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Strategic Insights On:
Consumer Electronics

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Consumer Electronics

Always swiped, zoomed or connected to the latest in tech, we're often fortunate to be tapped to turn consumers onto the latest electronics brands. Building new brand advocates or creating ambassadors, our goal is simple, create strategies that becomes music to the ears.

We hope you enjoy this content and evok's commitment to the consumer electronics industry. If you would ever like to be a guest writer or suggest blogs for us to write, please contact us at info@evokad.com.



WHAT'S NEW WITH APPLE?

The highly anticipated annual Apple Conference happened on June 5 and it was then that Apple revealed what we can expect to see next. Questions consumers were asking included everything from the new iPhone 8 and Apple Watch rumors, to iOS updates, to name a few. Let's explore what's new with Apple.

Homepod

Similar to the Amazon Echo, Google Home and Sonos systems, the Homepod will be used as an entertainment device – one can ask it to play a certain song or the name of the lead singer on a certain album. A Siri device, you will be able to ask it questions regarding the weather, recent news headlines and home conditions. This will be available in black or white, will be priced at \$349 and is expected to launch in December.

iMac

Apple announced at the conference they are launching all new versions of their hardware. The iMac desktops will come standard with better graphics and retina displays that support graphics for VR content. The MacPro will have a 5K display and an 8-core processor, with an option to increase to 18-core.

They will have up to a 4TB Solid State Drive (SSD), and up to 128GB of Error-Correcting Code (ECC) memory and built-in 10GB Ethernet. The new iMac starts at \$1099 and the MacBooks will get an upgrade as well, starting at \$1299. High Sierra is the working title of Apple's new version of the MacOS. It will bring updates to Safari, blocks auto play videos, possesses new photo editing tools and better sorting tools.

Apple Watch

Consumers can expect to see upgrades to the Apple Watch, with new faces including Mickey Mouse and Toy Story. Siri will also send wearers reminders on their watches, encouraging them to exercise or be more active.

For fitness-focused people, while at the gym, your watch will sync with the gym equipment to share calorie and activity level. There will also be a music upgrade to allow users to locate their music faster and organize it better.

iOS Update

Although iPad sales have gone down, Apple is still committed to the iPad this year. The upgrade to the iPad iOS11 will improve multitasking and be able to drag and pull apps around better, similar to what has been available in the MacBook. Launched was a 10.5-inch screen, a 12-megapixel camera, 7MP selfie cam and 10 hours of battery life. Apple also rolled out a 12.9 inch iPad.

Apple accessories like the Apple pencil will also be getting an upgrade to come out later in the year. The pencil will be smoother and easier to use. The cases for mobile devices will also see some newer colors.

In the iOS software update, Apple made it easier to pay and receive money from contacts by using iMessage. Siri can now translate into different languages with better speech upgrades. Mobile devices will also take better photos in low light. The upgrades have added a safety feature that detects when the user is driving a car and will automatically go into do not disturb mode.

Augmented Reality

Apple has talked about doing more with Augmented Reality and really showed it at the conference this year. They launched Arkit to help developers build augmented reality apps for the iPhone and iPad. A demo at the conference showed how virtual objects can be placed on a real table through the iPhone's camera. Pokémon plans to use this new technology to improve real time in the game.

iPhone 8

There are lots of rumors that Apple will come out with a new iPhone version, especially as this year is the 10th anniversary of the iPhone. Apple is keeping it a secret, but they are planning something big this year for the phone. There have been some leaks as to what we might see in this new phone design. The phone will be redesigned with an edge-to-edge display that will eliminate the home key and even may replace the fingerprint recognition with facial recognition technology.

The display itself is said to be a flexible plastic OLED rather than an LCD. The phone will have cordless recharging capabilities, better display and, of course, will be faster. It is also expected to be water resistant. While these are all rumors though, we hope to know what Apple has in store for this new phone soon.



IPHONE X VS. IPHONE 8: A LOOK AT CUSTOMER CONFUSION

Apple surprised the world with their announcement that on November 3, we can expect to see three new phones: the iPhone 8, iPhone 8 Plus, and the iPhone X. It's called the "iPhone ten", not the iPhone X—just to clear up any confusion. Moreover, the differences in the phones and which one they should choose is a little confusing to consumers. How is Apple marketing these new phones and how are they taking the confusion away?

