

Apple's Push into Entertainment





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Table of Contents

Title	Pages
Executive Summary	4
Situation Analysis	5
Industry Analysis	5-15
Competitor Analysis	16-23
Value Chain Analysis	23-29
Customer Analysis	30-38
Company Analysis	39-45
Expanded SWOT Analysis	45-51
Recommendations	52-54
Value Chain Recommendations	55-58
Target Market Segments	59-63
Objectives and Strategies	64-68
Profit-and-Loss Statements	69-70
Implementation Plan	71-74
Contingency Plan	75-84
Conclusion	85
Appendix	86-87

Executive Summary

Apple has consistently been at the forefront of innovation. Among its vast product lineup, Apple TV 4K, Apple TV+, and Apple Arcade are unique ventures targeting distinct markets while benefiting from the Apple ecosystem. This ISMP delves into these offerings, primarily focusing on Apple TV+.

Apple TV, a streaming device, represents Apple's foray into the smart TV OS market. By introducing tvOS, Apple aims to provide a superior alternative to the often-lackluster native Smart TV operating systems. This strategic move mirrors Apple's approach with CarPlay, where they enhanced car interfaces without directly entering the saturated automobile market. However, Apple TV faces challenges in market adoption, holding just 2%¹ of the streaming device market.

Apple TV+, on the other hand, is Apple's ambitious venture into content streaming. With a commitment to producing high-quality, original content, Apple TV+ aims to carve a niche in a market dominated by giants like Netflix². While its market share has grown to over 6% as of September 2022³, it still faces challenges, including a smaller content library. However, shows like "Ted Lasso" have garnered significant attention, highlighting the platform's potential.

Lastly, **Apple Arcade**, a mobile gaming subscription service, seeks to revolutionize the gaming experience by offering an all-inclusive platform free from in-app purchases. Targeting a younger demographic, primarily males aged 19-34, Apple Arcade has found success among families, with features like Screen Time and parental controls driving subscriptions⁴. However, the platform faces challenges in name recognition and content quantity/diversity, even though most subscribers have only explored a fraction of the available games.

While Apple's ventures into the streaming and gaming industries present vast opportunities, they also come with challenges. Strategic initiatives, precise market positioning, and continuous content enhancement will be crucial for Apple to solidify its presence in these sectors and achieve its objectives.

¹ Bellur, C. (2023, June 19). Apple TV only has 2% market share. *Appledystopia*.
<https://www.appledystopia.com/news/apple-tv-only-has-2-market-share/>

² (2023, January). Video Streaming Services in the US. OD6197. Retrieved from IBISWorld database.

³ Espósito, F. (2022, September 6). Apple TV+ global market share surpasses 6% while competitors lose subscribers. *9to5Mac*. <https://9to5mac.com/2022/09/06/apple-tv-global-market-share-surpasses-6/#:~:text=Apple%20TV%2B%20now%20has%206.2,18.2%25%20of%20the%20market%20share.>

⁴ Seufert, E. B. (2020, December 10). Apple Arcade, one year on: No Killer Games, can't compete with free. *Mobile Dev Memo* by Eric Seufert. <https://mobiledevmemo.com/apple-arcade-one-year-on-no-killer-games-cant-compete-with-free/>

Situation Analysis

Industry/Market Analysis

Streaming Industry:

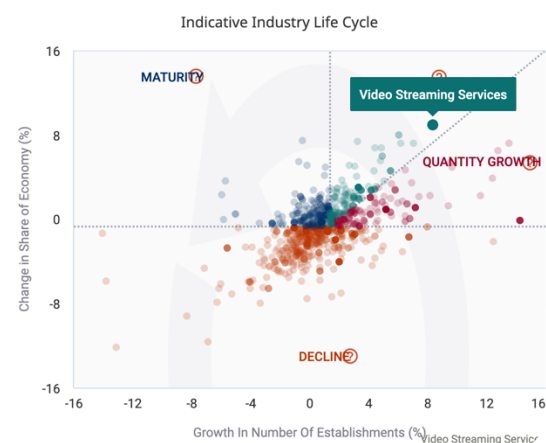
Companies in this industry provide infrastructure for customers to watch videos via the web. Video streaming services profit through paid subscriptions, video-on-demand transactions, and advertising.

Industry Size

This is a \$59 Billion (in revenue), high-growth (Annual Revenue Growth 2018–2023 of 11.3%), and highly volatile industry, as seen in Figure 1, which compares multiple industries' life cycle stages and growth potential.

Growth

Figure 1 shows that the streaming industry is currently in the growth stage of its life cycle, determined by its contribution to the US GDP. The industry has experienced rapid growth, outpacing the overall economy, as streaming services have gained immense popularity. While the market has become more saturated with the participation of new entrants targeting niche platforms, the major streaming giants continue to dominate the market share.



(IBISWorld, 2023)

Figure 1

Technological Changes

When it comes to technology, this industry thrives on advancement. Technological innovation plays a vital role in adding value to streaming services. With the advent of 5G, playback and download speeds are expected to significantly improve, providing users with a smoother and more seamless streaming experience.

Machine learning and artificial intelligence have also revolutionized the customer experience by offering personalized recommendations based on users' previous watch histories. These tools also assist streaming companies in determining the type of content that resonates with their audience, guiding their production and licensing decisions. Moreover, virtual and augmented reality technologies represent an exciting new frontier for entertainment, opening up possibilities for immersive and interactive streaming experiences. These are all sectors Apple is actively looking at, and they are included in more detail under the recommendations of this ISMP.

To stay competitive, companies in the industry are focusing on innovation, diversifying their products with a wide range of content, and introducing additional features like offline viewing and multi-device streaming to enhance customer retention. Although consolidation is not as standard, one notable acquisition is Disney's partial acquisition of Hulu. Moreover, technology plays a crucial role as companies leverage advancements such as machine learning to enhance the

customer experience and gain insights into the characteristics that contribute to the success of shows, guiding their future endeavors.

Year	Revenue (\$m)
2023	59,771
2024	63,981
2025	68,486
2026	73,232
2027	78,265
2028	83,391
2029	88,907

(IBISWorld, 2023) Figure 2

Figure 2 demonstrates the substantial revenue growth outlook expected for the industry. However, the sector is currently oversaturated, which means growth is set to stagnate in the coming ten years. Fortunately, Apple was right to enter the market when it was still early in 2016. However, stagnation means that consolidation among competitors will rise to earn market share. This also means that subscription prices from competitors will slowly grow.

Regulation

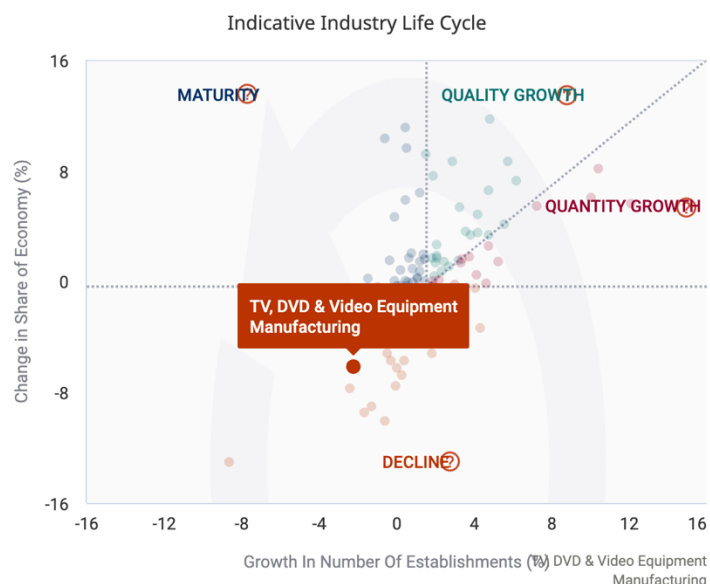
Legalities are not a big issue in the industry, as it is mature and established. The only legalities Apple needs to be aware of are licensing and copyright laws.

Overall, the streaming industry requires high capital to enter but has the potential for high revenue.⁵

⁵ (2023, January). Video Streaming Services in the US. OD6197. Retrieved from IBISWorld database.

Smart TV Industry:

This industry is primarily engaged in the production of a wide array of household video equipment. These include televisions, DVD players, video recorders, and digital video cameras.



Smart TVs have revolutionized how consumers interact with their television sets, transforming them from mere entertainment devices into interactive hubs integrating various digital activities. (IBISWorld, 2023) Figure 3

Industry Size

This is a \$116.9 Billion (in revenue), declining growth (Annual Revenue Growth 2017–2022 of -4.6%), and highly mature industry. It has a \$3.4 Billion profit and a 2.9% profit margin.

Growth

Figure 3 shows that the Smart TV industry is currently in the decline stage of its life cycle, determined by its contribution to the broader economy.

While the market has matured, the high-end television market has developed rapidly and attracts large multinational enterprises.

Technological Changes

The Smart TV industry is undergoing significant technological transformations that are reshaping the competitive landscape. In 2022, there has been an increasing demand for LED TVs and high-end products, particularly smart TVs, reflecting the evolving consumer preferences and the growing popularity of these advanced devices.

As the industry matures, domestic and foreign demand has been weak and final prices have fallen. The focus of manufacturers is shifting towards emerging markets such as India and Thailand, especially as export demand from developed markets like Europe begins to slow. This strategic shift is expected to counterbalance the anticipated decrease in the value of competing imports, projected to fall at an annualized rate of 4.4% over the five years through 2022, totaling \$482.8 million.

The industry is characterized by quick technology updates. Major companies have also launched LED and OLED TVs, further solidifying their market presence. As the industry continues to evolve, the ability to adapt to these technological changes and innovate will be crucial for companies to stay competitive and meet the ever-changing consumer demands.

Regulation

The Smart TV industry operates within a complex regulatory environment that presents challenges and opportunities for manufacturers. Governments across the

globe have implemented stringent regulations to address technical and environmental concerns associated with the production and use of TVs. For instance, the European Union's Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment Directive and the United States Advanced TV Systems Committee (ATSC) Standards have raised technical barriers that have increased production costs and reduced manufacturer profit margins.

In addition to these technical regulations, there are also significant environmental regulations that manufacturers must adhere to. Regulatory bodies have set minimum efficiency levels and standards for energy consumption to promote energy efficiency and reduce environmental pollution.

Furthermore, regulations have been established to control pollution from electronic information products. These measures, which took effect from 1 March 2007, mandate the use of non-toxic or low-toxic and non- or low-hazardous materials that are easily degradable and recyclable in the design of electronic information products. They also require using energy-efficient, recyclable, and environmentally friendly materials, technologies, and processes during manufacturing.

The Management Methods of Restricted Application Hazard Materials by Electric Appliance and Electronic Products further stipulate that designers of electric appliances and electronic products must comply with compulsory standards, laws, and regulations. They must use materials and techniques high in resource

application, recyclable, and environmentally friendly, and abide by national and industrial standards for the restricted application of hazardous materials. Imported products must also comply with the standards set in these methods.⁶

Games Industry:

The Video Games industry encompasses a wide range of operations within the United States. It includes the production and retail of gaming consoles, games designed for these consoles, and games specifically created for personal computers, as shown in Figure 4. The

Products & Services Segmentation



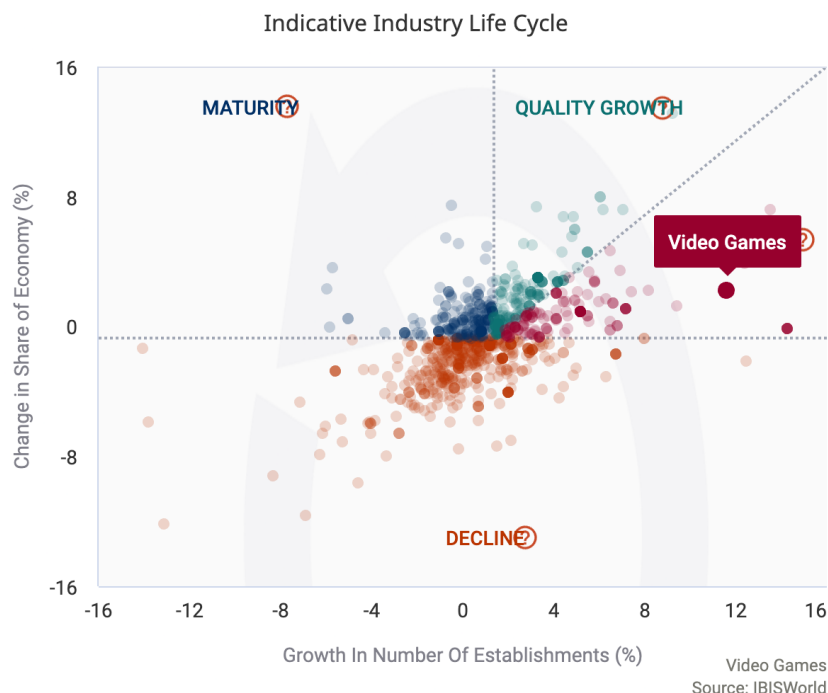
(IBISWorld, 2023) Figure 4

industry also involves developing and manufacturing games, consoles, and related accessories, which form a significant portion of the market. Additionally, the industry benefits from the increasing revenue generated from online gaming subscriptions. However, it's important to note that the latest updates indicate a potential slowdown in industry revenue growth due to evolving trends in mobile gaming.

⁶ (2023, March). TV, DVD & Video Equipment Manufacturing in China. 4071. Retrieved from IBISWorld database

Industry Size

This is a \$106.8 Billion (in revenue), growing (Annual Revenue Growth 2018–2022 of -12.9) industry. It has a \$36.2 Billion profit and a 33.9% profit margin.



(IBISWorld Figure 5)

Growth

Revenue for video game companies will grow at a CAGR of 8.6% to \$161.4 billion over the next five years, with profit reaching 34.3% in 2028. The growth of Esports is expected to bolster demand and diversify the industry. Figure 5 shows that the Games industry is currently in the growth stage of its life cycle, determined by the industry's contribution to the GDP. Despite the industry's fragmented nature, it experiences less market saturation than other sectors. However, a notable exception is the console segment, which exhibits high saturation. The level of consolidation in the industry is relatively low. This is mainly due to the industry's mature state, characterized by a few dominant players in each segment.

