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### Analyzing Apple's iPhone XR Marketing Strategy

The iPhone XR, released in the fall of 2018, is Apple's colorful new mid-range iPhone model. Historically, Apple is a brand aimed at the upper echelons of the mobile technology market. The iPhone XR, however, is the most utilitarian of Apple's hedonic offerings, making sacrifices to create the supposedly winning formula between features and value. The iPhone XR starts at \$750, \$250 less than the iPhone XS and \$350 cheaper than the flagship XS Max.

Although the iPhone XR is outselling Apple's two more expensive iPhone models combined, there are whispers of an internal marketing shift since demand for the device remains below Apple's sales projections. This paper will examine what changes, if any, Apple must make to the marketing strategy of the iPhone XR, based on research and conclusions drawn in marketing literature.

In the analysis of the iPhone XR, it is important to distinguish between a utilitarian product and a hedonic product with utilitarian features. This is because according to Schulze, Schöler, and Skiera (2014), viral marketing campaigns are the worst possible mechanism for promoting primarily utilitarian products on social media websites such as Facebook, which are designed to be fun and entertainment-oriented. Since the iPhone XR falls into the category of a hedonic product with utilitarian features, viral marketing campaigns should theoretically be an

effective strategy. Utilitarian compromises Apple made with the iPhone XR include larger display size over quality, which enhances battery life, and computational photography over multiple lens elements. Since the findings of Schulze, Schöler, and Skiera “should translate to other social networks [besides Facebook] with similar settings” (Schulze et al., 2014: 13), we can discuss the iPhone XR’s promotions on sites such as Youtube. In the popular promotional video “Color Flood,” the tagline “Make Room for Color” emphasizes the iPhone XR’s most unique feature, the line’s bright color palette, accompanied by poppy music and action-packed cuts. Applying this simple example to a more general scope, Apple markets utilitarian features, such as battery life, using simple cues and eye-catching shots typically seen in the advertising of purely hedonic products. Although iPhone XR viral marketing campaigns have the potential to be successful based on marketing literature, history says otherwise. This is because the unique combination of Apple’s strong, yet critical fan base and a series of controversial hardware/design decisions have led to negative episodes of viral-like marketing which have hurt the company in the past, such as #bendgate with the iPhone 6. Thus, if any flaws in the iPhone XR’s design or performance were to come to light, it is in Apple’s interest to not experience the full effects of viral-like marketing.

It is in Apple’s interest, however, to experience the full effects of traditional advertising; according to de Vries, Gensler, and Leeflang (2017), traditional advertising is still the most powerful means through which to build brand identity and acquire customers. This explains why Apple focuses on the unique value proposition of their products, including the iPhone XR, in traditional advertising campaigns through the use of effective catch phrases. Apple is one of a few companies that does not compare its products to those of its competitors, giving the

impression that there are no substitutes. As an example, the initial launch video for the iPhone XR, with its accompanying F2C message (which only complements traditional advertising efforts), used catch phrases such as “depth control” for the camera system, “A12 Bionic” system on chip, and “liquid Retina” display. The general public recognizes these slogans without actually understanding how the features they describe work- a clear sign that “traditional advertising is most effective in creating awareness and consideration” (de Vries et al., 2017: 2) because of its broad reach. De Vries, Gensler, and Leeflang (2017) simultaneously recognize that C2C communication further complements traditional advertising by spurring preference and targeting consumers who are interested in a specific product category. In line with this conclusion, with the introduction of the iPhone XR, consumers interested in buying an iPhone have the power of choice within the Apple brand for the first time. This shift is evident in the reviews and C2C messages posted by tech news websites (such as CNET or The Verge) and Youtubers (such as Dave2D and UnboxTherapy), who not only compare the iPhone XR to budget Android rivals, but also to its more expensive siblings, the XS and XS Max.

Digging deeper into the effects of traditional advertising, Kumar, Bezawada, Rishika, Janakiraman, & Kannan (2016) concluded that firm generated content works hand in hand with television advertising and email marketing to have significantly positive effects on customer spending and cross-buying behavior. Apple’s official Instagram page is a significant source of the company’s FGC, and the focal point of its #shotoniPhone campaign. Nearly every one of Apple’s Instagram posts include a photograph taken by an iPhone photographer, along with a caption. Promoting one of the iPhone’s main features, a versatile camera, indirectly allows Apple to focus on building a stronger customer-firm relationship, specifically with heavy users- after

all, “the effect of FGC is greater for more experienced, tech-savvy, and social media–prone customers” (Kumar et al., 2016: 7). Furthermore, emphasizing photography allows Apple to encourage customers to cross-buy using effective product placement. Apple can illustrate the process of taking a photo on an iPhone, editing the photo on a Mac, and sharing the photo with family on an iPad. Although “FGC can play a key role in strengthening customers’ relationship with the firm by encouraging them to buy across several product categories” (Kumar et al., 2016: 22), Apple’s strategy of releasing several products across different categories simultaneously is even more effective at persuading consumers to cross-buy. The Apple Watch 4 was released alongside the iPhone XR, tempting existing users to upgrade their iPhone and Apple Watch at the same time.

Apple’s continuous utilization of traditional advertising, even in the face of the social media revolution, has helped the company build the most powerful brand identity of the 21st century. This has not prevented Apple from striking a balance between television advertising and FGC, which not only entices returning users to upgrade their old products and cross-buy (especially with accessories such as the Apple Watch or AirPods), but attracts new customers who intend to buy into the robust Apple ecosystem. While viral marketing is the worst possible mechanism for promoting primarily utilitarian products, Apple has still been able to market the utilitarian features of the iPhone XR across social media channels such as Youtube by including typically hedonic elements in their advertisements. Although Apple should broaden the scope of their FGC from a singular focus on photography to discuss other features such as battery life and water-proofing, the fact that the iPhone XR has managed to outsell its two more pricey siblings

combined is quite the feat, especially in the context of a broader sales slowdown in the smartphone market.

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