Distinct Similarities and Differences

The iPhone X and 8 have many similarities. They both have A11 bionic chips, improved cameras, wireless charging, and support augmented reality apps. The iPhone X is the higher-tech phone and called the future of phones because it has edge-to-edge OLED (organic light-emitting diode) screens and facial recognition—the first phone to ever have this technology—and a more vivid display.

The display on the iPhone X is larger than that of the 8 and 8 Plus. The iPhone X also comes with a larger price tag to match, which, at \$999, makes it the most expensive phone on the market and even priced \$300 more than the iPhone 8.

In 2013, Apple launched two phones at the same time: the 5C and the 5S. The 5C was the less sophisticated of the two. "The iPhone 5C was a 'good enough' phone for developing markets. It was to get into China, India, and Latin America," said Jefferson Wang, a senior partner at IBB Consulting. "Here, the iPhone 8 is still the flagship phone. They haven't bumped anything down. They created an ultra-premium layer."

Back in 2013, Apple's strategy was to get their phone in everyone's hands. But now, they have a more exclusive strategy. With the 8 and X phones, both being of the highest quality, they have created devices beyond the technology of any other competing product to appeal to the high-end market. The strategy in this launch is to be at the top of the phone market. They still have the older generation phones for sale and with all the different phones available, it will be the most phones ever offered by Apple with eight phones of new and older generations available for purchase. Now, they will have a phone in a price point for every customer.

Marketing Tactics to Counteract Confusion

To combat the confusion of the different phone choices, Apple has created videos to promote the different features of each phone. They also have side-by-side comparison charts so the consumer will know the features of each phone. The main selling feature of both the 8 and X phones is the ability to use augmented reality apps.

Preorders for these new phones have models sold out before they even go on sale. Materials used for the iPhone X are in very limited supply, so they will sell out quickly. So how has Apple built such a strong brand and a strong fan base? Here are some ideas on how they did it:

- They ignore their critics and do what they think is right. They do not listen to the people that tell them they cannot do something. Every time they have tried something new, like the iPad, they were criticized that it would not work. Clearly, they've proven those critics wrong.
- They have always used original design on their products and do not use standardized parts.
- They charge a price they feel is fair based on their quality, innovation, and uniqueness...which is usually two times that of the competition.
- They use marketing techniques that do not overload the customer on technical terms. They show the consumer what the product will do for them and how it will improve their lives.
- They extend their brand's message to all aspects of their company. Their ads, products, support systems, and packaging all have the same brand feel.
- They have built a strong loyal following by offering a high-quality product with high-end service.

Regardless of how Apple markets their products, they do not just want to be the leader in the marketplace, they want to own the market.



EXACTLY HOW SMART ARE SMART TVs?

Mechanically, it is the same TV as a “not-so-smart TV,” but a Smart TV connects to the programming source by wired Ethernet or Wi-Fi, which connects to your home network, allowing consumers to stream movies, TV shows, surf the Internet, etc. Every Smart TV manufacturer makes their TV’s with different software so they all offer different things, yet most support the most popular apps like Netflix, Hulu, Amazon Instant Video and Pandora; the higher-end models may offer more TV apps than the lower-end models.

Some TVs even allow you to add the camera accessory to use Skype and video services, for an additional cost. Others allow you to purchase apps that have different gaming options. Social media sites like Facebook and Twitter can be accessed using your Smart TV, and some really advanced TV’s have pens that allow you to write on the TV, leaving notes for your family – who won’t eventually find that note?

What You Need To Know

Since most consumers access the Internet on their Smart TVs via Wi-Fi, a strong signal is required for reliability, and consumers who have a large home or the TV is positioned far away from the wireless router, may need a signal extender. Fix this, or you might be watching your favorite movie and have it buffer just at the best part.

But, even if you have a great Internet connection, your operating system may freeze or crash from time to time, but usually just shutting the TV off and turning it back on will fix this issue. Security risks can be perceived as high, as these TV’s can be hacked and get viruses just like your computer, so consumers are warned to be very careful with personal information.

In fact, many recommended not shopping on a Smart TV, as they are less secure than your computer. A concern of the people using the camera attachment is that someone can hack your TV and spy on you while in your living room, so you might want to make sure you disconnect when not in use. The only additional cost with the Smart TV is the Internet service and a small upfront-cost of about \$100 for most models.