Technological Changes

The Video Games industry is a dynamic and rapidly evolving sector, with technological advancements playing a pivotal role in shaping its trajectory. Over the past decade, the industry has witnessed the rise of the mega game era, characterized by video games with budgets exceeding \$100 million and massive marketing campaigns to break single-week sales records. This trend has coincided with the advent of dedicated 3D graphics processors, which have become a standard feature in gaming systems, including mobile devices.

The transition to 3D gaming has revolutionized the production process, enabling a more distributed level of assembly and leading to the emergence of various specialties within visual production. This shift has also facilitated the advancement of virtual reality technologies, allowing developers to create immersive gaming experiences beyond traditional handheld and console devices.

Moreover, the industry has ventured into high-definition (HD) and 4K gaming, providing games with higher pixel counts for sharper and more life-like details. While these advancements do not alter the fundamental function of games, they significantly enhance the gaming experience.

The industry's distribution network has also evolved, with digital downloads and online purchases becoming increasingly popular. Major game developers have established their own online marketplaces, allowing gamers to purchase games and add-on packages through an online interface. This shift towards digital

distribution has been further propelled by the success of game streaming platforms like Nvidia's GeForce Now or Microsoft's Game Pass, which offers a service-based gaming experience independent of individual hardware.

Online connectivity has become a significant gameplay component, offering more engaging gaming experiences against other humans rather than computer-driven artificial intelligence. Subscription-based online games can generate consistent revenue streams, make cash management easier for publishers, and generate significantly more revenue overall.

The industry's reliance on technology is evident in its production processes, which require highly advanced employees, software, and machines. Rapid technological advancements and higher smartphone penetration are expected to fuel the growth of the mobile gaming industry. Economic growth and technological advances will continue to drive the industry's expansion.

The release of new systems spurs the retail of games and consoles. Additionally, advancements in home entertainment equipment and the development of smartphones have enhanced the gaming experience and increased demand for games.

In this technologically advanced industry, the ability to quickly adopt new technology is a crucial success factor. Having quality hardware can deliver a significant competitive advantage. Every hardware purchase represents a near guarantee of future game sales.

Regulation




The Video Games industry has historically operated with minimal regulation, but there is now a trend towards stricter oversight due to growing concerns from the public and health organizations.

- One of the main concerns is video game addiction, which has been recognized as a mental health disorder by the World Health Organization. Another challenge is the rise of the metaverse, a shared virtual space, which has raised issues related to digital property rights, virtual currencies, and potential cybercrimes.
- The industry's use of loot boxes, where players can spend real money without knowing the outcome, has also been compared to gambling, leading to calls for tighter controls.
- Another trend in the discussion is that although video games can provide social interaction, especially in multiplayer online games, excessive gaming can lead to social isolation and neglect of real-world interactions. A critical regulatory body in the United States is the Entertainment Software Ratings Board (ESRB), established in 1994. The ESRB assigns age and content ratings for video games, ensuring they suit their intended audience.⁷

⁷ (2023, January). TV, DVD & Video Games in the US. NN003. Retrieved from IBISWorld database

Competitive Analysis

Apple faces a multitude of competitors depending on the industry. In this report, there will be a focus on the video streaming industry, but there will be honorable mentions at the end of this section from the Gaming and Smart TV industries:

Key Player			
Description	<p>Netflix is a public company headquartered in California with an estimated 11,300 employees. In the US, the company has a notable market share in at least three industries. Their largest market share is in the Video Streaming Services industry, where they account for an</p>	<p>YouTube is an American online video sharing and social media platform headquartered in San Bruno, California, United States. Accessible worldwide,[6] it was launched on February 14, 2005, by Steve Chen, Chad Hurley, and Jawed Karim. It is owned by Google and is the second most</p>	<p>Walt Disney Co is a public company headquartered in California with an estimated 190,000 employees. In the US, the company has a notable market share in at least 12 industries</p>

	estimated 28.5% of total industry revenue.	visited website, after Google Search.	
Competitor Summary	Netflix is a dominant player in the streaming industry, known for its extensive content library, recommendation engine, and global reach. While it faces challenges related to pricing and content quality, the company continues to invest in original productions and expand its offerings to maintain its competitive edge in the market. ⁸	YouTube is a highly popular online video sharing and social media platform that has achieved significant success in terms of user engagement and content diversity. Its core competencies include facilitating user-generated content and providing a recommendation engine to enhance user experience. While it faces challenges related to inappropriate content, YouTube continues to leverage its viral nature and social media elements to stay competitive in the online video space. ⁹	Disney+ is a prominent streaming service that leverages the strength of the Disney brand and its extensive library of family-oriented content. With a notable market share and a focus on nostalgia and family-friendly entertainment, Disney+ has gained a significant foothold in the streaming industry. By capitalizing on its core competencies and strategic bundling of services, Disney+ continues to compete and attract a diverse audience. ¹⁰

⁸ (2023, January). Video Streaming Services in the US. OD6197. Retrieved from IBISWorld database.

⁹ Wikimedia Foundation. (2023, August 9). YouTube. Wikipedia. <https://en.wikipedia.org/wiki/YouTube>

¹⁰ (2023, January). Video Streaming Services in the US. OD6197. Retrieved from IBISWorld database.

Competitive Matrix

Major player	Apple tv+	Netflix	Youtube	Disney+
Market share	6% ¹¹	20% ¹²	22.47% ¹²	19.23% ¹²
Revenue	~1.5 Billion ¹³	11.5 Billion ¹²	29.1 Billion ¹²	7.8 Billion ¹²
Profit / loss	~ -1.5 billion ¹³	2 billion ¹⁴	1.8 billion ¹⁵	~ -1 billion
Core competencies	<ul style="list-style-type: none"> • Apple ecosystem • Expert curation • High caliber award-winning content 	<ul style="list-style-type: none"> • First mover advantage • Content quantity • Significant presence in the Hollywood entertainment industry • Globalization 	<ul style="list-style-type: none"> • Advertiser, creator, consumer relationship • User-generated content • Multiple content types like video and live music. 	<ul style="list-style-type: none"> • Industry titan • Sizeable proprietary library of originals • Brand

¹¹ Espósito, F. (2023, April 13). Apple TV+ growth slows in US while Netflix loses first place. 9to5Mac. <https://9to5mac.com/2023/04/13/apple-tv-growth-slows-in-us/>

¹² (2023, January). Video Streaming Services in the US. OD6197. Retrieved from IBISWorld database.

¹³ Levy, A. (2022, July 4). Will apple TV+ ever become profitable?. The Motley Fool. <https://www.fool.com/investing/2022/07/04/will-apple-tv-ever-become-profitable/>

¹⁴ Masoor, I. (2023, May 24). Netflix revenue and Usage Statistics (2023). Business of Apps. <https://www.businessofapps.com/data/netflix-statistics/>

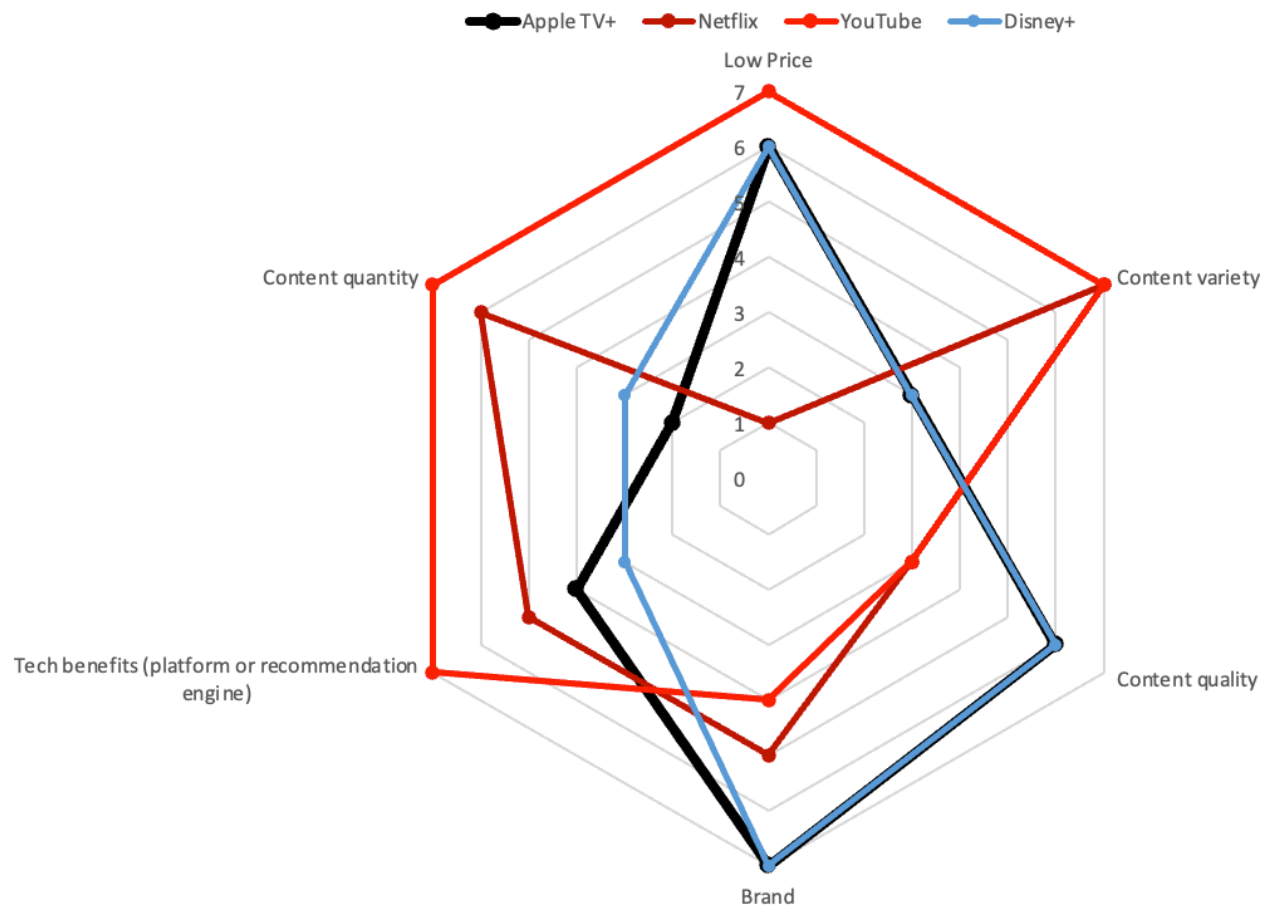
¹⁵ Mathur, S. (2021, June 23). YouTube ISMP. Los Angeles; GSBA 528- Marketing Management.

Strengths	Celebrity partnerships, brand, existing consumer base, aggressive free trials and bundles	<ul style="list-style-type: none"> • Recommendation engine • Large existing subscriber base • Multiple subscription tiers 	<ul style="list-style-type: none"> • Recommendation engine • Google • Free tier 	<ul style="list-style-type: none"> • Family content • Nostalgia
Weaknesses	<ul style="list-style-type: none"> • Low subscribers • Low content quantity/variety • Users' lack of interest in the service's perceived few content options • Apple ecosystem limitations, only 	<ul style="list-style-type: none"> • High subscription price • Mixed low content quality 	<ul style="list-style-type: none"> • Inappropriate content also uploaded • Bullying and defamation is possible 	<ul style="list-style-type: none"> • Limited content diversity.

- Originals catalog with few exceptions.

Competitive strategy	Free one-year trial with the purchase of an apple device, aggressive original high quality content push, gain new high-profile content through acquisitions	Viral binging, event shows, high content quantity, entertainment diversification (going into games)	Virality, social media aspect is differentiator	Redirect most production operations away from theatrical and into streaming to increase catalog, exclusive shows using existing ips
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Industry Multi-Dimensional Perceptual Map

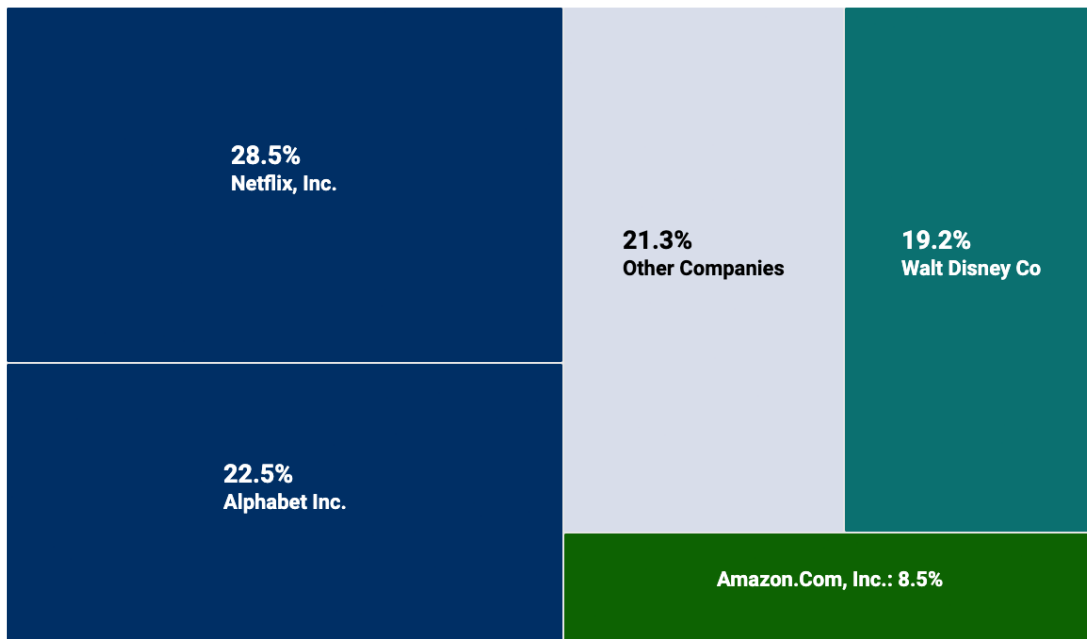


Dimension	Apple TV+	Netflix	YouTube	Disney+
Low Price	6	1	7	6
Content variety	3	7	7	3
Content quality	6	3	3	6
Brand	7	5	4	7
Tech benefits (platform or recommendation engine)	4	5	7	3
Content quantity	2	6	7	3

1. **Low Price:** Refers to the affordability of the streaming service. It indicates the subscription cost or the presence of lower-priced plans or bundles.
2. **Content Variety:** Describes the range and diversity of content available on the platform. It includes different genres, shows, movies, documentaries, and other media types.
3. **Content Quality:** Indicates the overall production value, storytelling, acting, and critical acclaim of the content offered by the streaming service. It reflects the level of excellence and artistic merit.
4. **Brand:** Represents the reputation and recognition of the streaming service's brand. It includes brand loyalty, trust, and overall consumer perception.
5. **Tech Benefits** (Platform or Recommendation Engine): Refers to the technological features and capabilities that enhance the user experience. This can include user-friendly interfaces, personalized recommendations, ecosystem benefits, and other innovative features.
6. **Content Quantity:** Reflects the sheer volume of content available on the platform. It signifies the size of the streaming library, the frequency of new releases, and the overall depth and breadth of the content catalog.

