



HomeSafe

powered by Apple



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Team Profile



Daniel Corona is a 3rd Year Business Administration major concentrating in Accounting. Some of Daniel's hobbies include cooking, sports and the outdoors. Daniel also has a startup company in the hatchery and hopes to start his business in San Luis Obispo in the following years.



Ryan Corr is a 2nd year Business Administration major who creates video content for musical artists, small businesses, and his personal joy when he isn't practicing his marketing skills. Additionally, he enjoys surfing, photography, music, and walking.



Britney Pham is a 2nd year Business Administration student concentrating in Marketing and minoring in Psychology. In her free time she enjoys going thrifting, doing crafts, and baking. Britney is involved with Net Impact club because she is passionate about promoting sustainability in both businesses and communities.



Quinn Gotzian is a 2nd Year Business Administration student with a concentration undeclared. Quinn is an avid skier and is constantly away from his home, which is why he found such interest in this product idea.



Vladislav Sitnikov is a 2nd year Business Administration student with a concentration in Information Systems. Vlad was born in Russia and emigrated to the United States at the age of five. On the weekends he spends his weekends biking in the Santa Cruz mountains.

Executive Summary

People strive to feel safe and secure, especially in their own homes. Yet according to a survey, 62% of people worry of property break-ins when left vacant.¹ The threat of home invasions is real and frequent. According to the Department of Justice, there are 2.5 million burglaries a year, or roughly five every minute in the United States alone, with over half being home invasions.²

Such a serious threat requires a serious solution: HomeSafe. Apple has used its technology and seamless product integration to bring the next generation of security. Included in the kit are three surveillance cameras, one iLock, and five window sensors. Each camera can be rotated 360 degrees and operated from any Apple device, offering access to live or recorded footage from anywhere, anytime. The iLock has fingerprint recognition and auto lock features to provide effortless security. Window sensors quickly alert users when opened and have batteries that easily last for five years.

Through research done on MRI Mediamark, Apple's target market for a security system would be post college, White and Asian men and women older than 25 with children, have household incomes of \$150,000+, and live in urban areas.³ The security systems market was valued at \$53.6 billion in 2020 and is expected to reach \$78.9 billion by 2025, at a compound annual growth rate of 8.0%.⁴

Since 28% of Qualtrics respondents were equally as likely to buy in store as online, Apple will be focusing its marketing efforts between the two.⁵ A large percentage of sales come from third party distributors, so Apple will be partnering with Best Buy to further reach out to customers. HomeSafe will be sold at the price of \$1000, the price found to produce optimal gross profits.

HomeSafe will be promoted through Best Buy stores by providing walk-in displays allowing customers to test the security system. To draw in customers, billboards will be strategically placed in densely populated cities with reaches of one million impressions daily. Apple will post video advertisements on Facebook and Youtube showcasing the unique capabilities of HomeSafe. Also, Apple will provide discounts and reveal HomeSafe at the Apple Worldwide Developers Conference.

The proposed total cost of the plan is \$460,000,000 with an ROMI of -10.56%.⁶ Though in this first year Apple is operating at a loss, it can expect the following years to produce exponentially growing profits.

¹ "The State of Safety in America 2020." *SafeWise*, 18 Dec. 2020, www.safewise.com/state-of-safety/#what.

² "Burglary Statistics, Research, and Facts", Zebra, <https://www.thezebra.com/resources/research/burglary-statistics/>

³ Spring GfK Reporter 2020. "Appliance, Hardware & Electronics Stores" Retrieved 23 Jan 2021. **MRI MediaMark**

⁴ "The Home Security System Market." **IBISWorld Database**. IBISWorld, 23 July 2020. Web. 7 Feb 2021.

⁵ **Qualtrics** Survey, Winter 2021, BUS 346-07, Group 8.

⁶ Qualtrics Survey

Market Analysis

Company Profile:

Apple is an American multinational technology company based in Cupertino, California and founded by Steve Jobs, Steve Wozniak, and Ronald Wayne. Apple's mission is "to bring the best personal computing products and support to students, educators, designers,... and consumers in over 140 countries around the world." Apple's annual revenue for 2020 was \$276B, a 5.51% increase from 2019.⁷ Apple's annual profits for 2020 were \$105B, a 6.67% increase from 2019.⁸ Apple sells products from iPhones and Macbooks, to Apple watches and AirPods– the sleek designs, cutting edge technology, and Apple ecosystem consistently bring customers back.

Industry and Competitor Analysis:

The technology industry has a market value of \$15.144 trillion with Apple making up \$2.139 trillion.⁹ Users will continually consume products–concreting Apple's powerful brand loyalty and creating a barrier to entry for others. The company's EPS growth forecast for the next fiscal year is 16.3% and 5.2% for the next 5 years.¹⁰ Apple represents a monopolistic competition because companies have related products, though each have unique characteristics. Globally, Samsung owns 22.7% of the smartphone market shares, Huawei owns 14.7%, and Apple owns 11.8%.¹¹ Competitive advantages of Samsung include greater experience as a global force with involvement in more industries, while Apple is more limited in their product range.¹² Huawei's introduction of new top-end features into its smartphones allowed brand recognition in Asia and Europe.¹³

Macro Environment Analysis:

Culturally, Apple is viewed as a global powerhouse and is working both on its consumer and professional levels to increase efficiency and productivity. The millennial generation makes up the majority of the workforce, driving the demand for Apple's products as technology becomes more ingrained in every upcoming career and industry. Despite the unexpected changes of Covid-19, Apple experienced an all-time record in services and wearables through consumers' reliance on the company to stay connected and productive. A current limiting factor is the high prices which could drive customers away. Their products are typically affordable to middle-class households, yet this population is declining due to economic factors and cannot be counted on to drive their growth.¹⁴

⁷ Apple. "Global revenue of Apple from 2004 to 2020* (in billion U.S. dollars)." Chart. October 30, 2020. **Statista**. Accessed January 19, 2021. <https://www-statista-com.ezproxy.lib.calpoly.edu/statistics/265125/total-net-sales-of-apple-since-2004/>

⁸ "Apple Inc. company details report." **Mergent Online** database. Mergent, n.d. Web. 14 Jan 2021.

