

# New retail strategy opens with Apple Watch launch

April 23 2015, by Sophie Estienne

---



The Apple watch Sport displayed in Washington, DC, on April 10, 2015

Apple Watch is coming, but don't expect long queues of people waiting to snare a limited supply of the new devices.

Friday is the official launch day for the new smartwatch, but Apple—which opened pre-orders on April 10—is taking a different

approach than it has for the iPhone and iPad, which traditionally draw huge crowds to its retail stores for product launches.

Apple has confirmed "there will not be people walking into stores on Friday coming out with Apple Watch. Everything will be online."

The stores have been allowing people to get a look at and touch the new Apple Watch, which is expected to instantly become the market leader.

Some people who ordered online will begin receiving the watches on Friday, but many will have to wait.

Apple, which has been advertising the new wearable tech device for weeks, is likely to get the watch out gradually over the coming weeks.

"They just don't have the inventory to support lots of people coming into stores now and buying it," said Stephen Baker, an analyst with NPD Group.

Baker noted that Apple is also concerned about how consumers will respond to a new product category.

"If they did it the normal way where millions of people wind up and just grab it, they're worried about usability, they're worried about returns, they're worried about customer satisfaction," he told AFP.

The crunch is likely to continue into June, when supply may catch up to demand, enabling people to buy in stores.



A salesman demonstrates the Apple watch in Washington, DC on April 10, 2015

Melanie McShane, strategy director at the consultancy Wolff Olins, said Apple is seeking to develop a different relationship with customers for the new product.

Apple is introducing "the luxury of a personalized appointment," she said.

"Much as a tailor measuring for a suit. Arguably they are elevating the process of personal shopping for everyone. It's a touch of Savile Row, with a modern twist."

The new strategy has previously been used by jewelers and custom tailors, and appears to be inspired by Angela Ahrendts, hired in 2013 by the US tech giant from Burberry to head up retail efforts.

## Finding the right mix

Apple Watch will be more complicated for the tech giant because of the vast number of options for customers, with prices ranging from \$349 to \$10,000 or more.

"Apple is offering 38 different models of Apple Watch and it has no order history to go on," said Carl Howe at Think Big Academy.

"Instead of guessing at the right mix of models to manufacture, I believe that while Apple has manufactured a large number of Apple Watch electronics modules, it will perform the final assembly of final products—the unique combination of module, case, and band—to order. This approach will allow it to keep inventory costs low and satisfy as many consumers as possible."



The Apple watch Edition, made of 18-karat gold, is displayed in Washington, DC on April 10, 2015

Andres Siefken, chief marketing officer at Daymon Worldwide, says Apple executives "are masters in managing shortages."

"They are known for keeping people drooling for devices and waiting, and that in history for them has just generated more demand," he added.

Siefkin said Apple "may be lowballing the first production to see how the watch really sells," but should be able to quickly get a handle on demand and supply.

"If you have pre-orders you can manage the production," he said.



A customer tries on a model of the Apple Watch during the device presentation at the Apple Store in Lyon, France, on April 10, 2015

Baker at NPD said it's not clear if this will mean a shift for Apple in the rest of its retail efforts.

"The one-to-one kind of purchase activity, that's really not how they built and designed the Apple stores," he said.

"It's grown into a mass marketplace where lots of people come to buy lots of products, and not that quiet one-on-one environment of a higher end store. There's a question of what happens next, if they turn more and more to this one-to-one fine experience, that really change the nature of the stores for Apple."

© 2015 AFP

Citation: New retail strategy opens with Apple Watch launch (2015, April 23) retrieved 25 April 2024 from <https://phys.org/news/2015-04-retail-strategy-apple.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.