Market Share:

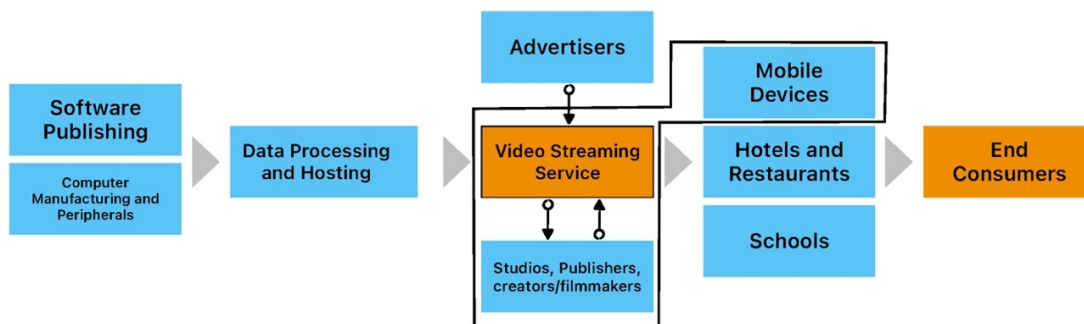
Breakdown of Industry Market Share (2020)



Source: IBISWorld, Video Streaming Services

Value Chain Analysis

When it comes to streaming, the general value chain is as follows¹⁶:



¹⁶ (2023, January). Video Streaming Services in the US. OD6197. Retrieved from IBISWorld database.

Apple's control is currently grouped within the dark line. Apple mainly controls the content and the way it is presented. (It likely also owns the back-end infrastructure.) At the time of this writing, Apple does not have ads on Apple TV+. But it is likely that ads are imminent because it is known that Apple is interested in going into advertising and has already added ads to Apple TV's Major League Baseball. Therefore, Apple also aims to control the advertising section of this value chain.¹⁷

Role Descriptions:

- **Software Publishers:** These entities grant licenses to customers, allowing them to run specific software on their computers. Their operations may include designing the software, producing support materials, and offering support services.
- **Hardware and Computer Manufacturers:** These companies manufacture and assemble personal computers, laptops, and servers. They typically purchase computer components such as motherboards and graphics cards from dedicated manufacturers in industries like Semiconductor and Circuit Manufacturing.
- **Data Processing & Hosting Services:** This industry provides data processing or hosting services. Services range from automated data

¹⁷ Peters, J. (2023, February 25). Apple takes another step toward ads on TV plus. *The Verge*. <https://www.theverge.com/2023/2/24/23614183/apple-tv-plus-ads-ad-supported-tier-hire>

entry to specialized report generation from client-supplied information.

Hosting services can include web and application hosting.

- **Advertisers:** These companies create advertising campaigns and distribute them across various media outlets. Their services encompass advice, campaign planning, creative services, advertising material production, and media planning and buying.
- **Studios and Publishers:** These operators primarily produce and distribute motion pictures. They work with theatrical and home media entertainment products, including digital and physical versions. They also hold distribution rights to movie libraries that generate cable and network TV revenue.
- **Filmmakers and Creatives:** This category includes individuals or groups who create and produce films and other creative content. They may operate independently or on a freelance basis.
- **Hotels, Motels, Restaurants:** This industry provides short-term lodging in hotels, motels, and resorts. Services may include food and beverage offerings, recreational services, conference room and convention services, laundry services, parking, and other amenities.
- **Schools:** The Educational Services sector offers education across various subjects and levels. This sector includes elementary and secondary schools, colleges and universities, technical and trade schools, fine art schools, and language schools. Their services are marketed towards public consumers, private consumers,

business/commercial/government users, and international students studying in the United States.

- **End Consumers:** These are the individuals who purchase and use the products or services the industry offers. They are the final link in the value chain, and their preferences and behaviors significantly influence the other players' strategies.

Value Chain Influencers:

- **Internet Providers:** Internet Service Providers (ISPs) offer consumers Internet access and related services. These services can include web hosting, web page design, and hardware or software consulting related to internet connectivity. ISPs can also lease network capacity to support the infrastructure of other companies.
- **Government:** Government entities can influence the customer experience through regulations, policies, and laws that govern the industry. They can also impact the industry through funding, public services, and infrastructure development.
- **Cable TV:** Companies in this industry provide third-party distribution systems for broadcast programming. They deliver TV programming from cable networks or local TV stations to consumers via cable infrastructure on a subscription basis. Cable providers often bundle internet access and internet protocol telephony services with their cable TV subscriptions.

- **Tech Companies:** These firms design, develop, and distribute software products. They may also provide support services and produce support materials for these products.
- **Social Media Influencers:** These individuals have a significant online following and can influence consumer behavior through endorsements, reviews, and content. They play an important role in the promotion of viral or experiential content.
- **Critics:** Critics review and critique products or services, influencing public opinion and consumer behavior. Their reviews can significantly impact the reputation and success of a product or service.
- **Theatres:** These establishments showcase films and other performances to the public. They generate revenue through ticket sales, concessions, and occasionally hosting special events. Theatres play a crucial role in the distribution and exhibition of films.¹⁶

Value Chain Recommendations:

Apple tries to make things as vertical as possible to achieve complete control over the value chain. However, to achieve the goal of content diversification, This ISMP proposes bringing new vetted voices (be it studios or freelance filmmakers) to Apple TV, replicating the success of getting outsider photographers to the shot on iPhone campaign. Apple TV+ content is usually praised but sometimes described

as cheesy or scattered ¹⁸. Apple could also bring critics in-house to vet content quality or even include critic ratings in the app (therefore maintaining control of public opinion rather than giving it to rotten tomatoes).

Other Value Chains: ^{19 20}

On the next page are two value chains made by IBIS World for the video games industry and the smart TV industry:

¹⁸ Herman, A. (2023, January 30)

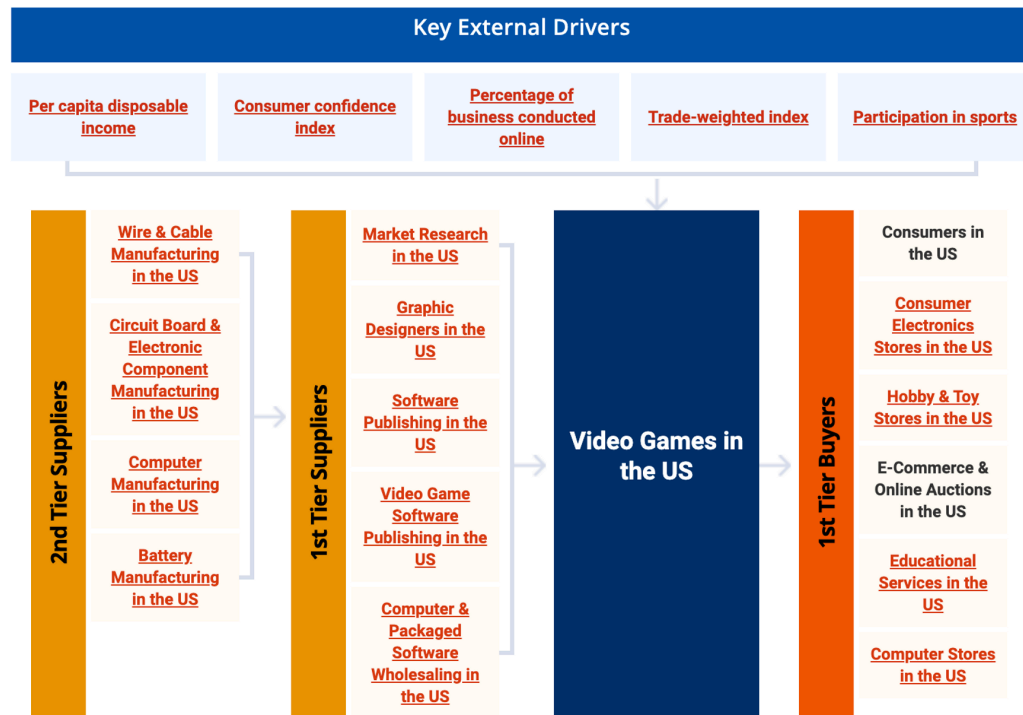
. "shrinking" shoots for "Ted Lasso" (and misses). *The Ringer*.

<https://www.theringer.com/tv/2023/1/30/23577031/shrinking-apple-tv-plus-series-review>

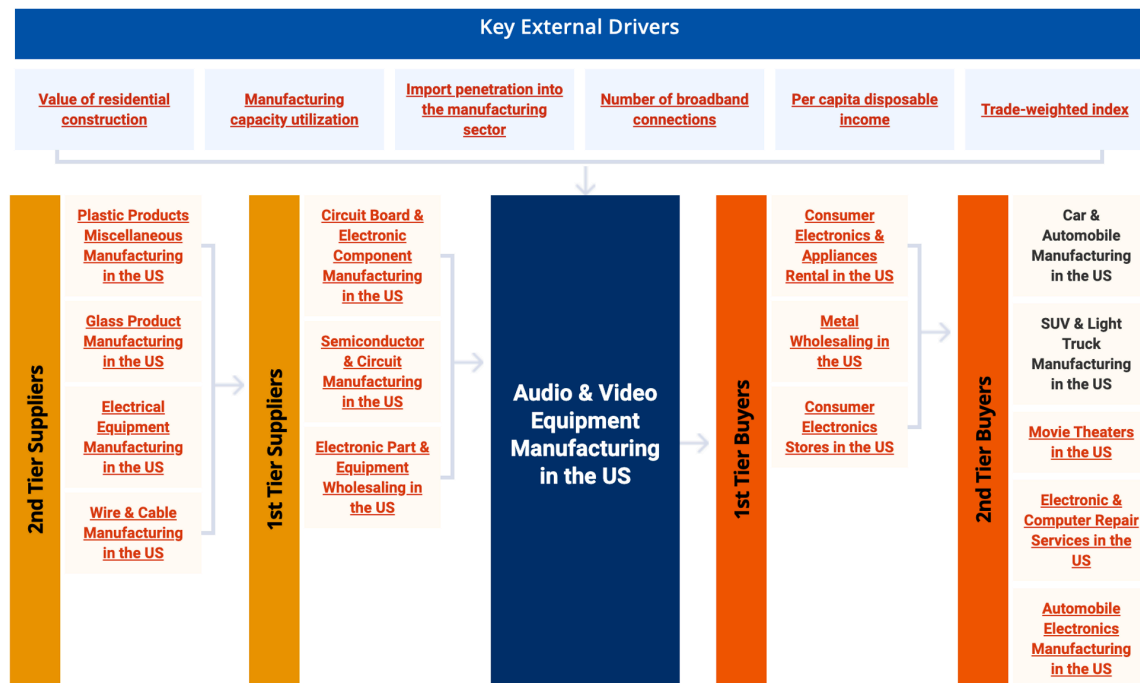
¹⁹ (2023, March). *TV, DVD & Video Equipment Manufacturing in China*. 4071. Retrieved from IBISWorld database

²⁰ (2023, January). *TV, DVD & Video Games in the US*. NN003. Retrieved from IBISWorld database

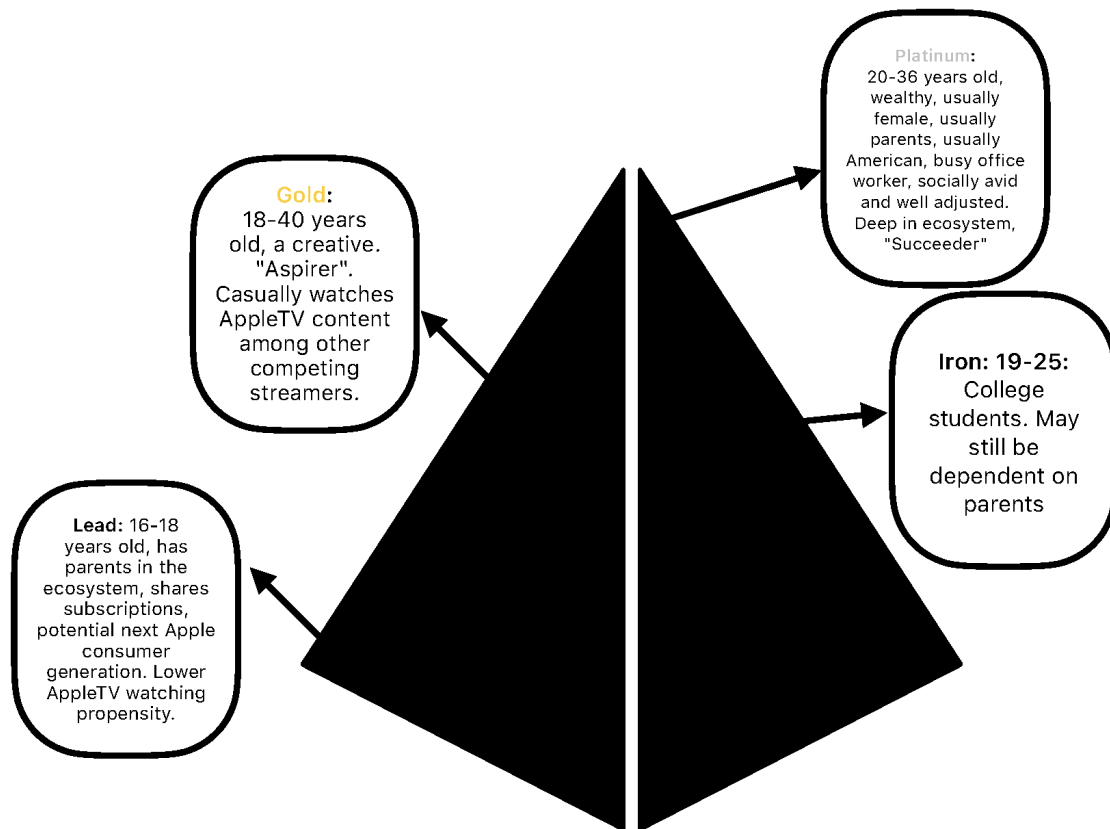
Supply Chain



Supply Chain



Customer Analysis



Source: ²¹

²¹ Carmely, M. (2023, June 5). Apple Target Market Segmentation & Audience Analysis. Start.io - A Mobile Marketing and Audience Platform. <https://www.start.io/blog/apple-target-market-analysis-apple-demographics-marketing-strategy-competitors/>

Consumer segments are different for each discussed industry, but there are vast swathes of overlap.