⁹ "Largest tech companies by market cap." Web. 18 Jan 2021.

<https://companiesmarketcap.com/tech/largest-tech-companies-by-market-cap/>

¹⁰ "Apple Inc. company details report." **Mergent Online** database.

¹¹ IDC. "Global smartphone market share from 4th quarter 2009 to 3rd quarter 2020 (by vendor)." Chart. October 29, 2020. **Statista**. Accessed January 14, 2021.

<https://www-statista-com.ezproxy.lib.calpoly.edu/statistics/271496/global-market-share-held-by-smartphone-vendors-since-4th-quarter-2009/>

¹² Ross, Sean. "Samsung vs. Apple: Comparing Business Models." Investopedia. Web. 30 Nov 2020. Accessed 18 Jan 2021. <https://www.investopedia.com/articles/markets/110315/samsung-vs-apple-comparing-business-models.asp>

¹³ Delventhal, Shoshanna. "Huawei Overtakes Apple as New #2 Smartphone Maker." Investopedia. Web. 1 Aug 2018. Accessed 18 Jan 2021. <https://www.investopedia.com/articles/markets/110315/samsung-vs-apple-comparing-business-models.asp>

¹⁴ "Apple Inc in Consumer Electronics (World)." **Global Market Information Database: GMID**. Passport. Web. 12 Feb 2019. Accessed 18 Jan 2021.

Situation Analysis:

Strengths

- Pricing their products at a premium price yields high profit margins, allowing allocation of more resources into innovation and production of new products.¹⁵
- Apple has developed a mix of proprietary hardware and software designed to work together, creating a seamless user experience across multiple devices.¹⁶

Weaknesses

- Premium pricing makes Apple dependent on wealthier consumers. Their products are appealing to many audiences, but many cannot afford the high prices.
- Products are only available to be sold by approved sellers, creating a limited network of distribution.¹⁷

Opportunities

- There is more market space for Apple to take hold of worldwide, specifically through targeted advertisements and larger distribution channels.¹⁸
- Sustainable technologies, an emerging new-wave market, shows promise for future growth.¹⁹

Threats

- Apple faces strong competition in the online music market to competitors like Amazon and Walmart.²⁰
- Apple earns over 50% of revenues outside of the United States. Fluctuations in the value of currencies may cause issues with revenue brought in and sales prices of products.²¹

¹⁵ Smithson, Nathaniel. "Apple Inc. SWOT Analysis & Recommendations." *Panmore Institute*, 13 Dec. 2020, panmore.com/apple-inc-swot-analysis-recommendations.

¹⁶ Jurevicius, Ovidijus. "Apple SWOT Analysis (5 Key Strengths in 2020)." *SM Insight*, January 8, 2020. <https://strategicmanagementinsight.com/swot-analyses/apple-swot-analysis.html>.

¹⁷ Fox, Gary. "Apple SWOT Analysis - The Big Problem It Can't Ignore." *GARY FOX*, December 28, 2020. <https://www.garyfox.co/apple-swot-analysis/>.

¹⁸ Smithson, Nathaniel. "Apple Inc. SWOT Analysis & Recommendations." *Panmore Institute*, 13 Dec. 2020, panmore.com/apple-inc-swot-analysis-recommendations.

¹⁹ Fox, "Apple SWOT Analysis - The Big Problem It Can't Ignore.", 28 Dec. 2020

²⁰ "The SWOT Analysis of Apple: Edraw Max." *Edrawsoft*, www.edrawmax.com/article/swot-analysis-of-apple.html.

²¹ "The SWOT Analysis of Apple: Edraw Max."

Segmentation, Targeting, and Positioning

Segmentation

Demographics:

In the last year, 83% of Apple consumers were under the age of 24 and 36% were 25-34.²² Individuals with a household income of more than \$75,000 are 81% more likely to buy Apple products, while college graduates are 38% more likely.²³

Geographics:

There is a large number of Apple users bracketing the east and west coasts, such as California, New York, and New Jersey, with less towards the nation's interior. Data indicates that Apple consumers are located mainly in urban areas.²⁴

Behavioral:

Apple consumers are 115% more likely to subscribe to the New York Times and 124% more likely to watch late night news, Monday through Friday. They are 112% more likely to read Wine Spectator, a luxury magazine for the financially stable²⁵, and 112% more likely to use TheStreet app for investing.²⁶ These contributing members of society value staying informed and have the money and time to do so from the luxury of their living spaces.

Psychographic:

Research shows that Apple users are 44% more likely to read the Conde Nast Traveler magazine as well as 61% more likely to use the TripAdvisor website. This displays that consumers enjoy traveling.²⁷ Yet at the same time, a survey found that 62% of people worry immensely of property break-ins when left vacant.

