

Well positioned or only “cool”?

Apple on an image high since 2003

In the 90's, Apple lost the race for market leadership in personal computing to Windows, surviving merely as a niche supplier. But as the internet reached the capacity to be used by the general public, Apple found itself in the pole position: Enjoying the status of a David fighting the Goliath Microsoft, it managed to steal the show with its iPod, positioning it as a fashion and lifestyle item. This also created a media enthusiasm, strong enough even to overcome the stock option scandal of last fall without reputation damage. However, a closer look at the coverage shows that the positive image was almost exclusively due to the coverage of the products. Fundamental topics, especially for evaluating the sustainability of the media peak, were harder to find on the agenda.

Even before the iPod, the products of Apple had the image of being innovative and user-friendly: Mac users, among them especially the core group of the creative professionals, tend to be very satisfied with their provider and have an observably strong brand affinity and identification. So there was fairly little doubt about Apple being able to maintain its 4% market share in the future even without reaching out to the mass market.

Recapturing the mass markets

With the iPod, Apple has reached a status rarely achieved in the computing industry: A highly fashionable product category. While the competition has

been able to challenge the standard technically, they have not managed to create a momentum for their brands as lifestyle statements anywhere comparable to the iPod. In the meantime, iPod no longer follows the trends, but sets them, up to the point where it was the only influence explicitly mentioned by the design expert Mark Gutjahr explaining the comeback of white as the trend colour of the year's Detroit motor show (*Handelsblatt*, December 7th, 2006).

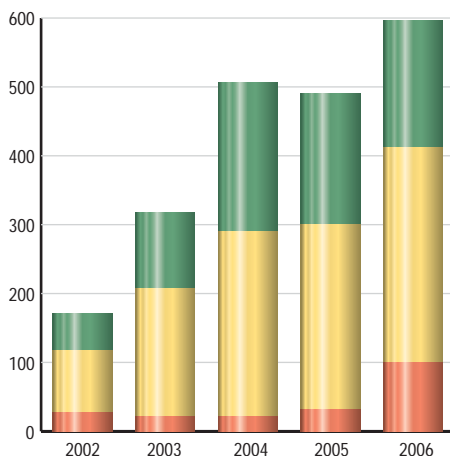
Lack of fundamental topics

But the smooth white plastic surface is hardly the only reason for the iPod taking centre stage in the newly established market of portable digital music. The media has shown its support for the phenomenon as well. The opinion leading German media shows not only a sudden increase of attention since the introduction of the iPod, with no sign of slowing until now, but also displays a steady surplus of positive ratings throughout the whole five year period. This rating turned negative only in 2006 during the stock options scandal. However, that scandal which started in August, affected the media image only until October. On the whole, the average rating in the year 2006 was nothing short of satisfactory (**Chart 1**).

A closer look, however, reveals a vulnerability in the overall image. The analysis of the topic structure reveals that the only two topics with a strong enough presence to cross the awareness threshold were “products” in general as well as “product launches”. Combined with the third most often mentioned topic,



1) Apple in general

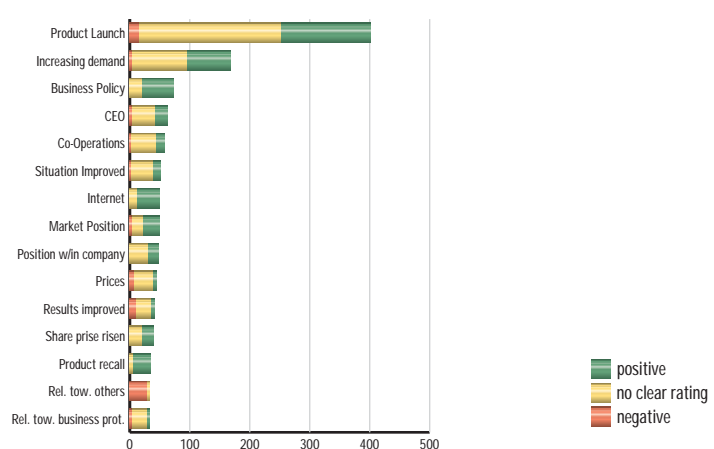


Reports (at least 5 lines/sec.) about Apple

Source: Media Tenor
01/01/2002 – 12/30/2006

Basis: 2.082 reports on Apple
in 19 media

2) Apple issues



Reports (at least 5 lines/sec.) about Apple

Source: Media Tenor
01/01/2002 – 12/30/2006

Basis: 2.082 reports on Apple
in 19 media

open questions

1. With an ever decreasing lifespan of electronic devices, are brand images in danger of becoming as disposable as the products?
2. Being a Goliath on one market, can Apple maintain the sympathies of being a David on another one over the long term?
3. How does a fashionable image transform into a more sustainable form of attention capital?

rising demand, these top three accounted for more than 30% of all reports as well as 36% of all positive ratings (**Chart 2**).