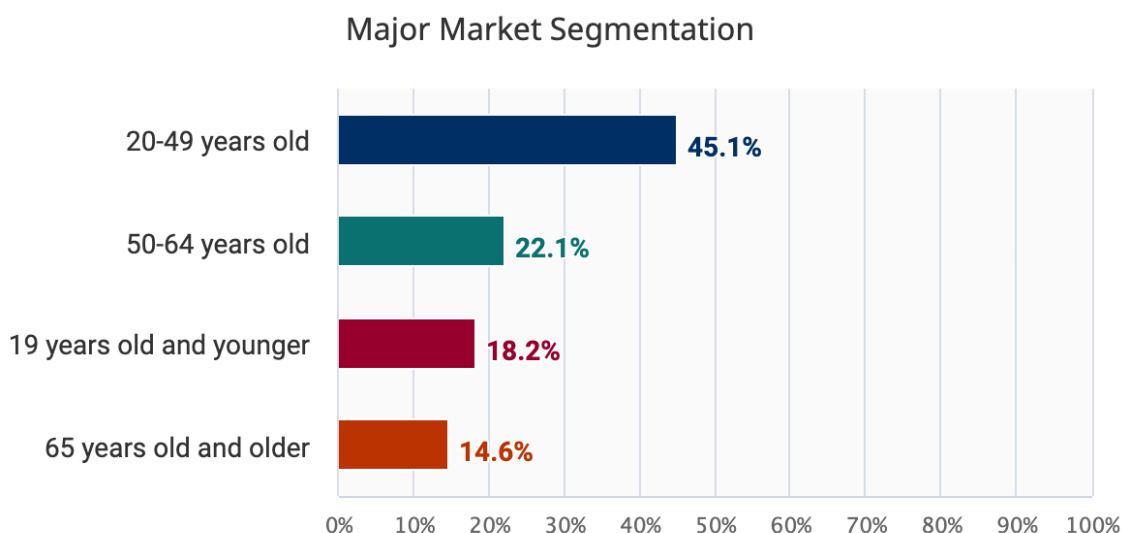
Streaming as an industry – current consumer needs.

According to IBIS World,²² consumers are looking for high-quality streaming, conveniently accessible entertainment, and a variety of content that includes educational material and wholesome family entertainment. They also appreciate additional benefits that come with their subscription, such as the ability to download content for offline viewing. Some consumers are looking for niche content that caters to their specific interests. Consumers do not like choice overload; they prefer simplicity when choosing what to watch.

Streaming as an industry – current consumer demographics.

According to IBIS World,²² "people are streaming videos from mobile phones, laptops and tablets on the go. Consumers with relatively high levels of leisure time, generally younger consumers and students, play a major role in industry demand." Different age groups vary in their contribution:

²² (2023, January). Video Streaming Services in the US. OD6197. Retrieved from IBISWorld database.



2023 INDUSTRY REVENUE

\$59.8bn

Video Streaming Services
Source: IBISWorld

(IBISWorld, 2023) Figure 6

As seen in Figure 6, when it comes to streaming, the youngest segment (consisting of kids and teenagers) is often not financially independent. They rely on their parents or older siblings to pay for streaming services, and it's not uncommon for them to share an account. *The demand in the industry is primarily dictated by the Millennials and Gen Z consumers aged 20 to 49.* Making up almost half of the consumer base, these tech-savvy and financially stable individuals can fully utilize the benefits offered by streaming services. To save money, they occasionally share accounts with family or friends. The second-largest portion of demand comes from consumers aged 50 and above. As they navigate the rapidly

evolving landscape of video streaming services, many still prefer the familiarity of cable TV.

Apple TV+ as a service – current perceptions (based on articles, reviews, and social media.)

1. *Uninspiring Launch Lineup*²³: One common criticism of Apple TV+ is its initial limited content offering. Several reviewers mentioned that the launch lineup was small compared to competitors like Netflix and Disney+. While some praised individual shows like "Ted Lasso," there was a consensus that Apple TV+ lacked a compelling range of content to justify a long-term subscription.

2. *User Interface and Design*²⁴: The user interface of Apple TV+ received mixed reviews. The integration of Apple TV+ within the existing Apple TV app was generally seen as convenient, but there were suggestions for better categorization to improve navigation. The app's design choices and content organization were sometimes considered unintuitive or cluttered.

3. *Original Programming*²⁴: Apple TV+ was commended for its focus on producing original content. The quality of the shows and movies varied, but there were positive mentions of series like "The Morning Show," "See," and "For All

23 Leger, H. S. (2021a, June 29). Apple TV Plus Review. TechRadar. <https://www.techradar.com/reviews/apple-tv-plus>

24 Moore, B., & Minor, J. (n.d.). Apple TV+ Review. PCMag. <https://www.pcmag.com/reviews/apple-tv-plus>

Mankind." However, it was noted that Apple TV+ shows could sometimes feel generic and overly polished. In other words, some shows lack personality.

4. *Competitive Pricing*: The pricing of Apple TV+ was seen as relatively affordable, especially compared to other Apple products. Reviewers viewed its lower price point positively, considering it a potential selling point for those already invested in the Apple ecosystem.

5. *Limited Availability*²⁵: One notable limitation mentioned in the articles was the lack of support for Android devices, which restricted the reach of Apple TV+ to Apple users only. This restriction was seen as a drawback compared to other streaming services that offer wider device compatibility. However, it is likely an intentional move by Apple to push users deeper into the ecosystem and give them a sense of exclusivity.

Overall, the sentiment towards Apple TV+ based on the articles suggests that while the service had some strengths like competitive pricing and a few well-received shows, it was perceived as lacking in content variety and overall impact compared to established streaming competitors.

²⁵ Casey, H. T. (2022, October 24). *Apple TV Plus Review*. Tom's Guide. <https://www.tomsguide.com/reviews/apple-tv-plus>

Apple TV+ as a service – current Primary target market

Age: The millennial generation is the largest user group, followed by Gen Z and Gen X.

Gender: About 45% of homes with Apple TV+ subscriptions have three or more people watching the service, and most are female.

Income: According to Bernstein Research, less than 10% of Apple's eligible customers have subscribed to the service. But even with that low number, there are still more than ten million subscribers. There are already 8.1 million paying Apple TV+ subscribers in the U.S. alone.

Lifestyle: Apple TV+ is a good fit for people with children or older adults. It also offers a generous family-sharing plan, allowing up to six family members to share a single Apple TV+ account.²⁶

Apple as a company: Who are their customers?

Age: Apple's products are most popular among 16 to 24-year-olds. However, their products also appeal to middle-aged and older segments.

²⁶ Who is the target market for Apple TV? [answered 2023]. Droidrant. (2022, November 14). <https://droidrant.com/who-is-the-target-market-for-apple-tv/>

Income: Apple's products are widely used by various income groups. Even households with incomes under \$50,000 are likely to own an Apple device. The wealthiest Americans have the highest ownership rate of Apple products.

Gender: Women account for nearly half of iPhone users and are the largest age demographic for iOS smartphones.

Geography: Apple has over 1.5 billion customers worldwide, indicating a global target market. However, Apple targets developed and wealthy nations more aggressively.

Lifestyle: Apple primarily targets the younger generation and the upper class, as these consumers tend to be more mobile. The average target demographic is a digital native, relying on Apple products for work and personal use. They are career-oriented and lead an active social life. Students, executives, managers, and professionals are the primary target market of Apple Inc. 64% of Apple product users tend to have college degrees. We can say that the Apple market is wealthier, more educated, and older than the rest of the cell phone users as the company offers premium service. An Apple customer profile demonstrates the characteristics of an 'aspirer', 'succeeder', or 'explorer'. Thanks to their higher-income status, they can afford and enjoy the luxuries of life. Apple users spend \$117 a month on average on clothing and \$83 on makeup, compared to \$62 and \$40, respectively, for Android users. Apple customers are generally financially

stable. They enjoy the comfort of the Apple brand and the quality and security it represents. 20% of owners of both an

iPhone and iPad say that "switching ecosystems would be harder

than switching banks." They are also loyal: nearly 85% of iPhone

owners plan to buy another one.^{27 28}

Apple as a company: Who are their Secondary Target Market?

Apple targets B2B as a core secondary target market. They usually go for industries in creative fields or healthcare. They mainly target Educational businesses such as universities and schools because there is overlap with their primary target market of wealthy students. Apple surrounds them with the Apple brand by targeting the companies where they interact. Therefore universities in the US usually use a Mac standard for computers on premises for students and staff. Students usually also have personal devices to take class notes. High schools also tend to use iPads for students. Creative businesses include Hollywood studios, post-production warehouses, and freelance developers. This target adds to the Apple brand as "the brand for creatives."²⁹

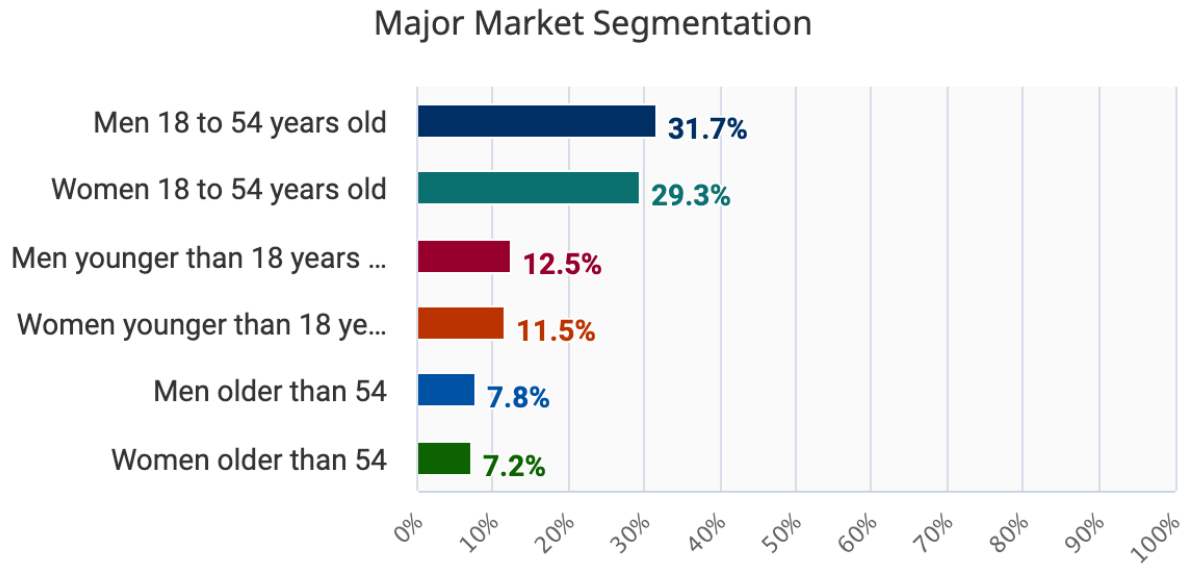
27 Carmely, M. (2023a, June 5). Apple Target Market Segmentation & Audience Analysis. Start.io - A Mobile Marketing and Audience Platform. <https://www.start.io/blog/apple-target-market-analysis-apple-demographics-marketing-strategy-competitors/>

28 Who is the target market for Apple TV? [answered 2023]. Droidrant. (2022, November 14). <https://droidrant.com/who-is-the-target-market-for-apple-tv/>

29 Kim, R. (n.d.). Apple is a B2B brand as much as it is B2C. it should be celebrated as such. LinkedIn. <https://www.linkedin.com/pulse/apple-b2b-brand-much-b2c-should-celebrated-robin-kim>

Honorary mentions:

Gaming industry age range:



2023 INDUSTRY REVENUE

\$106.8bn

Video Games
Source: IBISWorld

(IBISWorld, 2023) Figure 7

When comparing Figure 7 to Figure 6, please note the audience overlap, especially in the rise of female gamers, which could benefit Apple as this also matches their primary target market.

Company Analysis



Vision: To make the best products on earth and to leave the world better than we found it.

Mission Statement: To bring the best user experience to customers through innovative hardware, software, and services.

Description of Company: Apple is an American multinational technology company headquartered in Cupertino, California. The company was founded by Steve Jobs, Steve Wozniak, and Ronald Wayne in April 1976. It launched Apple I personal computer in 1976 and Apple II in 1977, coinciding with its incorporation as Apple Computer, Inc. The tech giant designs and sells consumer electronics, including iPhone, iPad, iPod, Mac, and Apple Watch. It also develops computer software and offers online services. In 2020, Apple launched new features and phones, including iPhone 14 Pro and iPhone 14 Pro Max. Currently, iPhone sales contribute more than 50% of Apple's revenues.

Date Established: 1976

Location: Cupertino, California, USA

Business model: hardware products & software services that act as one.