Targeting

Profile

Since Covid-19, 75% of the US is now home full-time.²⁸ Apple will target this growing population that cares about their home security. In 2019, 26% of Americans had home surveillance, in 2020 this rose to 38%, and it can be expected that this number will grow as pandemic restrictions lift and people leave their homes.²⁹ This Apple product will target post college, White and Asian men and women older than 25 with

²² Spring GfK Reporter 2020. "Appliance, Hardware & Electronics Stores" Retrieved 23 Jan 2021. **MRI MediaMark**

²³ Spring GfK Reporter 2020. "Appliance, Hardware & Electronics Stores"

²⁴ "See What Part of the Country Have the Most iPhone Users", Time, Accessed 21 Jan 2021, <https://time.com/3425995/iphone-map/>

²⁵ *Wine Spectator*, 21 Jan. 2021, www.winespectator.com/.

²⁶ *TheStreet*, www.thestreet.com/.

²⁷ Spring GfK Reporter 2020. "Appliance, Hardware & Electronics Stores"

²⁸ Wong, May. "Stanford Research Provides a Snapshot of a New Working-From-Home Economy." Stanford. Web. 29 June 2020. Accessed 23 Jan 2021. <https://news.stanford.edu/2020/06/29/snapshot-new-working-home-economy/>

²⁹ Ferron, Emily. "2019 Safety.com Home Security Report." Safety. Web. 12 Oct 2020. Accessed 23 Jan 2021. <https://www.safety.com/home-security-survey/>

children.³⁰ They have a HHI of \$150,000 or more and are located almost everywhere in the United States with the largest focus in urban areas of the West and Midwest.³¹

Market Attractiveness

Home security systems will account for an estimated \$47 billion of the total security market by the end of 2020³² with people between the ages of 30 and 49 making up the majority of home security owners.³³ Data shows that 21 million homeowners have reported having some form of professionally monitored security system.³⁴

Persona

Sergey is a 32-year-old gentleman who lives in the Santa Cruz mountains with his wife and two children. For the past ten years has been working for Cisco making \$170,000 a year. Over the summer, Sergey visits his relatives in Europe for weeks at a time. Sergey loves his privacy in the mountains but is concerned to leave his house vacant for long, due to high occurrences of Santa Cruz crime that he sees on the news. The family has peace of mind knowing their beloved home is protected with 24-hour surveillance that can be accessed from wherever they are.



Positioning Statement

To families and individuals who value home safety, Apple provides an integrated ecosystem of smart devices to bring seamless, state-of-the-art, home security to valued customers all over the world.

³⁰ Spring GfK Reporter 2020. "Household Appliances & Durables/Burglar Alarm/Home Security System ("Smart"/Wifi) Household Owns." Retrieved 23 Jan 2021. **MRI Mediamark**

³¹ "America's Home Security Statistics." Kastle System. Web. Accessed 23 Jan 2021. <https://info.security.kastle.com/resources/articles/burglary-home-security-statistics#:~:text=With%2034%25%20of%20burglars%20using,entry%20point%20to%20their%20homes>.

³² Scalco, Dan. "Why home security systems are on track to be a multi-billion-dollar market" Web. Accessed 24 Jan 2021. <https://www.inc.com/dan-scalco/why-home-security-systems-are-on-track-to-be-a-multi-billion-dollar-market.html>

³³ Kunst, Alexander. "Share of Americans who own a home security system in 2018, by age" Web. Accessed 23 Jan 2021. <https://www.statista.com/statistics/228880/people-living-in-households-that-own-a-home-security-system-usa/>

³⁴ "SLH home systems" Web. Accessed 24 Jan 2021. <https://www.slhsystems.com/statistics-of-home-security/>

Product Positioning

Consumer Needs:

In the United States, 77% of all crimes are property related.³⁵ According to a survey of more than 5000 individuals with over 100 respondents from each state, 62% worry immensely of property break-ins when left vacant.³⁶ Additionally, the Federal Bureau of Investigation (FBI) reported over a million burglaries in 2019.³⁷

Consumer Benefits and Product Features:

Seamlessly blending HomeSafe with Apple's ecosystem makes it easy for users to navigate, inspect and protect their property.

- HomeSafe can alleviate consternation of property break-ins and actively monitor personal belongings.
- To avoid the inconvenience of lost keys or forgotten passwords, the iLock, Apple's integrated door lock, has fingerprint recognition and auto lock features to provide effortless access and safety.
- HomeSafe offers quick access to live or recorded footage from any location through a simple app that readily connects to and controls the entire security system.
- Surveillance data is automatically uploaded and stored in the cloud to ensure privacy of user data and to eliminate usage of physical storage.

