



Losing its polish? Samsung takes on Apple with more than just price

| By Robert Passikoff

Apple enjoyed a long and fruitful reign at the top of the smartphone brand heap for many years but its No. 1 position has been compromised thanks to some seismic shifts in how consumers are coming to view categories and brands.

Before diving into how Apple's brand has lost a bit of its luster, consider two trends that emerged from the the Brand Keys Customer Loyalty Engagement Index (CLEI). First, if you want to be successful as a brand and land high on the loyalty list - which comes with a bounty of really good stuff, including sales and profitability - you need to establish a high degree of emotional engagement. However, the definition of emotional engagement depends upon the category in which your product or service competes. For instance, you don't buy a soft drink the same way you buy a smartphone. Emotional engagement relates directly to brand and what a brand stands for - or can stand for - in its category.

Second, besides the obvious importance of emotional engagement, another critical finding from the CLEI was that in many categories, price has become a more important driver or even the most important driver. Generally, categories where price is most important include products that are assessed at similar levels and have nothing with which to differentiate themselves - except price.

Keeping those two factors in mind, let's circle back to Apple.

Apple, which had been on the top of the smartphone category since Brand Keys added the smartphone category to the CLEI, isn't No. 1 anymore. Samsung is. Samsung had previously been No. 2 or 3, depending upon the vagaries of the BlackBerry brand, which is now last on the list.

So how did Samsung dethrone Apple? Samsung did it on the basis of connecting to and/or leveraging two critical emotional engagement values in the smartphone category: digital personal expression and digital identity development, which as you might guess, has to do with how smartphone users view themselves and how they manage that view via their smartphones. You only need to have watched Samsung's advertising over the past year to appreciate its brand message. If you possess and leverage emotional engagement values, you don't have to rely on price.


Samsung will likely be glad not to be competing solely on price, as Apple may be planning a cheaper iPhone. At the Goldman Sachs Technology and Internet Conference on February 12, Apple CEO Tim Cook was asked about Apple reaching markets looking for more affordable smartphones. Cook said, "We wouldn't do anything that's not a great product. ... For people who are more price-sensitive, we've lowered the price of the iPhone 4 and iPhone 4S."

Cook also pointed out that Apple was unable to meet the demand after the price cut, which sounds like pricing cause-and-

effect no matter how you position it. Cook continued, "If you look at Apple's history, the iPod started out costing \$349. Now you can walk into a store and pick up a Shuffle for just \$49."

Now that's true but keep in mind that the iPod was introduced in 2001. It's not unreasonable to think that 1) there would be new products or product extensions and 2) the price would come down naturally, as happens with most - if not all - technology products. And by the way, a Shuffle (2GB) coming in a palette of eight colors isn't exactly the same thing as a 64GB iPod Touch, which costs \$399. But no matter what, Apple is exploring more affordable options and focusing on a price strategy - not an

emotional engagement strategy - which may or may not be a fit for the smartphone category.

That said, there's a rumor circulating about Apple and a watch-like device with a curved-glass design, which just might be the thing to revive Apple's emotional engagement slump. Design - specifically good design - can be personal, expressive and emotional. If Apple can use design to improve emotional engagement and still compete on price, it could see itself back on top. Only time will tell. 

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