

Model Answer

Discuss whether Apple should rely on brand loyalty when introducing new products.

Brand loyalty is when a customer will only buy a certain brand of products. For example a customer may choose to only buy *Iphones* when buying a *mobile phone*.

An advantage is that there is less risk when introducing new products like the *iPad*. **This is because** they know customers are satisfied with their other Apple products and are more likely to try the product. **This will lead** to more sales of their products and again increase the profits of *Apple*.

Another advantage to *Apple* of brand loyalty is they will have to spend money on advertising when introducing new products. **This will lead** to lower costs of advertising and will **therefore** increase the profits for *Apple*. This money could then be used to invest in further product development and *technology*.

However this could be a risk for *Apple*. **This is because** if they are not advertising their products, like the *iphone 4*, customers may not be aware of the new products. **This could lead** to current customers not knowing what is new on the market and *Apple* won't be gaining any new customers from competitors like *Sony*.

It is also a risk as *Apple* might find that current customers will not be loyal. **This could be because** the *Apple range is expensive* and customers can't afford this in a recession. **The effects of this are** that *Apple* will lose customers and sales, **which will in turn** will lower their profits.

In my opinion I think that it is a risk for Apple to rely on brand loyalty when introducing new products. I think **in the short term** they will find that customers may stay loyal as the products are new and innovative on the *communications market*. **However** in the long term they will need to increase sales to expand *Apple* and will **therefore** need to use other promotion methods.