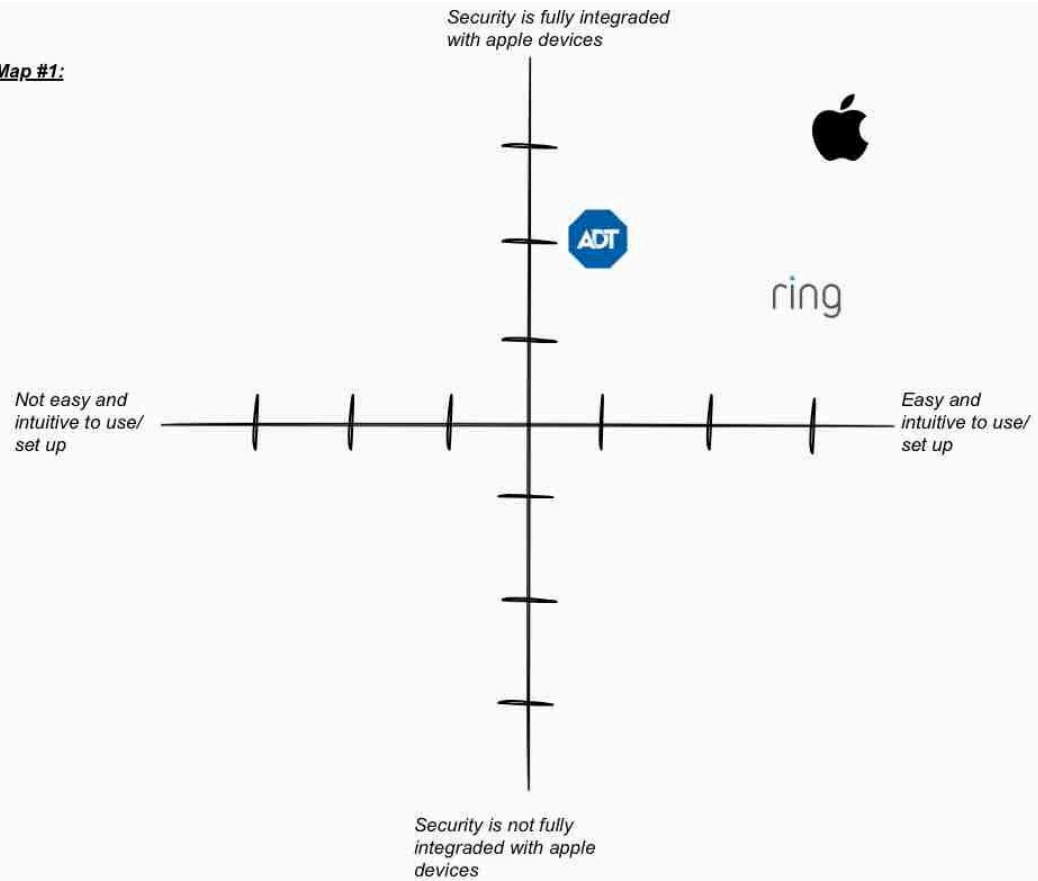
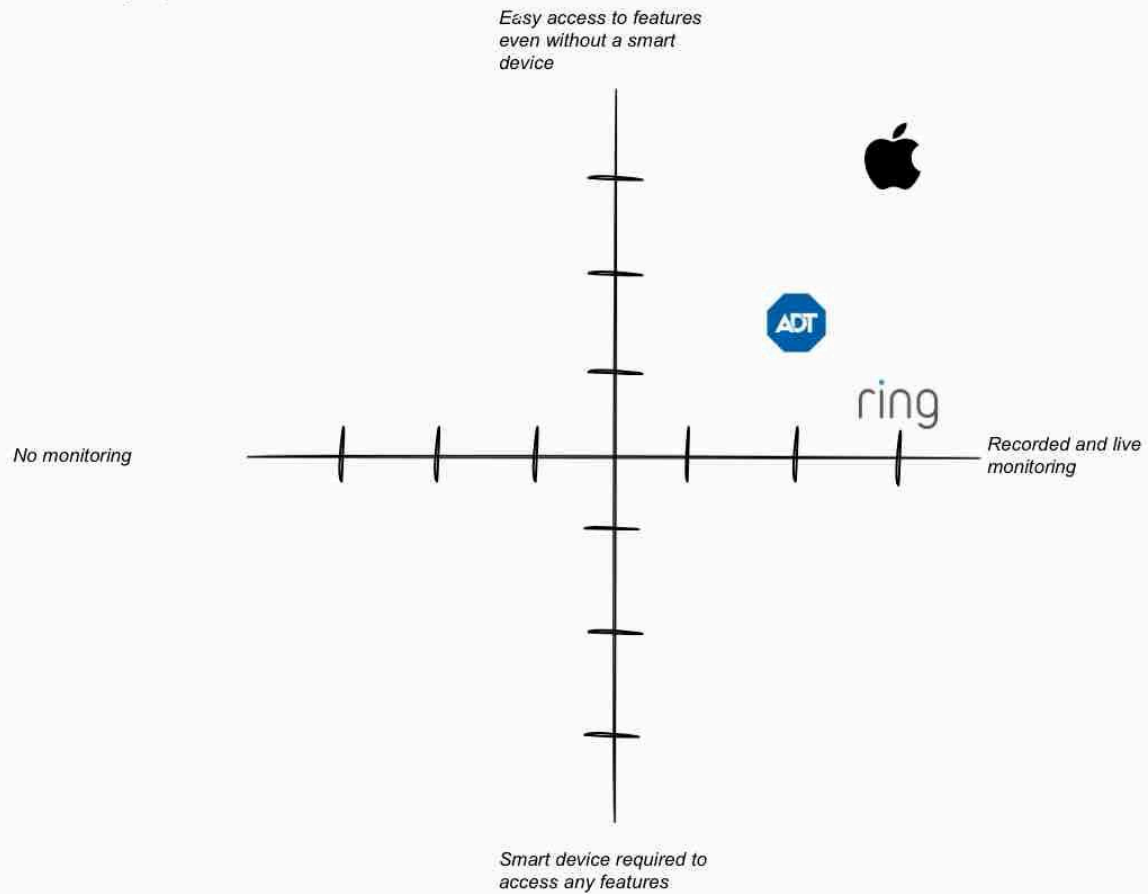
With HomeSafe providing 24/7 video surveillance and security, customers no longer doubt whether their doors are locked and unconcerned about the safety of their property.

Positioning Maps:

³⁵ "25 Burglary Statistics to Keep You Aware in 2020." *SpendMeNot*, 28 Jan. 2021, spendmenot.com/blog/burglary-statistics/.