Core Competencies: innovation in mobile device technology, strong marketing teams, high-quality customer service, and strong financial performance. It also has a strong brand reputation for its products.³⁰

Two- to three-year history of annual revenues:

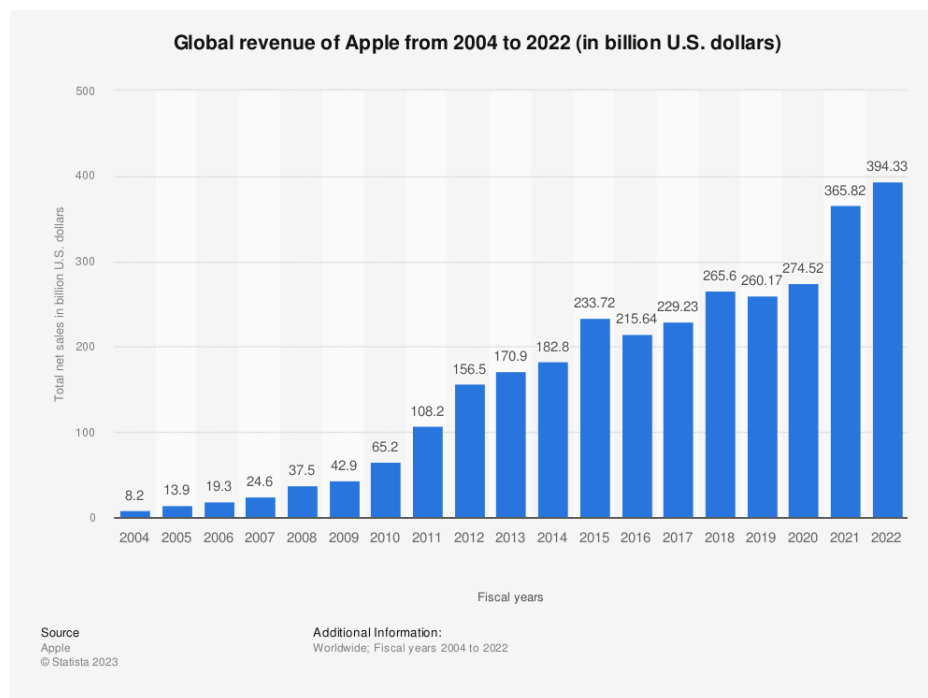


Figure 8 visualizes Apple's financial growth, leading to an Annual Revenue (FY2022): of \$394.32 Billion and a Profit/Net income (FY2022) of \$99.8 Billion.

Statista³¹ Figure 8

³⁰ Abbott, A. (2023, March 2). Apple Mission Statement, Vision, & Core Values (2023). Business Strategy Hub. https://bstrategyhub.com/apple-mission-statement-vision-core-values/#Apple%E2%80%99s_Mission_Statement

³¹ Laricchia, F. (2023, April 13). Apple Revenue Worldwide 2022. Statista. <https://www.statista.com/statistics/265125/total-net-sales-of-apple-since-2004/>

Positioning statement: Among young adults, Apple is the brand of technology innovation that creates the highest quality, easiest-to-use tools and services for work and entertainment that help the world flourish because of superior and ethical production and design standards that prioritize accessibility, education, environment, inclusion, privacy, justice, and responsibility.

Marketing Mix for Apple

Product/service	Computers, software, phones, watches, tablets, cloud technology, accessories, music platform.
Promotion - integrated marketing communications (IMC)	High presence on both physical and digital advertising. Most known for Apple events where new products are launched. Their ads are like little short films that show the practical use of their products in dazzling ways.
Place - distribution	Apple stores, authorized retailers, online
Price	Premium - designer brand

Marketing Mix for Apple TV+

Product/service	Streaming service
Promotion - integrated marketing communications (IMC)	Real massive posters for shows, bus posters, free trials when specific products are bought (products Apple deems will be purchased by Apple tv+ target audience), YouTube ads
Place - distribution	Apple stores, apple hardware, select smart TVs and select consoles.
Price	Lower than industry standard - competitive

Apple's General Marketing Strategy:

Apple's marketing strategy is centered around its product, blending functionality, innovation, and minimalist design. The company creates anticipation through periodic product releases at high-profile events. Their powerful messaging, encapsulated by the slogan "Think Different," promotes a lifestyle, fostering strong brand loyalty.

Apple's advertising budget remains undisclosed, but it was known to have spent \$1.8 billion in 2015. In 2020, it spent nearly \$65 million on paid search ads, making it one of the top spenders globally. Video is a favored medium in Apple's branding strategy, with desktop video accounting for the largest share of total video spending.^{32 33}

Apple continually expands its target market with new product innovations, such as the Apple Watch with an FDA-approved ECG monitor, targeting an older segment. Apple's marketing is localized for different markets with highly targeted messaging. Its focus on quality extends to Apple TV+, prioritizing high-quality content over quantity. Apple's success lies in its emphasis on product quality, innovation, and a unique lifestyle experience, cultivating a solid and loyal customer base.³⁴

32 The fortune 100 companies that spend the most on paid search. Semrush Blog. (n.d.). <https://www.semrush.com/blog/companies-spend-most-on-paid-search/>

33 O'Reilly, L. (n.d.). Apple mysteriously stopped disclosing how much it spends on ads. Business Insider. <https://www.businessinsider.com/apple-stopped-disclosing-ad-spend-2016-11#:~:text=AP%20Apple%20has%20stopped%20disclosing,mention%20of%20its%20advertising%20expenses>

34 Carmely, M. (2023a, June 5). Apple Target Market Segmentation & Audience Analysis. Start.io - A Mobile Marketing and Audience Platform. <https://www.start.io/blog/apple-target-market-analysis-apple-demographics-marketing-strategy-competitors/>

Apple Balanced Scorecard

Financial Measures	Customer Perspective
All Commodity Volume	Brand Awareness
Customer Lifetime Value	Brand Equity
Gross Margin Percentage	Brand Preference
Market Share	Customer Satisfaction
Percentage Of Sales from New Products	Product Superiority
Profit	Purchase Intent
Operational perspective	Innovation and learning perspective
Inventory Turns	Cannibalization
Material Rarity	Product Helpfulness Rating
Factory Energy Consumption	Product Daily Frequency Of Use
Worker Safety Score	
Worker Life Satisfaction	

Apple TV+ Balanced Scorecard

Financial Measures	Customer Perspective
Customer Lifetime Value	Brand Awareness
Gross Margin Percentage	Brand Equity
Market Share	Brand Preference
Profit	Customer Satisfaction
Customer Acquisition	Product Superiority
Cost Return on Investment (ROI)	Apple TV Show Watch Time
	Apple TV Show engagement
	Apple TV Show Value Rating
	Audience Genre Preferences
	Loyalty Percent

	Intent to Switch Watch Time Number of Interactions/engagements
Operational perspective	Innovation and learning perspective
Percent of technical errors Percent of automated processes Server downtime Sustainability Time spent producing a show	Product Daily Frequency Of Use TV Show Character Personality Traits Number of new features Return on Innovation

Apple and Apple TV+ Expanded SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • Range of products: By having a diversified portfolio, Apple can ensure their products are embedded in a part of customers' lives. This ensures stable revenue. • Skilled employees: Apple is cautious when selecting employees - guarantees a better customer experience, high quality, and good work culture • Excellent brand: Apple has a logo known to be the most recognizable symbol in the world. Their premium brand allows them to have higher prices and higher margins. 	<ul style="list-style-type: none"> • Limited Product Variety: Apple's product line relies on a few essential products like the iPhone. • Restricted Accessory Compatibility: Apple devices often require proprietary accessories or those certified by Apple, limiting consumer choice. • Limited Customizability: Compared to platforms like Android, Apple's iOS offers less flexibility for customization. • Limited Presence in the Gaming Industry: Apple's compatibility with games and its presence in the

- **Excellent products:** Apple products are known to be reliable and (more recently) powerful.
 - **Diversified global factories:** Apple is moving production to India, evades geopolitics
 - **Mature company** with high experience
 - **Excellent marketing**
 - **Excellent user experience**
 - **High customer loyalty**
- gaming industry is not as strong as some competitors.
- **Brand Restrictiveness:** Changes or innovations can be challenging to implement if they do not align with Apple's stringent brand guidelines.
 - **Perception of Simplicity:** Apple's emphasis on simplicity and user-friendliness can sometimes lead to a perception of catering to less tech-savvy users.
 - **Low Repairability:** Apple products often require specialized service for even minor repairs.
 - **Perceived Planned Obsolescence:** There is a public perception that Apple designs its products to become obsolete after a certain period, forcing users to upgrade.
 - **Strained Developer Relations:** Apple has had contentious relations with some developers, notably Epic Games, which can impact its reputation and product offerings.
 -

Opportunities	Threats
<ul style="list-style-type: none"> • Expansion into Entertainment Industry: Apple has the opportunity to leverage its technology and brand to make a significant impact in the entertainment industry. • Penetration into Gaming Industry: With its advanced technology and vast user base, Apple has the potential to make a substantial entry into the gaming industry. • Exploration of Mixed Reality: Apple could capitalize on the growing interest in mixed reality technologies, including augmented reality (AR) and virtual reality (VR). • Ecosystem Development: Apple's integrated ecosystem of devices and services offers significant opportunities for growth and customer retention. <ul style="list-style-type: none"> • Leveraging Loyal Consumers: Apple's strong brand loyalty presents opportunities for cross-selling and upselling new products and services to existing customers. • Expansion into International Markets: There are considerable growth opportunities in emerging 	<ul style="list-style-type: none"> • Legal Challenges in the EU: Apple faces potential regulatory threats from the European Union, which could impact its operations and profitability. • Legal Risks from Lawsuits: The company is often the target of lawsuits, which can lead to financial losses and damage reputation. • Potential Failure of The Vision Pro: If the Vision Pro does not meet market expectations, it could negatively impact Apple's financial performance and brand image. • Stagnation of iPhone Innovation: The lack of significant innovation in recent iPhone models could lead to market saturation and decreased consumer interest. • Potential iPhone Replacement: The emergence of a superior product from a competitor could threaten iPhone's market dominance. • Intense Competition: The technology industry is highly competitive, and Apple faces strong competition from numerous companies.

markets where smartphone penetration is still relatively low.

- **Entry into Healthcare:** With the advent of wearable technology and health-focused apps, Apple has the opportunity to make a significant impact in the healthcare sector.
- **Being a High-Value Target:** Due to its size and prominence, Apple is a prime target for cyberattacks and corporate espionage.
- **Cybersecurity Threats:** As a technology company, Apple faces ongoing threats related to cybersecurity.
- **Privacy Controversies:** Any perceived violation of user privacy could damage Apple's reputation and customer trust.
- **Geopolitical Risks:** Changes in international relations and trade policies could impact Apple's global supply chain and market access.
- **Leadership Transition:** The upcoming change in leadership could lead to uncertainty and potential strategic shifts.
- **Information Leaks:** Leaks of confidential information could harm Apple's competitive position and lead to legal issues.
- **High Turnover Rate in Key Positions:** The departure of key personnel at an alarming rate could disrupt operations and impact strategic direction.

- **Brand Safety Concerns with Apple TV+:** As Apple TV is directly linked to the brand, any controversial content could potentially harm Apple's brand image.

Strategies to maximize strengths and opportunities

- **Product Diversification:** Apple should continue to offer a broad range of products to cater to different customer segments and ensure a stable revenue stream. Apple should be wary of its overreliance on the iPhone. Exploring new product categories and expanding offerings to meet evolving consumer needs can further strengthen its market position.
- **Gaming Partnerships:** Developing partnerships with game developers, creating exclusive gaming content, and improving compatibility with popular gaming platforms can help

Strategies to mitigate weaknesses and threats

- **Addressing Repairability Concerns:** Apple should take steps to improve the repairability of its products, possibly through design changes or by offering more comprehensive repair services.
- **Proactive Legal Management:** Staying updated with legal regulations and proactively addressing legal challenges, particularly those related to privacy, cybersecurity, and antitrust, is crucial. Engaging in open dialogue with regulatory authorities and implementing necessary measures to ensure compliance can help mitigate legal risks.

Apple attract a larger gaming audience.

- **Healthcare Integration:** Apple could add more sensors to the Apple Watch and better integrate it, along with Apple Health, into hospitals. Branding hospitals that support it in a similar way to authorized repair shops could enhance its presence in the healthcare sector.
- **Apple Vision Integration:** Apple should consider how to integrate Apple Vision with its other products without cannibalizing existing offerings. Emphasizing the difference between individual and community watching could help differentiate between Apple TV and Apple Vision. Apple Vision could be positioned as offering an immersive cinema and gaming experience, introducing a new category of entertainment.
- **Mobile Gaming:** Apple already has a significant presence in the mobile games sector. To increase subscriptions, Apple needs to make the value proposition clearer and
- **Innovation Investment:** Investing in research and development can help address concerns of iPhone innovation stagnation and ensure Apple stays ahead of the competition.
- **Developer Relations:** Improving relations with Epic Games and other developers can enhance Apple's reputation and product offerings.
- **Positioning Apple Arcade:** Apple could position Apple Arcade as a competitor to Microsoft Game Pass and integrate it more into Apple TV and iPhone, turning these devices into ultimate streaming machines for music, TV, and games.
- **Brand Flexibility:** Apple could consider more flexibility with its brand image, possibly through rebranding Apple TV+ to allow for more creative output that may not match Apple's brand safety guidelines and a broader range of content.
- **Content Specificity:** In terms of content, Apple could seek more specificity and personality in stories, maintaining its current family-friendly market while also

potentially bring in more traditional AAA gamers through streaming.

- **Entertainment Bundle:** Apple could consider offering an entertainment bundle at a lower price than Apple One, similar to Amazon's Prime approach. This could give Apple full control over the three biggest sectors in entertainment: music, games, and movies, all under the same subscription.

appealing to a broader audience. Adding a unique value or takeaway to its shows could give people a reason to watch and engage with Apple's content.

Recommendations

Summary

Recommendation 1: Make the value proposition of Apple Arcade more straightforward.

