

## MAKE MARKETING DECISIONS THE STEVE JOBS WAY

### Introduction

This series of videos, posts, PDFs and checklists is dedicated to transforming the lives of online entrepreneurs with the goal of making at least six figures per year.

The secret to building any business rapidly is marketing. It doesn't matter if your business sells services, downloadable products or physical products; good marketing generates rapid growth.

Superb marketing does not require a massive budget, but it does insist that you make smart marketing decisions. The smartest marketing decision is copying the techniques used by highly successful entrepreneurs and folding those techniques into your business strategy.

If you're going to copy success, you may as well copy the most successful. So let's copy Steve Jobs and his decision to introduce the iPhone.

He followed the classic decision making method of assessing the situation, listing reasonable alternative courses of action, evaluating the alternatives then deciding.

### Assess the Situation

In marketing assessing the situation involves looking at the current state and their trends.

First, the state of affairs in the industry: before the iPhone, Apple made laptop computers, desktop computers and the iPod. All connected to the Internet but not cell phone networks. Nokia, and Motorola dominated the cell phone market.

Before the iPhone was introduced on June 29<sup>th</sup> of 2007, these were the trends in the consumer electronics market place:

- Nokia had loyal customer base
- Apple had a cult following
- Wi-Fi was proliferating rapidly
- The Internet was exploding.
- The Sony Walkman had been pushed aside by the iPod.
- Cell phone technology had switched from analog to digital. – Bandwidth was increasing but most important was that data could now be downloaded to your phone and iPod.
- Apple had put the iPod on the Internet. – The Internet could be surfed by a pocketsize device for the first time.
- GPSs shrunk from the size of a pack of cigarettes to the size of a cigarette lighter – GPS on a chip!
- GPS navigation systems were spreading into the consumer market place.
- Computers were getting smaller, cheaper, more mobile and more powerful.

### List the Reasonable Alternatives

1. Do nothing.
2. Make a better mobile phone.
3. Integrate a camera, camcorder, GPS, iPod and cell phone into the same device.

### Evaluate the Alternatives

Alternatives	Cost	Benefit	Risk
Do nothing	None	None	None
Make a better mobile phone	Same as iPod	Marginal	High
Integrate 5 devices into 1	Slightly higher than iPod	Enormous	Low

Steve realized that if he were to introduce yet another mobile phone in to an already crowded market that he would damage Apple's reputation as a leading innovator. While the engineering and manufacturing costs would have been about like an iPod, the risk of a damaged reputation and being forced out of the niche they had held so effectively was not worth the potential profits.

Integrating 5 devices into 1 to create the iPhone would cost only slightly higher engineering and manufacturing costs than the iPod. All five devices would share the same power supply, input, display and sound subsystems, driving the cost of manufacturing far below the total cost of the five separate systems. That meant that he could offer the iPhone at a much lower cost than the cost of the five devices bought separately.

The iPhone could be sold a premium price because it had no competition. Profits could potentially be enormous.

This factor drove the risk down as well. Apple would continue to cherish its reputation as the industry innovation leader and they would have a head start on any would be competitors.

It is now clear that Steve Jobs assessed the situation correctly and his counterparts in cell phone manufacturing didn't. Why?

Steve assessed the situation from a consumer's perspective. He looked at these trends and thought, "This is great! We can make an iPhone that is highly profitable, but costs a tiny fraction of the price of a stand-alone smartphone, a GPS, a digital camera and an iPod."

Nokia and Motorola assessed the situation from a manufacturer's prospective. They looked at these trends and thought, "This is great! We can use cheap flash memory to store even more telephone numbers in our phones."

With 20/20 hindsight, it's easy to sneer at phone makers' stupidity. But at the moment of truth assessing the marketing environment and predicting the future can be pretty hard to do. A good place to start is by thinking like your potential customers, by imagining that you are one of your customers.

The phone makers should have asked themselves, "Why do people use telephones?" they would have realized it was to connect with other people. As long as the cell

phone giants thought like manufacturers and not like customers, they would never think to ask:

- How do they use their personal computers?
- What devices do they use to listen to music?
- How fast is the Internet growing?
- What are the trends in the GPS, digital camera, and iPod markets?
- How can we exploit this knowledge?

Had they thought like their customers, I can imagine that those questions would have been much easier to conjure up.

If there is any doubt that Apple's market analysis was spot on, just look at these smartphone global market share trends:

- Nokia fell from 48.7% in 2007 to 3.1% by 2013 and stayed around that percentage ever since.
- Apple rose from zero in 2007 to 25.1% in 2012 and reached 50.1% by the end of 2017.

*Conclusions:*

1. Copy success.
2. Evaluate market conditions and trends from your customers' perspective.