³⁶ "The State of Safety in America 2020." *SafeWise*, 18 Dec. 2020, www.safewise.com/state-of-safety/#what.

³⁷ "Table 1." *FBI*, FBI, 17 Sept. 2019, ucr.fbi.gov/crime-in-the-u.s/2019/crime-in-the-u.s.-2019/topic-pages/tables/table-1.

Positioning Map #1:**Positioning Map #2:**

Packaging:

The primary packaging for the HomeSafe product line is made out of aluminium, a metal that can be melted down and recycled countless times. The Apple camera's lens is made out of synthetic sapphire, a material that is near impossible to scratch.³⁸ The HomeSafe product line uses reinforced, recycled, cardboard with an ABS plastic insert for the secondary packaging. Both cardboard and ABS plastic are recyclable materials, upholding Apple's value of sustainability.³⁹



Products/Primary Packaging



Secondary Packaging

Warranty:

Apple warrants Apple-branded products and accessories against defects in materials and workmanship when used in accordance with Apple's published guidelines for a period of one year from the date of original purchase. The option of AppleCare is offered which would provide unlimited coverage and additional features such as 24/7 tech support and accidental damage protection/replacement.⁴⁰

³⁸ "Benefits of Sapphire Optics." *Guild Optical Associates*, 23 July 2020, www.guildoptics.com/sapphire-properties/benefits-of-sapphire-optics/.

³⁹ "Research: Actually, Consumers Do Buy Sustainable Products." *Harvard Business Review*, 19 June 2019, hbr.org/2019/06/research-actually-consumers-do-buy-sustainable-products.

⁴⁰ "Apple One (1) Year Limited Warranty For Apple Branded Product Only" Apple. Web. Accessed 2 Feb 2021. <https://www.apple.com/legal/warranty/products/embedded-mac-warranty-us.html>

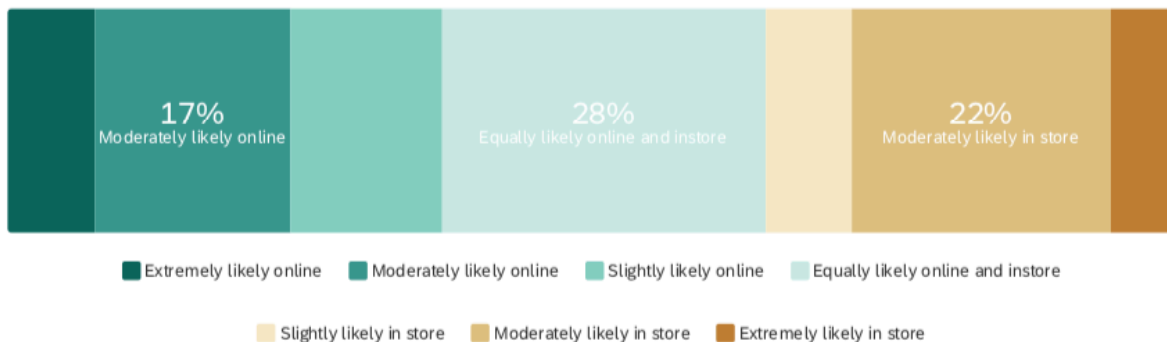
Place

Retail Channel Options:

Apple's HomeSafe may be purchased in three ways:

- ❖ Customers can purchase HomeSafe in store and experience demos of physical products. In 2018, Apple was operating in 506 stores in 25 countries, 272 are in the United States.⁴¹ Located all around the world, Apple stores are very convenient for the target market. The Apple Store is part of Apple's direct channel, which means there are no price discounts.
- ❖ Consumers may purchase HomeSafe on the Apple Website, and all billing and fulfillment would be handled by Apple. The wholesale price of \$1000 would be the same as offered by the Apple Store. The website makes shopping easy and accessible for consumers in urban areas.
- ❖ Apple can work with real estate firms such as Brookfield Asset Management or American Tower Corporation, that can provide properties to be preinstalled with HomeSafe. Real estate firms would be offered HomeSafe at a 20% discounted price; if not already installed, realtors can offer to install HomeSafe at 90% of manufacture suggested retail price in order to make 10% profit. Consumers would experience the ease of moving into readily safe and secure homes.

On-line vs. In Store



Primary Retail Channel:

HomeSafe will focus its retail channel on brick-and-mortar Apple stores because according to survey reports, 28% of consumers were equally likely to purchase online and in store, and 22% were moderately likely to purchase in store. In 2019, 31% of Apple sales came directly from its stores and website, a rise from 29% in 2018.⁴² The security systems market was valued at \$53.6 billion in 2020 and is expected to reach \$78.9 billion by 2025, at a compound annual growth rate of 8.0%.⁴³

HomeSafe's transportation will follow Apple's current methods of shipping products to their warehouse and distribution centers in California and around the world, then using air freight services provided by FedEx and UPS.⁴⁴

⁴¹ Farfan, Barbara. "Apple's Retail Stores Around the World." The Balance Small Business. 30 May 2019. Web. Accessed 7 Feb 2021. <https://www.thebalancesmb.com/apple-retail-stores-global-locations-2892925>

⁴² Warwick, Stephen. "31% of Apple's revenue this year came directly from its stores and its website." iMore. 6 Nov 2019. Web. Accessed 7 Feb 2021.

