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### 4.5 THE 4Ps - PLACE: ACTIVITY K

Read the case study information below and answer the questions that follow.

#### APPLE OPENS MORE OF ITS OWN STORES



**Oooh shiny!**

Apple computers has announced plans to open more of its own branded stores in the USA and China as it continues to develop this distribution channel. Just a few years ago the Silicon Valley company, famous for the first personal computer in the 1970s and more recently the iPod, always relied on other retailers and its website to sell its ever-growing range of products. The new retail stores are likely to be well received by consumers if recent reports from New York and London are any guide.

Some business analysts believe that Apple runs a real risk of coming into conflict with its existing retail partners – including the US chain CompUSA. “Why should other retail stores bother to sell and promote Apple products if the company is going to compete directly with them on the high street?” said one investment specialist. There are also fears that Apple could fall into the same trap as Gateway, another PC maker focused on the consumer market. Gateway had to close about 40% of its North American stores, saying it had over-extended itself at a time of slowing PC sales. Apple is investing heavily in property and there is always the risk of stock build-up at a time of slower world economic growth.

## 4.5K: The 4Ps - Place: Activity

Apple plans to open two new stores in high-profile shopping centers near Las Vegas in the USA and in Chaoyang district of China. Apart from selling the usual Apple products – computers, iPods, Apple TV and the like – the main draw in shops will be the Genius Bar – a counter where users will find several highly trained Mac Geniuses ready to advise on any technical questions. There will be hands-on Apple Retail Store Experience giving consumers the chance to test-drive Apple's entire product mix. The stores will also run a series of daily creative workshops to teach customers how to make the most of the programmes available.

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### QUESTIONS: 25 MARKS, 45 MINUTES

1. Define the following terms:
  - i. Distribution channel
  - ii. Retailer

**[4 marks]**
2. Outline the different distribution channels Apple could use to distribute its products.

**[6 marks]**
3. Analyse the effects on existing retailers of Apple products of the opening of new Apple stores.

**[6 marks]**
4. Evaluate Apple's decision to open new Apple stores as a way of distributing its products.

**[9 marks]**