The existence of Apple Arcade is intended to address the issue of in-app purchase (IAP) abuse in mobile games. Many developers offer their games for free but require users to pay for most of the content. Apple Arcade offers a solution by providing a clean subscription service that includes most mobile games without IAPs. However, many consumers are unsure of the value of the subscription, as they believe they can already play their favorite games for free. To address this issue, Apple Arcade is recommended to compete with other gaming subscription services like Game Pass by adding more AAA game titles from renowned studios.

This strategy would require either a significant hardware upgrade for Apple TV or transforming Apple Arcade into a streaming service. This ISMP focuses on streaming as the future of all entertainment.

● **Goal:** The objective is to enhance the value proposition of Apple Arcade by targeting the audience, service, content, and pricing. This goal can be achieved by increasing the reach of the target audience, integrating software-to-hardware, producing in-house content, and implementing a new subscription bundle. The purpose is to redefine mobile gaming in a more price-to-value friendly manner, as most games are perceived as free, despite profiting from IAPs. Additionally, the goal is to consolidate Apple's control over the entertainment sector. The target is to increase the number of Apple Arcade subscribers from 30 million to 40 million by the end of 2024.

● **Timeframe:** The market research and R&D process will commence in Q3 2023 to identify operational requirements for building a game studio and game streaming, as well as consumer expectations around price, engagement, and gameplay opportunities. Technical teams will be involved in designing and establishing logistics for a near-final prototype of the renewed service by Q4 2024. Marketing and public relations efforts will commence from Q3 2024 onwards.

Recommendation 2: Enhance brand clarity/flexibility (or consider rebranding AppleTV+) to better fit a distinct content-brand personality and a broader range of content, such as character-driven narratives rather than world-based stories.

Apple TV+ needs a more evident brand identity, as consumers often need clarification on the Apple TV device and the Apple TV+ streaming service.³⁵ Critics praise Apple's content for its high quality, but it seems to lack relatability and profundity for the target audience. Character-driven stories require a human touch to be highly creative and grounded, and Apple needs creative freedom to achieve this. However, it is not desirable to associate Apple's brand with all TV+ content, as some may conflict with the family-friendly brand. Surveys indicate that Apple's target audience needs a reason to enter the Apple TV+ tab on the Apple TV app, as some perceive the content as too safe and boring.

● Goal: Expand Apple's content offerings by increasing brand flexibility to include a more specific range of themes, focusing more on character-driven narratives. This change will cater to a broader audience and enhance the appeal of Apple's entertainment platforms. The aim is to redefine boundaries between Apple's family-friendly brand image and services like Apple TV+, where it is desirable to expand beyond family-friendly. Apple can become a provider of value through diverse and engaging content that emphasizes specificity in character

³⁵ Smith, D. (n.d.). Apple picked a bad name for its new streaming service - here's why that matters. *Business Insider*. <https://www.businessinsider.com/why-apple-tv-plus-is-a-bad-name-2019-4>

development and personal narratives without tarnishing its world-class brand. Achieve this goal by increasing the variety of content on Apple TV+, aiming to increase the number of Apple TV Plus viewers in the United States from ~40 million to ~45 million by the end of 2024.

- **Timeframe:** Initiate market research in Q3 2023 to understand audience preferences for content themes and the potential impact on Apple's brand image. Hire highly skilled creative teams to develop a roadmap for incorporating a more comprehensive range of content into Apple's entertainment platforms. Begin producing or acquiring new content in Q1 2024 to launch the expanded content offerings in Q4 2024. Launch marketing and public relations efforts from Q3 2024 onwards to promote the latest content and communicate the refreshed brand image.

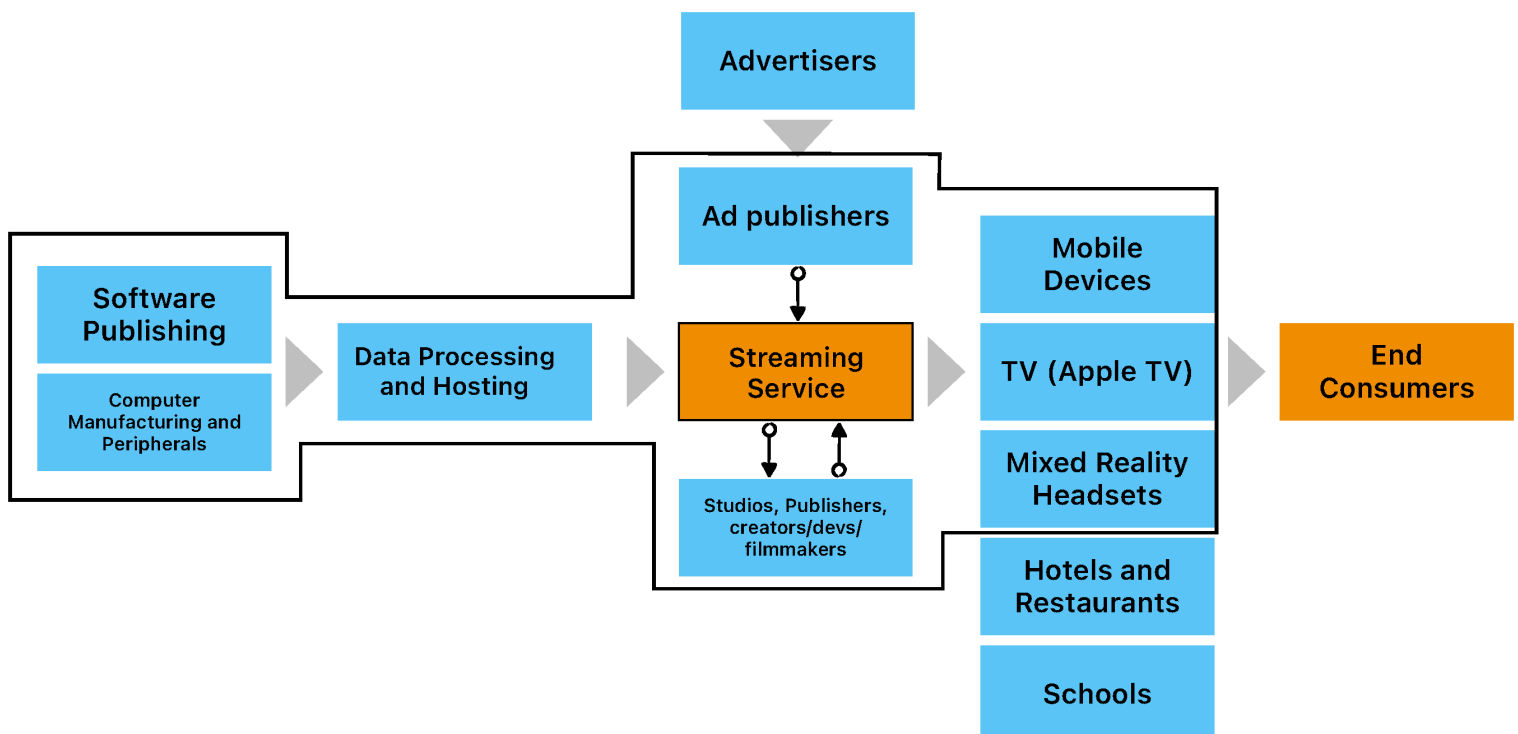
Recommendation 3: Carefully integrate Apple Vision to avoid cannibalizing existing products, emphasizing the difference between individual and community watching.

- **Goal:** Strategically integrate Apple Vision into the existing product lineup, ensuring a clear distinction between individual (Apple Vision) and community (Apple TV) viewing experiences through marketing. The aim is to enhance the user experience by offering immersive cinema and gaming experiences with Apple Vision while maintaining the communal viewing experience provided by Apple TV. This proposal will cater to a broader range of user preferences and enhance the appeal of Apple's entertainment platforms. Achieve this goal by successfully

launching Apple Vision and gaining a significant user base, aiming to capture the equivalent of 15% of the existing Apple TV user base by the end of 2024.

- **Timeframe:** Initiate market research in Q4 2023 to understand user preferences for viewing experiences. Begin testing and refining new content in Q2 2024 to launch existing shows/experiences tailored for Apple Vision in Q4 2024 and new shows/experiences beyond 2024. Launch marketing and public relations efforts from Q3 2024 onwards to promote Apple Vision and its unique viewing experience.

Value Chain Recommendations: (does not account for Apple Music)



This proposed value chain adds the following from the recommendations:

Increasing software-to-hardware integration on Apple Arcade: The value chain is more streamlined and unified as a “streaming” chain. It includes game and video content within the same chain. It also includes the likelihood that Apple owns the software and hardware running its services. Through this recommendation, Apple has the unique opportunity to do something no other company has gotten right: game streaming. Apple’s ecosystem allows for optimizations that could allow a uniquely smooth server-to-consumer experience.

From the recommendation to implement a new type of subscription bundle: By having a unified “entertainment streaming” service, it becomes clear that these services could be bundled into a single subscription. This single bundle would be available on Apple TV, Mixed Reality Headsets, and Mobile Devices. It would also allow for a global ad tier, transforming Apple into an Ad Publisher and including ads in the value chain.

From the recommendation to explore in-house game production: game devs have been added to the chain

From the recommendation to focus more on character-driven narratives than world-driven narratives: highly skilled filmmakers and creatives were emphasized in the chain

From the recommendation to integrate Apple Vision without risking cannibalization: The Mixed Reality headset and Apple TV were directly included in the value chain

Roles/Definitions:

- AppleTV 4K

Apple TV is a digital media player and micro-console developed and sold by Apple Inc. It is a small network appliance and entertainment device that can receive digital data for visual and audio content such as music, video, and video games and play it on a connected television set.

- Mixed Reality Headsets

Mixed Reality Headsets are wearable devices that blend the physical and digital worlds. They overlay virtual objects onto the real world, allowing users to interact with both environments simultaneously. These headsets often include sensors, cameras, and other technology to track the user's movements and adjust the virtual display accordingly. They are used in various applications, including gaming, education, and professional training.

- Mobile Devices

Mobile devices are portable computing gadgets that connect and communicate via wireless networks. They include smartphones, tablets, and wearable devices,

- Ad Publisher

An individual or company that promotes advertisements on their website, app, or other digital platform. They provide space for advertisers to display their ads in return for a fee, typically based on the number of views, clicks, or actions taken on the ad.

- Game Devs

Individuals or companies that create and design video games for computers, consoles, mobile devices, or online platforms. They are involved in the conception and execution of game creation, including story writing, coding, art design, animation, sound design, and testing.

- Filmmakers and creatives

Individuals or groups involved in the production of film and other creative content. Filmmakers specifically engage in creating, directing, and producing movies or videos, including tasks such as scriptwriting, cinematography, sound recording, editing, and directing. Creatives, a broader category, can be involved in various artistic and innovative fields. They are responsible for generating original ideas, creating unique pieces of work, and contributing to a project's aesthetic and conceptual aspects.

There is no update on the value chain influencers.

Target Market Recommendations:

Recommended Primary Target Consumer Profile



Nicky, the critical-thinking creative: current loyal consumer

Age: 20-35

Gender: Female

Location: USA, California

Income: \$90,000 annual household income

Education: Bachelor's degree and Post-graduate Degree

Lifestyle: Relies on Apple technology in all aspects of life - Social media and streaming power user, recent graduate with access to some wealth, goes hiking with photographer partner on weekends, likes gaming and also likes streaming

herself play as a hobby, dreams that someday her streaming or TikTok side gig will take over her competitive job. Most income goes into living an expensive California lifestyle. She is intrigued by relatable characters in stories like Bridgerton or Wednesday. She is also starting to feel pressure from her parents to become a parent.

Core attitudes: "I want to get something out of the entertainment I enjoy, be it fun with my friends, feeling heard, or new life perspectives." - will splurge on trends and experiences.

Social Circle: work friends, good family relations, old high school and college friends

Recommended Secondary Target Consumer Profile



Scott the Techy musician: Likely a new consumer

Age: 18-40

Gender: Male

Location: USA, general urban

Income: \$60,000 annual household income

Education: Bachelor's degree

Lifestyle: Gaming is a hobby and a great source of quick entertainment. Likes Apple and is an avid techie who uses Windows due to lifestyle and gaming compatibility. Works in the banking industry but sees it as "only a job." Enjoys shows like Black Mirror and games like Horizon Zero Dawn.

Core attitudes: "I want a computer or service that feeds me what I want conveniently but also allows me full control."

Social Circle: work friends, old high school, likely single.

Recommended Primary and Secondary Target Market Segments (Businesses)

Beyond the Individual target market segments, these recommendations require Apple to also target businesses:

Primary Business Partnership Target: Game studios

Location: North America

These studios want to reach wider audiences and tap into Apple's loyal base. They want gaming to be comparably convenient and widespread as TV streaming. They are willing to abide by Apple's regulations and ecosystem to reach new heights.

Primary Business Partnership Target: Film studios

It would vastly benefit Apple to increase the quantity of content on Apple TV through strategic partnerships with studios that produce new, creative, high-quality, original, or licensed content.

These studios are likely mostly indie but have great potential, such as A24. Crucially, they must not already have a proprietary streaming platform that

competes with Apple. Apple could also create partnerships with individual filmmakers and small-to-medium-sized production companies.

Secondary Business Target: Ad providers

Apple's services are on their way to containing ads, and these ad providers must be willing to "put up" with Apple's privacy standards to reach vast new client pools.

The positioning statement for consumers has not changed.

Positioning statement for new businesses: Among creative studios in the entertainment industry, Apple is the brand of platforms that reaches 60% of all American smartphone users that can reach film and game enthusiasts through unmatched innovation, architecture, creativity, and developer toolkits.

Positioning statement for ad providers: Among global brands and advertisers, Apple is the brand of integrated technology and entertainment services that provides the advertising industry with unparalleled reach and engagement opportunities because of its premium and loyal customer base, innovative ad formats across devices, and access to a diverse range of high-quality content across music, video, and gaming platforms.