<https://www.imore.com/31-apples-revenue-year-came-directly-its-stores-and-its-website#:~:text=Analysis%20of%20Apple's%2010%2DK%20filing%20for%20the%20end%20of,Apple%20Stores%20and%20its%20website.>

⁴³ "The Home Security System Market." IBISWorld Database. IBISWorld, 23 July 2020. Web. 7 Feb 2021.

⁴⁴ Lu, Dingxiao. "iPhone Commodity Chain." Ohio State University. Web. Accessed 7 Feb 2021.

<https://u.osu.edu/iphonecommoditychain/5-transportation-warehousing/#:~:text=5.-,Transportation%20%26%20Warehousing,Jap an%2C%20Singapore%20and%20the%20U.K.>

Pricing

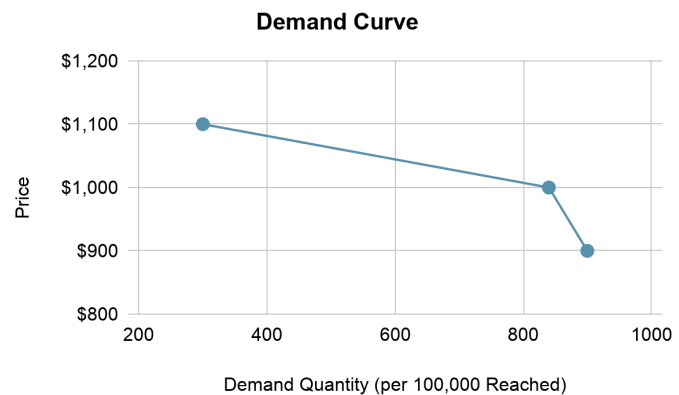
Pricing Analysis:

Discount For Intent

The following pricing strategy and analysis is based on results gathered from Qualtrics data.⁴⁵

Price Points	\$ 900.00	\$ 1000.00	\$ 1100.00
<u>Likelihood to Buy</u>			
Very Likely (25%)	$1 \times 0.25 = 0.25$	$1 \times 0.25 = 0.25$	$0 \times 0.25 = 0$
Likely (5%)	$3 \times 0.05 = 0.15$	$3 \times 0.05 = 0.15$	$3 \times 0.05 = 0.15$
Somewhat Likely (1%)	$10 \times 0.01 = 0.10$	$6 \times 0.01 = 0.06$	$1 \times 0.01 = 0.01$
	<u>Total = 0.50</u>	<u>Total = 0.46</u>	<u>Total = 0.16</u>
Respondents (n)	54	54	54
Discount for Intent	$0.50/54 = 0.0093$ 0.93%	$0.46/54 = 0.0085$ 0.85%	$0.16/54 = 0.0029$ 0.30%

The prices survey indicates that the \$900 price point has the highest discount for intent while the \$1100 point has the lowest. As the product price increases, the customer's desire to purchase the product decreases.⁴⁶



Price Elasticity of Demand:

Price Points Range	\$ 900.00 - 1000.00	\$ 1000.00 - 1100.00
% Change in Quantity Demanded	$= (0.0093 - 0.0085) / 0.0093$ = 0.086	$= (0.0085 - 0.003) / 0.0085$ = 0.647
% Change in Price	$= (900 - 1000) / 900$ = - 0.111	$= (1000.00 - 1100.00) / 1000$ = - 0.100
Price Elasticity $= \frac{\% \text{ Change in Quantity}}{\% \text{ Change in Price}}$	$= 0.086 / - 0.111$ $= -0.775 = 0.775$ $< 1 = \text{Inelastic Demand}$	$= 0.647 / - 0.100$ $= -6.47 = 6.47$ $> 1 = \text{Elastic Demand}$

Data shows that consumers are not sensitive to price changes from the lower range of \$900 to \$1000, yet are increasingly sensitive to price changes in the upper range of \$1000 to \$1100.⁴⁷

⁴⁵ Qualtrics Survey, Winter 2021, BUS 346-07, Group 8.

⁴⁶ Qualtrics Survey

⁴⁷ Qualtrics Survey

Profit Maximization:

Based on the assumption that HomeSafe reaches 100,000 people, a cost of goods sold of 66.6% (or gross margin of 33.4%) for the market was applied at the mid-point price of \$1000, leading to the COGS price of \$666. Sales and gross profits are determined using this data with the discount for intent.⁴⁸

Price Points	\$ 900.00	\$ 1000.00	\$ 1100.00
COGS (66.6% of average)	\$ 666.00	\$ 666.00	\$ 666.00
Profit per Unit Sold	\$ 234.00	\$ 334.00	\$ 434.00
Expected Sales with a Reach of 100,000			
Discount for Intent	0.93%	0.85%	0.30%
Sales (Units)	930	850	300
Sales (dollars)	\$ 837,000	\$ 850,000	\$ 330,000
Gross Profits	\$ 217,620	\$ 283,900	\$ 130,200

Results display that profit is maximized at the manufacturer's suggested retail price of \$1000 per unit, providing gross profits of \$283,900.

Price Strategy:

Aside from Black Friday deals, bundles, and occasional generational releases, Apple does not offer promotional pricing or sales. Instead, Apple follows the pricing skimming strategy in which products are first sold at higher prices then lowered over time as new products/generations are released and move through the product life cycle. As products get older, they lose value.

