics but Apple is trying to differentiate the iphone and reach consumers on an emotional level, where Droid is still focused on showing consumers why its better than the iphone.

I don’t think Apple is going after Droid users but rather aiming to reach a market of consumers who have yet to purchase a smart phone or device. The reason I say I don’t think the iphone is targeting Droid users is because a lot like Apple, Droid users are loyal to the Droid brand with 70 percent of current Droid users wanting to stay with Droid on their next purchase (cnet news). That number is even higher for current iphone users, with 80 percent wanting to stick with the iphone on their next purchase (cnet news).

Strategies and Tactics

**Strategy One:** Broadcast Media

**Tactic One:** Commercials

Apple created a series of commercials to promote the new iphone 4 and, more specific, the new facetime application. The ads show that with the new iphone 4, you wont miss a thing with your family while you’re gone. You can still see your daughter when she gets her braces put on, or see your baby crawl for the first time or see your wife’s/husband’s face when the news of a new baby is on the way.

One contributor to Apple Insider said it best when they said the new Facetime campaign tugs on the heart strings rather than comparing the iphone to an alien invasion (Droid) or presenting a creepy woman muttering about the phones features (Palm Pre) (Apple Insider).

The commercials for Facetime do not show complicated steps and procedures to work the phone. The ads are not fast-paced and, again, show how people can stay connected to their loved ones when they cant physically be close. These types of commercials are a little different than the first iphone ads that showed all of the things an iphone can do with trendy music playing in the background.

**Strategy Two:** Social Media/Word of mouth

I have grouped these into one strategy because Apple used social media (YouTube, Social Blogs) to create word of mouth.

**Tactic One:** YouTube channel

Apple created its own YouTube channel to advertise and show its new facetime commercials. The channel hosted all of the facetime commercials plus videos with employee commentary on the iphone 4 design and features.

Posting commercials on YouTube gave consumers a known site to watch the videos and, most important, a way to share the videos through other social sites like Facebook. That is what’s great about social sites. Apple posted commercials and let the people spread the message and videos for them. That leads to WOM viral tactic.

**Tactic Two:** Viral Messaging

I received one of the commercials via email from my aunt in Wisconsin wanting me to get facetime to keep in touch easier. That’s free advertising for Apple and is a classic example of WOM marketing. The iphone commercials racked up 1.8 million views in one week and a lot of it was due to people emailing the commercials to friends and families.

**Tactic Three:** Product Launches

Anytime Apple launches a new product, like the iphone 4, it holds a conference or a summit to do so. Hours after Apple CEO Steve Jobs unveils the product, blogs all over the Web are commenting and giving details about the product.

The iphone 4 was no different. Jim Connoly, on his own marketing blog, says that most companies would kill for that kind of press of a new product. Apple relies on that press to get the word of mouth out on the product, like the iphone 4.

So Apple released the new iphone 4 ads and within a week they were among the most downloaded commercials on the Web and all over the television.

Controls

The facetime campaign was just launched and has not yet been measured but there are a few things Apple can do to measure the success of the iphone 4 facetime campaign.

* Of course Apple can track the sales of the iphone 4 and compare them to sales of the previous iphones. If sales had increased than Apple could look at the facetime campaign as a success
* Apple can track its demographics of new iphone sales. Apple can determine if sales increased in the 34-49 and 55+ target markets. That would be a good indicator because the facetime campaign targeted those demographics.
* When reports of market share for smart phones are released, Apple can look to see if it has gained more market share and which competitors lost market share and what demographics gained in those markets. If the iphone 4 gained market share from Droid than the campaign could be a success, especially if it gained market share with consumers in the target market (Age 39 and above).

I don’t think it’s a good idea to measure the campaign based on the amount of “hits” the commercials receive or awards it wins because that doesn’t always lead to sales and customers. The “Got Milk” campaign was a huge commercial success but milk sales were at all-time lows when the campaign ran and never got better (News Blaze). And more recently the “Old Spice Man” ads have been a huge viral success involving input from celebrities like Ellen and Rose McGowen. However, like the milk campaign, Old Spice sales dropped during the campaign (Public Radio).

Summary

Apple prides itself on being innovative and striving to change the way consumers think about technology products and the iphone facetime campaign is no different. When other phones focus on the applications and the raw data the phones hold, the iphone switched up its message to show people communicating and how a phone can change the way we do it.

The iphone 4 followed the strategy of making emotional commercials to target an audience it hasn’t targeted in the past. Apple let people spread the facetime message through email and social sites. Bloggers and tech sites also did their part in spreading the message and all that facetime has to offer.

The facetime campaign should be determined successful if iphone gains market share from competitors and gains customers in the campaign target market.

The iphone ads are real (besides the actors) and connect with people on a level other iphone ads had yet to previously do. Maybe Facetime will really change the way we communicate. Or at least change how other phone companies communicate to us.