Objectives

Recommendation 1: Make the value proposition of Apple Arcade clearer

	Objectives	Strategies
Product	Achieve 10% new market share in the game industry. Double average time spent on Apple Arcade by 2024. Increase Apple Arcade subscriptions by 30% by 2024	Re-target marketing Turn Apple Arcade into a streaming platform Create original content for this renewed platform Integrate characters from character driven shows on Apple TV+ into original game exclusives.
Place	Increase the accessibility and visibility of Apple Arcade across all Apple devices.	Include ad placements and bundle offers in the Apple Ecosystem. Ensure that Apple Arcade is prominently featured in the App Store and pre-installed on all new Apple devices. Consider creating a dedicated Apple Arcade app for easier access. Expand the service to more countries and regions.
Promotion	Increase brand awareness and user base of Apple Arcade by 40%.	Launch a global marketing campaign highlighting the unique

features of Apple Arcade. Collaborate with influencers and popular gamers for promotional content. Offer free trials or discounts for new users.

Recommendation 2: Increase brand clarity/flexibility

	Objectives	Strategies
Product	Increase the diversity and specificity of content on Apple TV+ by focusing more on character-driven narratives and less on world-based stories. Aim to increase the number of character-driven shows by 30% by Q4 2024.	Conduct market research in Q1 2024 to understand audience preferences for different content themes. Hire highly skilled creative teams in Q2 2024 to develop a roadmap for incorporating a wider range of content into Apple's entertainment platforms. Begin the production or acquisition of new content that emphasizes specificity in character development

		and personal narratives in Q3 2024.
Place	Ensure the newly diversified content is easily accessible and discoverable on Apple TV+. Aim to increase user engagement with the platform by 20% by Q4 2024.	Improve the user interface and recommendation algorithms on Apple TV+ to highlight the new content by Q2 2024. Consider creating dedicated sections or categories for character-driven narratives by Q3 2024.
Promotion	Increase brand awareness and viewership of the newly diversified content on Apple TV+. Aim to increase the number of Apple TV Plus viewers in the United States from ~40 million to ~45 million by the end of 2024.	Launch a global marketing campaign in Q3 2024 highlighting the new content and the refreshed brand image. Collaborate with popular actors for promotional content. Offer free trials or discounts for new users to attract a broader audience.

Recommendation 3: Increase brand clarity/flexibility

	Objectives	Strategies
Product	Successfully integrate Apple Vision into Apple's product lineup without cannibalizing existing products. Aim to have 5% of the existing Apple TV user base on Apple Vision headsets by the end of 2024.	Conduct market research in Q4 2023 to understand user preferences for viewing experiences and to refine the technology for Apple Vision. Begin testing and refining the product in Q2 2024, with a view to launching already existing shows/experiences tailored for Apple Vision in Q4 2024 and new shows/experiences beyond 2024.
Place	Ensure Apple Vision is easily accessible and discoverable to potential users. Aim to increase user engagement with the platform by 20% by Q4 2024. In Apple stores where users can try out the Apple vision, inform workers that they should brand the headset as	Improve the user interface and recommendation algorithms on Apple TV+ to highlight the new Apple Vision experiences by Q2 2024. Consider creating dedicated sections or categories for Apple Vision experiences by Q3 2024. Make

individual and the Apple TV as communal.

"experiences" different and more immersive than TV shows or movies

Promotion

Aim to increase the number of Apple Vision users in the United States from 0 to ~6 million (15% of the current Apple TV user base) by the end of 2024.

Launch a global marketing campaign in Q3 2024 highlighting the new Apple Vision experiences and the unique viewing experience it offers.

P&L³⁶

Current based on Investor Relations Information							Worst Case Predicted (including current Apple + predicted streaming only)	Average Case Predicted	Best Case Predicted
	2021 (in millions)	approximate % of 2021 Revenue	2022 (in millions)	approximate % of 2022 Revenue	2023 (in millions)	% of 2023 Revenue	predicted 2024 (millions)		predicted 2024 (millions)
Net Revenue	\$ 83,360.00		\$ 111,439.00		\$117,154.00		<u>\$118,091.23</u>	<u>\$130,000.00</u>	<u>\$140,144.00</u>
Cost of Revenue	\$ 48,186.00	58%	\$ 67,111.00	60%	\$66,822.00	57%	\$67,356.58	\$74,186.00	\$79,982.83
Gross Profit	\$ 35,174.00	42%	\$ 44,328.00	40%	\$50,332.00	43%	\$50,734.66	\$55,814.00	\$60,161.17
Research & Development	\$ 5,772.00	7%	\$ 5,163.00	5%	\$7,709.00	7%	\$7,770.67	\$8,558.00	\$9,230.30
Sales & Marketing	\$ 5,616.00	7%	\$ 5,631.00	5%	\$6,607.00	6%	\$6,659.86	\$7,345.00	\$7,904.90
Operating Expenses	\$ 11,388.00	14%	\$ 10,794.00	10%	\$14,316.00	12%	\$14,430.53	\$15,900.00	\$17,142.12
Operating Income/Loss	\$ 23,786.00	29%	\$ 33,534.00	30%	\$36,016.00	31%	\$36,304.13	\$39,914.00	\$34,157.88
Other Income (expense), net	\$ (538.00)	-1%	\$ 45.00	0%	\$393.00	0%	\$396.14	\$437.00	\$470.10
Income before income taxes	\$ 23,248.00	28%	\$ 33,579.00	30%	\$35,623.00	30%	\$35,907.98	\$39,477.00	\$33,842.79
Provision for income taxes	\$ 2,697.00	3%	\$ 4,824.00	4%	\$5,625.00	5%	\$5,670.00	\$6,263.00	\$6,732.50
Net Income/Loss	\$ 20,551.00	25%	\$ 28,755.00	26%	\$29,998.00	26%	\$30,237.98	\$33,214.00	\$28,510.29
Gross Profit Margin	42%	-	40%		43%		43%	43%	43%
Net Profit Margin	25%	-	26%		26%		26%	26%	26%
Streaming industry projected growth:	16.90%								
Apple streaming market share:	5.00%								
Foreseen Apple streaming growth	0.80%								

³⁶ Investor relations. Apple. (n.d.). <https://investor.apple.com/investor-relations/default.aspx>

Apple has not provided individual service revenue figures, so assumptions have been made about Apple TV+'s financial performance.

These projections use Apple's financial reports from 2021 to 2023 as a benchmark and use industry reports for forecasts.³⁷ The figures inform how industry-related expenses may cost relative to total revenue and any overall trend rates that may apply to Apple TV+.

Since 2023 is incomplete, estimations about Apple TV+'s performance this year have been incorporated. In Q2 2021, services revenue increased significantly compared to Q2 2020, contributing to Apple's overall services revenue year on year. Therefore, an assumption is made that Apple TV+ will continue to grow steadily for the rest of 2021.

In the calculated best-case scenario, Apple TV+ will generate \$33.5 billion in revenue in 2024 and \$41.5 billion in revenue in 2024. This allows Apple TV+ to remain profitable from 2022 to 2024, achieving a \$24.72 billion net income by 2024.

³⁷ (2023, January). *Video Streaming Services in the US*. OD6197. Retrieved from IBISWorld database.

Implementation Roadmaps

Recommendation 1 - Revamp Arcade			2023						2024											
Subject	Task	Team	Q3			Q4			Q1			Q2			Q3			Q4		
			Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oc	Nov	Dec
Strategy	Market and Consumer Behavior Research	Psychology, Business, and Data Analysts																		
	Legal Analysis	Legal																		
	Financial Analysis and Forecast	Business Development																		
Product	Design	Design																		
	Cloud, App, and Architecture Restructure	Engineering																		
	tvOS and iOS engineering	Engineering																		
	UI/UX	Design																		
	Product development	Engineering/Design/Business																		
	Quality Assurance and Testing	Quality Control																		
	Optimization	Engineering																		
	Content Strategy based on Research	C-Suite																		
	Content and Studio Acquisition Negotiation	Legal																		
	Production Company Development	Product Development																		
Marketing	Talent Acquisition	People																		
	Campaign strategy	Global Marcom																		
	Legal Review	Legal																		
	Influencer outreach	Marketing																		
	Branding	Marketing and Design																		
	Keynote Production	Film Production and Marcom																		
	Product Re-launch	Global Marcom																		

To revitalize Apple Arcade, a cross-functional approach is essential. Initially, the focus will be on strategy. The Psychology, Business, and Data Analysts teams will spearhead comprehensive market and consumer behavior research to understand the gaming landscape and preferences. The Legal team will thoroughly analyze to ensure all new games and partnerships align with international regulations, while the Business Development team determines potential profitability. The Design team will conceptualize the new interface and gaming experience as we transition into the product development phase. The Engineering team will handle tasks ranging from cloud, app, and architecture restructuring to tvOS and iOS engineering.

Collaboration between the Engineering, Design, and Business teams will be pivotal for product development. Quality Control will ensure that the product meets Apple's high standards. Optimization based on feedback will be crucial, spearheaded by the Engineering team.

The C-Suite can focus on content strategy, with the Legal team managing content and studio acquisition negotiations. The People team will be pivotal in talent acquisition for new roles and partnerships.

The marketing phase will see Global Marcom devising a campaign strategy. All marketing materials and partnerships will undergo a legal review. Influencer outreach, branding, and keynote production will be managed by the Marketing and Film Production teams, respectively. The culmination will be the product re-launch, overseen by Global Marcom.

Recommendation 2 - Rebrand Apple TV and New TV+ Content Starategy																				
Subject	Task	Team	2023									2024								
			Q3			Q4			Q1			Q2			Q3			Q4		
			Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oc	Nov	Dec
Strategy	Market Research	Psychology, Business, and Data Analysts																		
	Legal Analysis	Legal																		
	Financial Analysis and Forecast	Accounting and Finance																		
	Content Strategy based on research	C-Suite																		
Product	Talent Acquisition	People																		
	Production of pilot show using new strategy	Production company																		
	Content and Studio Acquisition Negotiation	C-Suite																		
	TV App re-design	Design/LUX-UI																		
	Apple TV (device) rename	Marketing																		
	Apple TV (device) slight redesign	Product Design																		
	Quality Assurance and Testing	Quality Control																		
Marketing	Optimization	Engineering																		
	Campaign strategy	Marketing																		
	Legal Review	Legal																		
	Influencer outreach	Marcom																		
	New Apple TV Branding	Marketing																		
	Keynote Production	Film Production and Marcom																		
	Product Re-launch	Marcom																		

Rebranding Apple TV and introducing new Apple TV+ content will involve market research by the Data Analysis teams to gain insights into the current TV and streaming landscape. Legal and financial research will be managed by the Legal and Finance teams, respectively. Based on the research findings, the C-Suite can craft a content strategy at the start of the product development phase. The People team will oversee talent acquisition. Then the production of a pilot show by Apple's production company will start. The Design and teams will rejuvenate the TV app, and the Marketing team will rename the Apple TV device or make the definition of the "+" more obvious. The Product Design team may slightly redesign the Apple TV device, ensuring differentiation in the public eye. Legal reviews, influencer outreach, and new branding initiatives will then begin.

Recommendation 3 - Brand Apple TV as "Communal"			2023												2024					
Subject	Task	Team	Q3			Q4			Q1			Q2			Q3			Q4		
			Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Strategy	Market Research	Psychology, Business, and Data Analysts																		
	Legal Analysis	Legal																		
	Financial Analysis and Forecast	Accounting and Finance																		
Marketing	Marketing Campaign strategy	Marketing																		
	Legal Review	Legal																		
	Strategy execution	Marcom																		
	Modified packaging	Marketing and Design																		
	Keynote Production	Film Production and Marcom																		
	Modify Existing Ongoing Campaigns	Marcom																		

Branding Apple TV as a "communal" experience will begin with a strategy phase. Market research will be conducted by the Psychology, Business, and Data Analysts teams to understand communal viewing preferences. Legal and financial aspects will be managed by the Legal and Accounting & Finance teams, respectively.

The marketing phase will be dynamic. The Marketing team will craft a campaign strategy that resonates with the family-centered theme. All marketing endeavors will undergo a legal review to ensure compliance. The Marcom team will execute the plan, while the Marketing and Design teams collaborating on modified packaging to ensure new visual queues for consumers. The Film Production and Marcom teams will work together on the keynote production. Existing campaigns will be changed by Marcom to align with the new branding, ensuring a seamless transition.