Apple is both the manufacturer and retailer of its own products so the MSRP is the same as the selling price, or in this case, \$1000 for the HomeSafe. Competitors such as Ring and SimpliSafe sell similarly bundled security systems including window sensors, cameras, and smoke alarms, for an average price of \$900.⁴⁹ This is below HomeSafe's price of \$1000, however because Apple's brand loyalty is secure and relied on by millions, it is likely that most consumers would be willing to spend an extra \$100 for the simplicity and familiarity that comes with its products. Apple security systems would be produced for an average COGS of around \$666. Apple holds strict rules for channel partners including a "no discounts" policy that inhibits others from putting promotional discounts on its products.⁵⁰ Additionally, Apple requires all its stores to operate with one focus in mind: the people. This mindset promotes high quality customer service and products.⁵¹

⁴⁸ Qualtrics Survey

⁴⁹ "All Home Security Systems: Ring Alarm Kits." *Ring*, ring.com/collections/security-system.

⁵⁰ Farfan, Barbara. "Does Apple Use Discounts, Deals or Promotions to Sell Apple Products?" *The Balance Small Business*, www.thebalancesmb.com/apple-deals-promotions-2891801.

⁵¹ "Supplier Responsibility." *Apple*, www.apple.com/supplier-responsibility/.

Promotion

Promotional Objectives and Message:

Apple will promote its new security system, HomeSafe, through different mediums of advertising ranging from social media to billboards. The objective is to bring awareness and interest to home security, then create a desire specifically for Apple's HomeSafe by outlining its unique and innovative features. This will appeal to the target market of individuals and businesses that value home security by presenting its benefits against competitors with the simple slogan "Privacy. Security. HomeSafe."

Push Strategy:

Apple plans to push HomeSafe through third party retailers across the country including Best Buy, Home Depot, and Apple Stores by providing walk-in displays. According to Qualtrics, 19.23% of respondents were most likely to go to Best Buy to purchase a personal security system related product.⁵² Using personal selling, customers will enter a demonstration area that has an iPad and multiple HomeSafe cameras installed in there and throughout the store. The interactive display will allow customers to test the security system including rotating the cameras and accessing recordings. Next to the display will be a door with the iLock which can be configured to open to customers' fingerprints and connected to Apple devices for remote locking. This will push the appeal for HomeSafe to potential customers in store.

Pull Strategy:

Apple plans to reach out to consumers through a variety of media publishers and physical ads. Billboards strategically placed in densely populated cities such as Los Angeles, New York, and Chicago, can have a reach of one million impressions a day.

Considering social media platforms that can reach potential customers anywhere, such as Facebook and YouTube, Apple will create informative video advertisements showcasing the unique capabilities of HomeSafe. On both platforms, these will be posted from Apple's own accounts to save money and appeal to loyal fans. Apple aims to increase customer awareness and interest to the point of interacting with the advertisements and purchasing.

⁵² Qualtrics Survey, Winter 2021, BUS 346-07, Group 8.

Media Mix:



Apple advertising on billboards would range from \$3,000 - \$12,000 per month depending on the area and size.⁵³ Known for simple yet creative videos, Apple will post on Facebook and Youtube from its accounts to save money and appeal to loyal customers. Apple will offer sales promotions for the amount of iCloud storage the cameras can hold. Usually footage lasts a week before being recorded over, yet when consumers buy within the first month of HomeSafe's release, they will receive 50% off the price of a year's worth of storage and free Apple Care. Personal selling techniques can be utilized through the interactive displays. Sellers can personally demonstrate the ease of connecting mobile devices to the security system and how to use the iLock. Apple will demonstrate and announce the release of HomeSafe at the Apple Worldwide Developers Conference to gain positive publicity within the media and people who attend.

⁵³ "How Much Does Billboard Advertising Cost?" Dash Two. Accessed 22 Feb 2021.
<https://dashtwo.com/blog/how-much-does-billboard-advertising-cost/>

Budget and ROMI

Advertising: Billboards

Americans spend an average of 300 hours a year driving and 71% report consciously look at billboards while driving.⁵⁴ By placing large billboards around Los Angeles to reach highly populated urban areas, Apple aims to attract and engage potential customers passing by.

Cost Factor	Cost
Billboard Creation ⁵⁵	\$8,000
Rent Cost per Month in LA ⁵⁶	\$4,500
Number of Billboards	8
Impressions per Billboard	200,000
Total Promotion Cost/Year	\$440,000

Total Impressions	Engagement (Rate=10% ⁵⁷)	Units Sold / Conversion (DFI=.85% ⁵⁸)	Revenue (MSRP=\$1000)	Gross Margin (33.4%)	Promo Cost	Net Profit after Cost	ROMI
1,600,000	160,000	1360 units	\$1,360,000	\$454,240	\$440,000	\$14,240	3.24%

Social Media: Youtube Promotion

The Apple Youtube channel has 13.8 million subscribers with an average of 4.2 million views per video.⁵⁹ Apple will create a promotional/informative ad about the HomeSafe system and its capabilities. Because Apple has their own channel, it wouldn't have to pay anything to use the platform; it would pay only for the cinematographer, director, and actors.

⁵⁴ "Everything You Need to Know About Billboard Advertising", Accessed 25 Feb 2021, <https://blog.hubspot.com/marketing/billboard-advertising#:~:text=Billboard%20advertising%20is%20effective%20for,compared%20to%20other%20marketing%20methods>.

⁵⁵ "How Much Does A Billboard Cost?", Fit Small Business, Accessed 25 Feb 2021, <https://fitsmallbusiness.com/how-much-does-billboard-advertising-cost/>

⁵⁶ "Billboard Advertising in Los Angeles", Blue Line Media, Accessed 25 Feb 2021, <https://www.bluelinemedia.com/billboard-advertising/los-angeles-ca>

⁵⁷ "Los Angeles Billboards." *AdQuick*, www.adquick.com/billboard-locations/california/los-angeles.