What Smart TVs Mean for Advertising

Samsung and LG are the first of the Smart TV manufacturers to put advertisements in their TV Software. This type of advertising is still pretty rare in the TV market but you will see this more and more. Some TV’s allows consumers to select the ad banner and decide if you would like to see the ads or turn it off if you don’t.

Advertising companies are creating software for Smart TVs to track consumers purchasing habits after seeing an ad, with smart TVs attached to home IP addresses, we can provide multi-touch attribution to connect first-party data and track actions users take on advertisers’ sites” after viewing TV ads. This information will help advertisers track how effective their ads are, which will allow them to use their dollars where they can generate the most revenue.

The newest Smart technology is called “addressable TV,” and will change TV advertising forever. Data can be obtained from IP addresses to capture interests from searches on computers, smart phones and tablets. If a consumer is searching for a blouse on their computer and then later in the day they get an ad reminding them of that new blouse on their phone, they might think they must really need that blouse and it is destined to be theirs.

This is how marketers are targeting their ads to people that have an interest in a certain product and we know this based on their search history. This is similar to the concept of the addressable TV, where advertisers can show different people different ads while watching the same show.

They can target their advertising to the people most likely interested in their products or services. The advertisers get a larger impact from their ads and the consumer gets more relevant ads, people may even enjoy watching the commercials with this technology. It might be a while before we see this in our homes, as audience measurement will need to integrate traditional, panel-based gross rating points and internet-enabled, census-based measurement before the potential of addressable advertising can be fully realized.



VIRTUAL REALITY: ADVERTISING'S NEW WAY OF STORYTELLING

What if you could take on an adrenaline-filled adventure without any of the risk... play alongside your favorite pro athletes...be front row at the next Beyoncé concert... all from the comfort of your living room? With virtual reality technology, these experiences, and many more are made possible. For advertisers, what once seemed a medium too far into the future to explore is quickly becoming a very real part of today's digital world—what story will you tell?

If Seeing Is Believing, How Far Can First-Hand Interactions Get You?

An evolving technology presenting endless new opportunities for advertising and marketing teams, virtual reality has the potential to truly turn the ad world on its head. VR technology takes consumers for a ride, a jump, a walk and nearly anywhere else in the world, to do nearly anything. It can reach audiences with experiences they are already seeking, allowing advertisers to deliver that emotion and engagement with a branded message.

Leveraging Tomorrow's Technologies Today

From major sporting events to promoting major films and television shows, the advertising industry has already proven the success of this new technology.

Mountain Dew created a VR skate experience by capturing a 360-degree scene with six GoPro cameras. Consumers just had to put on a pair of goggles to become fully immersed, dropped into a whole other environment. This opened up the world of skating to a whole array of people who had never tried it before, while also providing a way for Dew Tour fans to get the once in a lifetime opportunity to skate through iconic places with their favorite professional athletes.

Coca-Cola's World Cup experience also made participants feel like they were a part of the game. Starting in a make shift locker room, guests put on goggles which gave them the ability to walk onto the field and play along side some of their favorite players, without getting out of their seat.

Recently, Create Advertising Group announced the creation of its own virtual reality division with an installment promoting Robert Zemeckis' new feature film *The Walk*. The experience asked movie fans "Can You Walk the Walk," placing them on the wire spanning the two towers of the World Trade Center, 1,300 feet above New York City. Each of these uses gave the audience an experience that could never be possible otherwise.

The Future of Virtual Reality

Gartner Group projects over 25 million virtual or more limited augmented-reality combined headsets will be in the hands and over the eyes of consumers globally by 2018. Companies like Samsung, Google and even Facebook have begun to unveil their VR experience headsets and Sony is currently working on bringing VR technology to a potential 10 million households with its gaming headset, Project Morpheus. With these numbers, it's only a matter of time before the call for advertisers is undoubtedly sounded and this new medium begins to be more broadly explored.

Although this technology may be our future, as advertisers, we cannot rely solely on its innate "wow factor." Challenging ourselves to hone in on a brand's authentic story is still our number one priority, and one we must achieve through a great execution, strategy and concept. Only then can we map our ideas into these facets of emerging technology and once again revolutionize the way advertising campaigns are consumed by their intended audiences.



INFLUENCING THE INFLUENTIALS

Businesses devote a good deal of their budget to advertising and marketing with the goal of reaching as many members as possible of their target demographic group. One philosophy claims that reaching select members of the desired demographic will result in “word of mouth” advertising that effectively spreads the word about their product or service among diverse groups within the larger group.

