







Apple's Segmentation Strategy

Steve Jobs and Steve Wozniak didn't realize they were developing today's multibillion-dollar PC industry when they invented the Apple I in a garage on April Fool's Day, 1976. Hobbyists, the initial target market, were not interested in the product. However, when the Apple II was displayed at a computer trade show in 1977, consumers loved it and Apple Computer was born. Typical of young companies, Apple focused on its products and had little concern for its markets. When IBM—"Big Blue"—entered the PC market in 1981, Apple was forced to become a "real company," much to the disappointment of its creative young engineers who were likened to "Boy Scouts without adult supervision."

Fast-forward to the twenty-first century. Jobs believed that the personal computer entered the Age of the Digital Lifestyle in 2001. In a keynote address, Jobs said that "the proliferation of digital devices—CD players, MP3 players, cell phones, handheld organizers, digital cameras, digital camcorders, and more—will never have enough processing power and memory to stand alone." Jobs enthusiastically proclaimed, "the Mac can become the digital hub of this new digital lifestyle." By repositioning Apple as the "digital hub" with "killer apps," such as iTunes, iMovie, iDVD, iPhoto, and GarageBand—now bundled as iLife—Jobs believes consumers can take full advantage of the new digital lifestyle era.

Critiques questioned, If Steve Jobs and these market-product strategies for his vision of the digital lifestyle era were on target. He was betting the company on it. *The rest is history.*

Nevertheless, the grid shows below suggests the market segmentation strategy Steve Jobs is using to compete in what he sees as the Age of the Digital Lifestyle.

MARKETS		HARDWARE PRODUCTS					
							
SECTOR	SEGMENT	Power Macintosh G5	PowerBook G4	iMac G5	iBook	eMac	iPod
CONSUMER	Individuals	✓	✓	✓	✓	✓	✓
	Small/home office	✓	✓	✓	✓	✓	
	Students			✓	✓	✓	✓
	Teachers	✓	✓	✓		✓	
PROFESSIONAL	Medium/large business	✓	✓	✓			
	Creative	✓	✓	✓			✓
	College faculty	✓	✓	✓			✓
	College staff			✓	✓	✓	

Companies can learn from this example, in most segmentation situations; a single product does not fit into an exclusive market niche. Rather, there is overlap among products in the product line and also among the markets to which they are directed. But a market segmentation strategy enabled Apple to offer different products to meet the needs of different market segments.

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However, marketing managers responsible for developing a company's product line must balance both product and marketing synergies as they try to increase the company's profits.

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