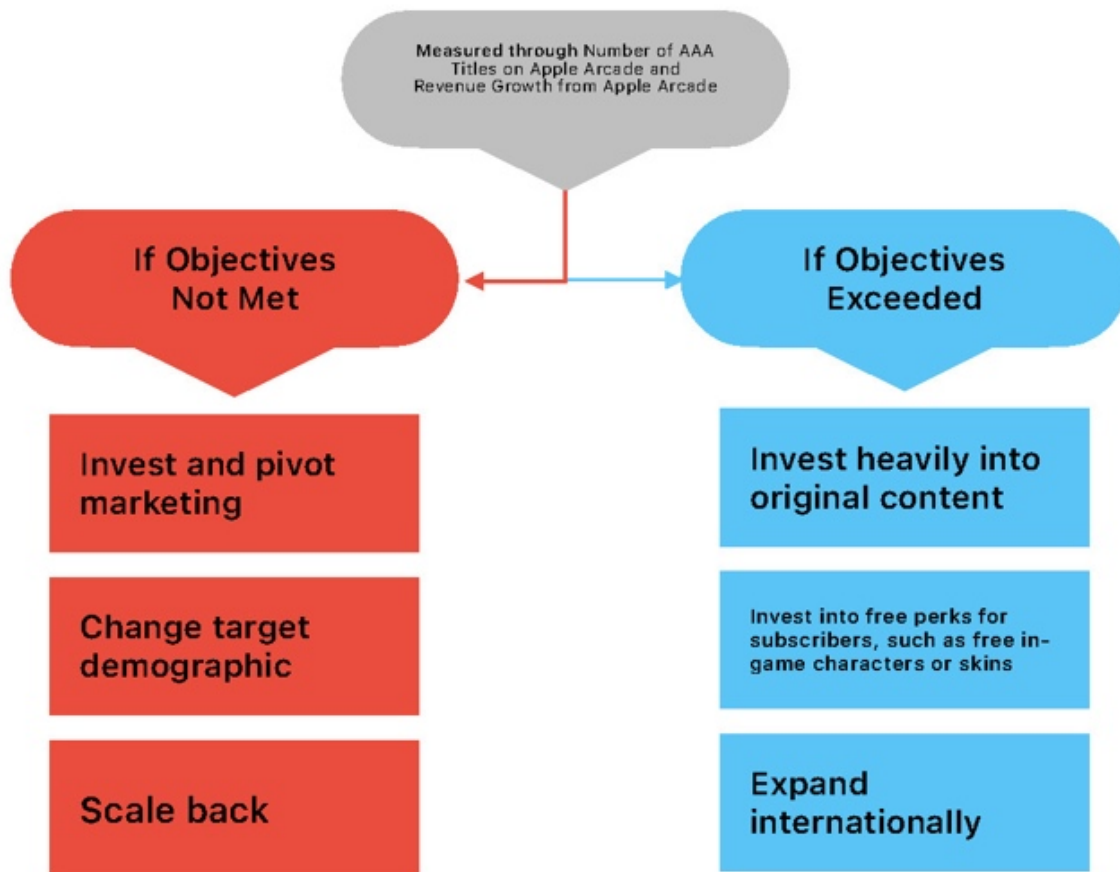
Contingency Plan

Updated Balanced Scorecard

Financial Measures	Customer Perspective
Revenue from Apple TV+ Subscriptions	Brand Recognition of Apple TV vs. Apple TV+ Subscriptions
Cost of Content Acquisition for Apple TV+	Customer Understanding of Apple Arcade's Value
Profit Margin from Apple Arcade	Customer Satisfaction with Apple TV+ Content
Revenue Growth from Apple Arcade	Percentage of Users Preferring Character-driven Stories
Investment in Apple TV+ Rebranding	Customer Feedback Score on Apple TV+ Content Diversity
Operational perspective	Innovation and learning perspective
Time to market for apple arcade games	Number of character-driven shows
Conversion rate of apple tv+ trials after brand clarity campaigns.	Feedback implementation rate for apple arcade
Content turnover rate for apple tv+	Training hours for content creation teams
Number of aaa titles on apple arcade	Number of creative workshops for apple tv+ content teams
Contract negotiation time with studios for apple tv+	Rate of innovation in apple arcade game mechanics
Product cannibalization	Learning curve reduction in apple arcade game onboarding
Efficiency in legal reviews for content	Number of collaborations with renowned studios for apple tv+

Contingency Plan Recommendation 1

Revamp Apple Arcade by adding more content, streaming, and a bundle.



Contingency Plan Recommendation 1: *Revamp Apple Arcade by adding more content, streaming, and a bundle.*

Key Metrics:

- Increase the number of AAA titles on Apple Arcade by 20% by the end of 2023.
- 15% Revenue Growth from Apple Arcade by the end of 2023.
- User engagement and average playtime on Apple Arcade.
- Customer satisfaction and feedback scores post-revamp.
- Number of new subscribers post-revamp compared to the previous year.

If Objectives are Exceeded:

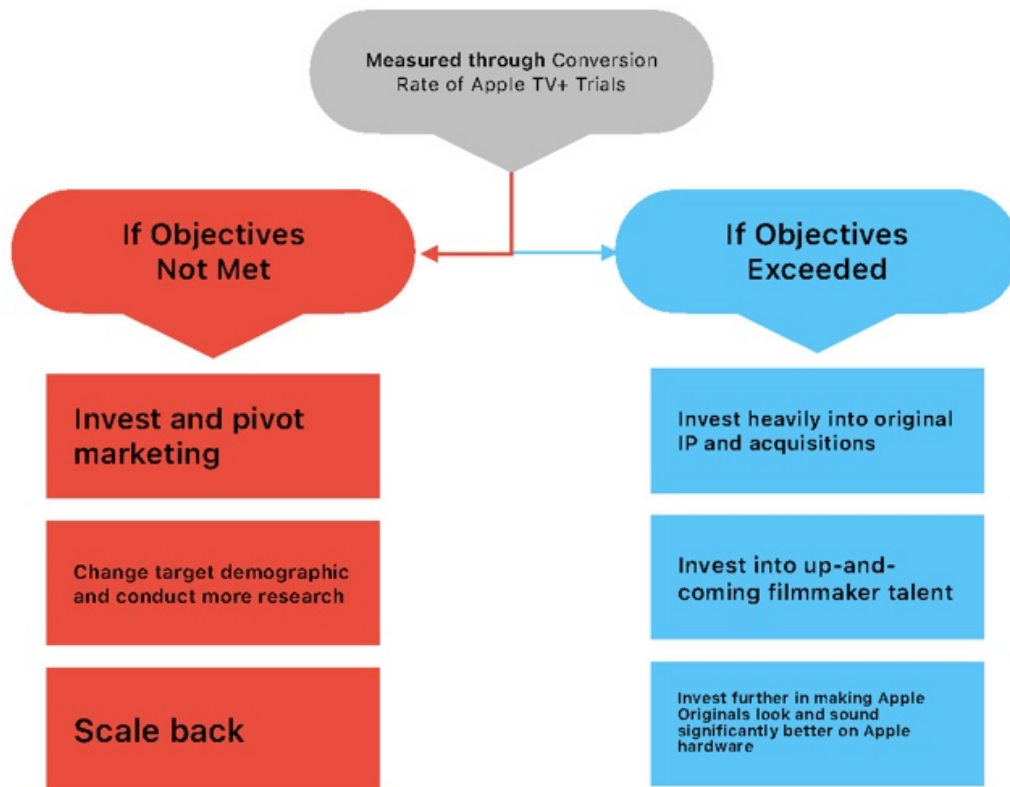
- Invest heavily into producing and acquiring original gaming content exclusive to Apple Arcade.
- Allocate a significant portion of the budget to support indie game developers, fostering innovation and unique game experiences.
- Introduce exclusive perks for subscribers, such as free in-game characters, skins, or early access to new releases.
- Expand Apple Arcade's reach by launching in new international markets, focusing on regions with a high mobile gaming user base.
- Collaborate with renowned game studios for exclusive Apple Arcade releases.

If Objectives are Not Met:

- Scale back on high-budget game acquisitions and focus on optimizing the current library.
- Pivot marketing strategies to highlight unique selling points of Apple Arcade, such as the absence of in-app purchases and the quality of games.
- Reevaluate the target demographic, focusing on niches that might be more receptive, like families or casual gamers.
- Engage in partnerships with educational institutions or organizations, offering Apple Arcade as an educational and entertaining platform for students.
- Consider introducing tiered subscription models to cater to different user preferences and budgets.

Contingency Plan Recommendation 2

Boost Apple TV+ by adding more character-driven narratives.



Contingency Plan Recommendation 2: *Boost Apple TV+ by adding more character-driven narratives.*

Key Metrics:

- Achieve a 15% increase in the conversion rate of Apple TV+ trials to full subscriptions by the end of 2023.
- Monitor audience engagement and feedback on new character-driven content.
- Track the number of awards and nominations received by Apple TV+ shows post-revamp.
- Measure the growth in subscribers post-launch of new character-driven content.
- Track the retention rate of subscribers after the introduction of new content.

If Objectives are Exceeded:

- Invest heavily into creating and acquiring original intellectual properties that align with the character-driven narrative strategy.
- Allocate a significant portion of the budget to support up-and-coming filmmakers and storytellers, fostering innovation and unique storytelling experiences.

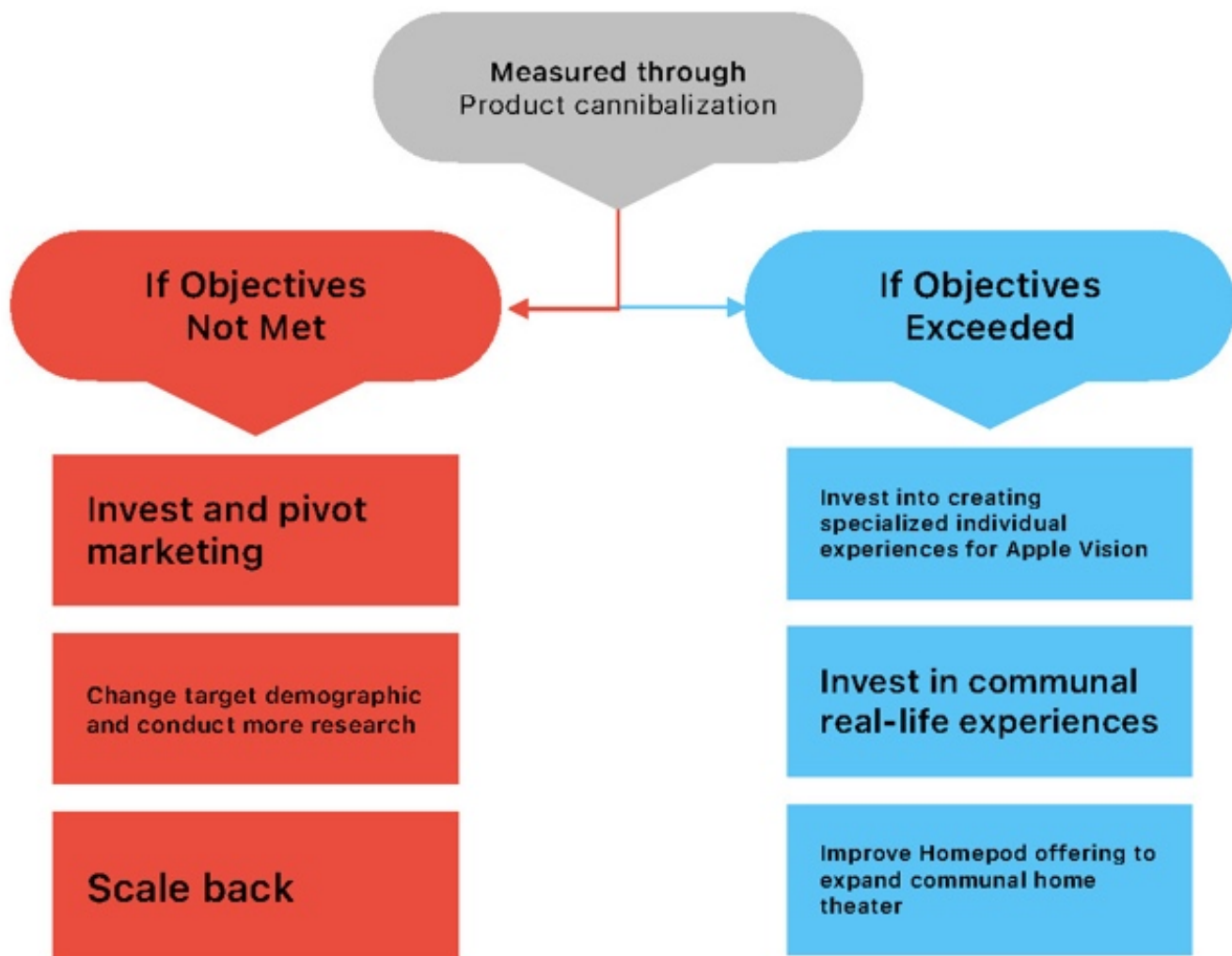
- Enhance the viewing experience by investing in technologies that make Apple Originals look and sound significantly better on Apple hardware, such as Dolby Vision and Dolby Atmos.
- Collaborate with renowned filmmakers and actors for exclusive Apple TV+ releases.
- Expand Apple TV+'s reach by launching in new international markets, focusing on regions with a high demand for character-driven narratives.

If Objectives are Not Met:

- Reevaluate the target demographic, focusing on niches that might be more receptive to Apple's stories.
- Conduct more in-depth research to understand audience preferences and adjust the content strategy accordingly.
- Scale back on high-budget content acquisitions and focus on optimizing the current library.
- Consider introducing collaborations with renowned authors or book adaptations that align with the character-driven narrative strategy.

Contingency Plan Recommendation 3

Brand Apple TV as a communal experience device.



Contingency Plan Recommendation 3: *Brand Apple TV as a communal experience device.*

Key Metrics:

- Monitor customer feedback and reviews to gauge understanding and acceptance of Apple TV's rebranded image.
- Track sales and usage data to measure the success of the rebranding in terms of user adoption.
- Measure the growth in communal viewing events or experiences facilitated by Apple TV.
- Monitor the number of new user accounts or profiles created on Apple TV, indicating family or group usage.

If Objectives are Exceeded:

- Invest in creating specialized individual experiences for Apple Vision, ensuring a clear distinction between individual and communal viewing.
- Allocate resources to create and promote communal real-life experiences that can be enhanced with Apple TV, such as live sports viewing parties or movie nights.
- Improve the Homepod offering to expand the communal home theater experience.

- Collaborate with content creators to produce exclusive shows or events that promote collective viewing.
- Introduce features that enhance group interactions

If Objectives are Not Met:

- Pivot marketing strategies
- Reevaluate the target demographic, focusing specifically on families or friend groups rather than communities more broadly.
- Conduct more in-depth research to understand barriers to adoption and adjust strategies accordingly.
- Scale back on high-budget marketing campaigns and focus on grassroots community-building efforts.

Conclusion:

In the rapidly evolving digital entertainment landscape, Apple's forays into streaming devices, original content, and gaming have demonstrated the company's innovative spirit and commitment to redefining user experiences. This ISMP critically analyzes the potential of Apple TV, Apple TV+, and Apple Arcade, highlighting their unique value propositions and the challenges they face in their respective markets. While Apple TV aims to revolutionize the Smart TV experience by offering an alternative to often lackluster native Smart TV OSs, Apple TV+ seeks to captivate audiences with high-quality storytelling, competing in a saturated streaming market. Apple Arcade presents a refreshing approach to mobile gaming, distancing itself from the prevalent in-app purchase model and focusing on delivering comprehensive gaming experiences. The recommendations put forth, from enhancing the value proposition of Apple Arcade to redefining the mobile gaming paradigm, are not just strategies for growth but a vision for Apple's future in the entertainment sector. As Apple continues its journey, it would be prudent to monitor the implementation of these recommendations, gauge their impact, and continually refine strategies based on market feedback. Future endeavors should also explore the potential of mixed reality in enhancing user experiences and delve deeper into understanding evolving consumer preferences. The road ahead is filled with opportunities, and with the right strategies, Apple is poised not just to navigate but lead the way in the digital entertainment revolution.

Appendix:

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