But the gap between the coverage of the topics and the overall image of Apple in the media raises the question of the sustainability of this success. The coverage offers a considerably smaller basis of information: Although the topics “business policy” and “CEO” rank 4th and 5th, right after the product topics and the demand, combined they still account for a fraction of the presence of the reports on the iPod. Moreover, the coverage of research and development topics was not even sufficient to reach the top 15. This is a disturbing sign: For Apple it is not only the decisive factor of keeping the “cool” products coming, but it is also where Apple lost the battle to Windows in the 90’s: Not by being technically inferior to the competitor, but by spending too much money to offer competitive prices for the mass market.

Turning momentum into sustainability

However, the decisive question in terms of sustainability does not reflect on the overall media coverage at all: The iPod is not only a successfully placed successor of a walkman, but it is also one of the most successful applications of the internet that only occasionally requires the use of a personal computer. The integration of the internet into normal life instead of forcing the user in front of a computing machine has been a central concept of long term vision ever since the start of the www. The time for

products of this concept to become a leading paradigm of computing is likely to be still beyond the Web 2.0-era, possibly even past Web 3.0.

Now Apple is positioning itself for the battles to come over market leadership in the “digital living room”. The newly introduced iTV is indisputably a step in this direction, just as well as the announced iPhone. However, Apple is not alone: Microsoft, the mobile phone makers as well as other electronics manufacturers are eying these markets. Due to the digitalisation of television and radio accelerating in many countries at the moment, the pole position of the first round is being fought for right now.

The media coverage of Apple cannot give a sufficient answer to its positioning in this race. For being “cool” in a product segment is invaluable as long as it lasts, but fashion trends tend to be anything but sustainable – or predictable. Therefore, the most important question is: Will Apple succeed in turning the momentum of its present cult status into true attention capital, like trust or prestige? The first challenge is due to arrive when the first flop product does. (me)

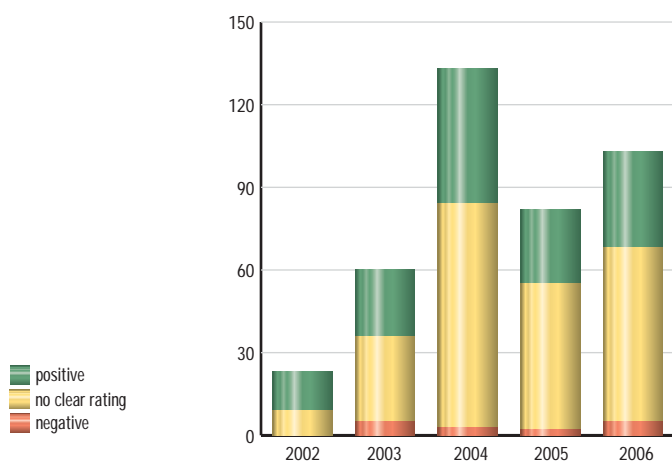
Basis:

Media: Welt, F.A.Z., Süddeutsche Zeitung, Fr. Rundschau, Bild, tageszeitung*, ARD Tagesschau, ARD Tagesthemen, ZDF heute journal, ZDF heute, RTL Aktuell, SAT.1 News, ProSieben Newstime, Focus, Spiegel, Zeit*, WamS*, FAS* (*some issues missing)

Period of analysis: 01/01/2002 - 12/31/2006

Analysis: 2.082 reports on Apple (at least 5 lines/sec.)

3) Apple products

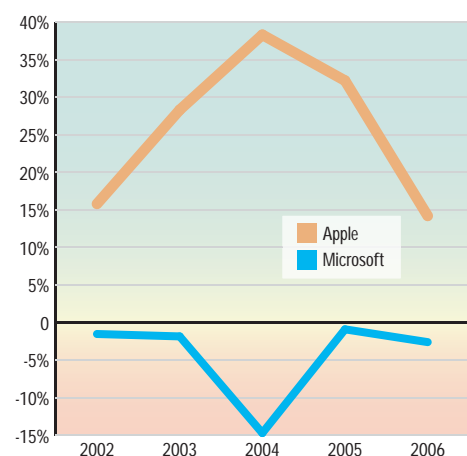


Reports (at least 5 lines/sec.) focusing on Apple products

Source: Media Tenor
01/01/2002 - 12/31/2006

Basis: 401 reports on Apple products
in 19 media

4) Apple versus Microsoft



Average rating of Apple and Microsoft (Share of positive - share of negative passages)

Source: Media Tenor
01/01/2002 - 12/31/2006

Basis: 2.082 reports on Apple,
3.982 on Microsoft in 19 media