⁵⁸ *Qualtrics* Survey, Winter 2021, BUS 346-07, Group 8.

⁵⁹ "Apple Youtube Channel Statistics: Real Subscribers, Videos & Channel Views." *SPEAKRJ*, www.speakrj.com/audit/report/UCE_M8A5yxnLfW0KghEajjw/youtube.

Cost Factor	Cost
Ad creation ⁶⁰	\$15,000
Number of ads	2
Impressions per ad	4.2 million
Total Promotion Cost/Year	\$30,000

Impressions	Engagement (Rate= .42% ⁶¹)	Units Sold / Conversion (DFI= .85%)	Revenue (MSRP=\$1000)	Gross Margin (33.4%)	Promo Cost	Net Profit after Cost	ROMI
8,400,000	35,280	300	\$300,000	\$100,200	\$30,000	\$70,200	234%

Social Media: Facebook

Apple will be posting videos on its Facebook page which has over 13 million followers. The video will be a picture of one individual component of the HomeSafe system such as the camera, iLock, or door sensor with the slogan “Privacy. Security. HomeSafe.” written under it. Apple would only need to commission a graphic designer for the video.

Cost Factor	Cost
Ad creation	\$15,000
Number of Ads	2
Impressions per ad	2,000,000
Total Promotion Cost/Year	\$30,000

Impressions 4,000,000	Engagement (Rate=.42%)	Units Sold / Conversion (DFI=.85%)	Revenue (MSRP=\$1000)	Gross Margin (33.4%)	Promo Cost	Net Profit after Cost	ROMI
4,000,000	16,800	143 units	\$143,000	\$47,762	\$30,000	\$17,762	59.21%

⁶⁰ “How much does it cost to produce a video or television commercial?” <http://pikewoodcreative.com/how-much-does-it-cost/>
Accessed 3 March 2021

⁶¹ “Average YouTube Engagement Rate last month” Youtube Engagement Rate Benchmark,
<https://www.socialstatus.io/youtube-engagement-rate-benchmark/>, Accessed 3 March 2021,

Retail Channel: Best Buy (Los Angeles)

Apple will partner with the third party retailer Best Buy through their nine locations across the Los Angeles metropolitan area. Best Buy will purchase units of HomeSafe at a wholesale price of \$866 (COGS: \$666 Contribution of \$200/unit typical MSRP: \$1000) and are predicted to sell 100 units of HomeSafe, per year, per store. Additionally, Apple will incur the cost of hiring an additional consultant to negotiate terms and keep communications with the nine Best Buy locations.

Units sold	Revenue (Wholesale)	COGS (\$666/unit)	Gross Margin (\$200/unit)	Salary Cost	Net Loss after Cost	ROMI
900	\$779,400	599,400	\$180,000	\$100,000	\$80,000	80%

Promotions: Extra iCloud Storage/Free Apple Care

Both in stores and online, Apple will offer sales promotions for the amount of iCloud storage the cameras can hold. When consumers buy within the first month of HomeSafe's release, they will receive 50% off the price of a year's worth of storage (\$100 instead of \$200) and free Apple Care warranty for a year (would be \$200).

Units Sold with Discount	Revenue MSRP=\$1000	COGS (\$666/Unit)	Gross Margin (33.4%)	Cost of Discount	Net Profit after Cost	ROMI
10,000	\$10,000,000	\$6,660,000	3,340,000	\$4,000,000	-\$660,000	-16.5%

Publicity: Convention

At the annual 5-day Apple Worldwide Developers Conference, Apple will reveal HomeSafe to the 5,000 attendees there. Each ticket costs \$1,599 and are obtained through an online lottery⁶². This will help Apple gain positive publicity within the media and people who attend.

Unique Impressions	Engagement (Rate=50%)	Units Sold / Conversion (DFI=.85%)	Revenue (MSRP=\$1000)	Gross Margin (33.4%)	Convention Cost ⁶³	Net Profit after Cost	ROMI
5,000	2,500	22 units per day (110 units total)	\$110,000	\$36,740	\$50,000	\$-13,260	-26.52%

⁶² "Apple WorldWide Developers Conference", Wikipedia, Accessed 3 March 2021, https://en.wikipedia.org/wiki/Apple_Worldwide_Developers_Conference

⁶³ "The Conference Cost Estimator", Social Tables, Accessed 3 March 2021, <https://www.socialtables.com/blog/event-planning/conference-cost-estimator/#:~:text=Estimated%20cost%3A%20%2B%20%24950%20to%20%241%2C250,the%20price%20of%20your%20venue.>

Promotions Results - Total

Sales Channel	Units Sold	Revenue	Gross Margin	Promo Cost	Net Profit After Costs	ROMI
Advertising - Billboards	1360	\$1,360,000	\$454,240	\$440,000	\$14,240	3.24%
Advertising - Youtube	300	\$300,000	\$100,200	\$30,000	\$70,200	234%
Social Media - Facebook	143	\$143,000	\$47,762	\$30,000	\$17,762	59.21%
Retail - Best Buy	900	\$779,400	\$180,000	\$100,000	\$80,000	80%
Promotion - Extra iCloud Storage/Free Apple Care	10,000	\$10,000,000	\$3,340,000	\$4,000,000	\$-660,000	-16.5%
Publicity - Convention	2,500	\$110,000	\$36,740	\$50,000	\$-13,260	-26.52%
Total - Year 1	15,203	\$12,692,400	\$4,158,942	\$4,650,000	\$-491,058	-10.56%