“Taking Apple to the People”

Presented by Cody Baczewski
Department of Geography
College of Arts and Sciences

Faculty Mentor:
Dr. Murray Rice
Department of Geography
College of Arts and Sciences
Taking Apple to the People

A Successful Retail Strategy for the Store Doomed to Fail
“Commentary: Sorry, Steve: Here’s Why Apple Stores Won’t Work

- Cliff Edwards, BusinessWeek, May 2001
“But even if they attain a measure of success, few outsiders think new stores, no matter how well-conceived, will get Apple back on the hot-growth path.”

“Apple’s market share is a measly 2.8%.”

“Apple’s problem is it still believes the way to grow is serving caviar in a world that seems pretty content with cheese and crackers.” – Apple’s own former CFO Joseph Graziano

“Given the decision to set up shop in high-rent districts in Manhattan, Boston, and... Palo Alto, Calif., the leases for Apple’s stores could cost $1.2 million a year each.”
“I give them two years before they’re turning out the lights on a very painful and expensive mistake.”

- David Goldstein, Channel Marketing Corp.
That’s a lot of lights...
Current Apple Stores
(247+)
US and Canadian Apple Stores
247+ stores in 8+ countries
15,900+ employees
15,000+ visitors every week (average)
$1.72 billion in retail sales – Q4 2008
~21.7% of Apple’s revenues
Nearing/surpassing 10% PC market share
How?
1. Strong product line
2. Innovative marketing
3. Substantial and inviting retail presence

Apple Store Fifth Avenue, New York, NY

Apple Store Regent Street, London, UK
Location, Location, Location!
“The conventional wisdom of retailing is that when selling expensive products that are purchased infrequently, like cars or computers, stores should stand alone on cheap land. The assumption is that shoppers will drive a distance for such special shopping trips.”

- Steve Lohr, The New York Times
High income areas
High retail presence
High foot-traffic
High visibility

The Value of Location

Fifth Avenue and Central Park, New York City

With stores like Apple, Bergdorf Goodman, FAO Schwartz and Tiffany, this is quite possibly the best retail location in the world -- or is it?
“Steve’s view was they’ll never drive 10 miles to look at us, but they will walk 10 feet.”

- Ron Johnson, Senior VP – Retail, Apple
Hierarchical Growth Strategy

Over 100 million people within 15 miles of an Apple Store (2004)
“Ambush the customer”

Hit the maximum # of targets with the fewest bullets

Build the Apple brand

Efficient operation
Upscale malls

Prominent shopping districts/streets

The new trend – “Lifestyle Centers”
“It’s costlier in terms of rent, but it gets the Apple brand out in front of would-be customers instead of forcing them to come find Apple – and that seems to be the point of the company’s retail effort.”

- Philip Michaels, Macworld.com
The future...
“We don’t yet know how this economic downturn will affect Apple. But we’re armed with the strongest product line in our history, the most talented employees, and the best customers in the industry. And $25 billion of cash safely in the bank with zero debt.”

- Steve Jobs, Apple CEO
“This is the first of many stores we will open in China.”

- Ron Johnson, Senior VP – Retail, Apple
Possible store locations
Think different.