Ed Keller, CEO of NOP World Consumer, a market research company, observed that within every group are individuals who influence the opinions and actions of others. Such people do not necessarily hold public office or have a high public profile, yet have several traits in common. They move within several social circles, are always the center of the conversation and are considered by others to be a credible source of information.

Keller calls these socially active people “Influentials” whose high degree of connectivity makes them important generators of buzz. His book, *The Influentials*, co-authored with Jon Berry, studies how such individuals create the ripples that radiate out to shape buying habits – and what businesses must now do to reach them.

So who are the Influentials in the 12-volt world? Start taking a good look at local and regional car sound scenes. Consumers not only note what the national champions use in their winning installations, but also what competitors who are active in their local sphere choose.

No matter how small the town, if there’s an install shop hosting a show or competition, you can be sure its owner is an Influential. If you’re a manufacturer, target him to start carrying and/or promoting your products. If you own an install shop, you know the people who are serious about competing or tricking out the tightest whip. Because other people with money to spend follow their lead, make sure you get the Influentials into your shop. Influence the Influentials, and watch how positive word of mouth builds business.



POWERING UP PRODUCT DESIGN

Consumer demand for good product design is driving the phenomenal success of Apple's iPod, Target stores and even a wastebasket – namely, the Garbo, designed by Karim Rashid for Umbra. Manufacturers who ignore the importance of industrial design do so at their peril, sure to be overtaken by competitors whose products may be equal in quality but superior in eye appeal. Our in-house industrial designer (and multiple International CES Innovations award winner) offers the following advice:

Consider the end-user's needs. When developing a product, make it easy for the consumer to use. A clean interface typically manifests itself as good design – a basic principle known as "form follows function."

Also consider your materials. Returning to that popular wastebasket, Rashid's use of polypropylene in translucent colors provides the ideal complement to its sleek lines. Contrasting textures can create further visual interest – especially helpful for products that don't offer much room for design innovations.

Keep in your target market's cultural loop. Being aware of trends in music, fashion, entertainment and lifestyles will inform product design. Know how members of your target market see themselves, and your product will be able to enhance their self-image (and perhaps even social status, as owners of a certain portable digital music player can testify).

If you are not a member of the demographic group to whom you're marketing, talk to people who are. Get input from consumers through your website, as well as such face-to-face opportunities as event sponsorships. Meet with members of your sales staff who fit the demographic to learn what they're hearing from retailers and their peers.

Keep up with technical improvements in materials and tooling that allow you to economically bring good design to market. When form follows function, so do profits.



BRAND RELEVANCE

Keep Your Brand Relevant

CHANGE & REARRANGE

Brands that don't keep up with changes in the market fall behind. This is an obvious observation, yet one that you should say out loud to yourself, your R & D department, marketing department and any other relevant people in your company on a regular basis. Coming off of 2008 International CES, we saw brands that didn't exist five years ago attract hoards of buyers and TV crews to their booth, while some long-established brands generated little excitement for this year's offerings.

Remember the Sony Walkman? Once considered the only portable audio player worth owning, it lost the hearts of consumers upon Apple's introduction of the iPod. Originally a portable cassette player, the product became an immediate success when it debuted in 1979 – so much so that the name "Walkman" was in danger of passing from a brand name to generic term. Other portable cassette players were on the market, but no one who was anyone had anything other than the Walkman attached to their earbuds.

The 1980s saw the Walkman's transition from cassette to CD player. Keeping its new design sleek, lightweight and hip, Sony continued the brand's category dominance. But Sony evidently wasn't paying attention at the advent of the digital audio era, when Apple seized upon its opportunity to change the way consumers experience music (and now other downloadable media).

The Walkman eventually morphed into an MP3 player, but Apple's ownership of the market is – so far – absolute, despite such challengers as Microsoft's Zune. Sony Ericsson debuted the Walkman W810i – a nifty cell phone with plenty of impressive features – But guess what product came along to steal its thunder (not to mention practically upstage the entire show)? That's right, Apple and the iPhone.

The take-home lesson from our cautionary tale? If you're not creating a culture, and therefore a market for your brand like Apple does (although you should be), make sure that you're hyper-alert to technological advances, anticipate their impact on consumers and immediately adapt accordingly. Otherwise, you'll be left in the dead center of the mushy middle with other brands that were slow on the uptake, while the brand with the vision and passion redefined the category.