



## Why Forcing Market Change Is Good Strategy

**Apple is forcing change on the market again and that's no bad thing.**

It's happened again. Tech bloggers are mourning the loss of yet another technology that Apple has mercilessly thrown out of one of its devices. This time it's the 3.5mm audio jack, a 138-year old technology that allows users to connect any type of wired headphones to their iPhone to listen to their music. The alternative will be the AirPods, wireless headphones that will connect seamlessly with the device. However, conspiracy theories abound that a world without wires is actually an attempt by Apple to tether us closer to its technology and products.

Apple says its decision is characterised by "courage". It rightfully points out that customers want more battery power, better screens, better speakers, sharper cameras and faster processors, all of which is competing for space inside the same enclosure. Still, the techies **aren't hearing it**.

However, I would posit that it's not the techies Apple is trying to please here. It's regular people – "the rest of us" like Apple promised in its famous **1984 Macintosh ads**. Most iPhone users like the iPhone because it just works. It's simple, but its functionality is high and valuable. Many users are tired of pulling their tangled and mangled headphones out of their pocket and handbags, then struggling to put them right for five minutes, not to mention the very real strife of jogging with wires all over the place.

It's high time we lost the wire, but the removal of the

audio jack is about more than the elimination of a humble analogue technology. It's also a lesson in making innovations succeed by changing the market, instead of trying to responding to it.

### First mover

Apple has been at the forefront of removing old technologies before. It was the first computer maker to take out the compact disc (CD) drive from its MacBook computers, making the MacBook Air the thinnest laptop on the market. Later it killed the 30-pin connector USB cable in favour of Lightning. At each stage it has arguably helped customers make the transition to its new technologies, albeit at a cost. For those still in need of the use of CDs, customers could buy an external disk drive to plug into their laptops. Customers not able or willing to upgrade to a device with a Lightning port could also buy an adaptor for their 30-pin connector. As the underdog computer maker, it was easier to take the risk of radical changes. It is refreshing to see that Apple, even as a leader, has not lost its appetite for taking risks – even when it means eliminating one of its own **icons**.

There are always gripes about the extra money customers have to fork out for the kit needed to bridge to the new technology, but eventually the customer comes around to Apple's way of thinking, mainly because it adds value along the way. We can

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see this dynamic reflected in INSEAD's Blue Ocean Strategy. In the famous "strategy canvas", companies like Apple are encouraged to eliminate and reduce complexity and variety in favour of high value, easy to use functions, which we see across **Apple's corporate strategy**, from computers to **iTunes**.

As I **wrote previously**, when it comes to marketing innovations, instigators need to bridge three key gaps; first the understanding gap, secondly, the attractiveness gap and thirdly, the behavioural change gap. Innovations do not automatically create conditions for their adoption but the behaviour change must be managed for it to succeed.

### Preparing the ground

Human beings are naturally loss averse. When comfortable with a technology, they don't like to give it up. But as we've seen before, Apple is good at changing behaviours because it knows how to simplify life. Yes, AirPods last longer and are easier to charge than other wireless headphones. But the bigger innovation is the simplification of the pairing with the phone. They connect automatically to the phone when they are out of the pouch and the phone recognizes when you wear them in your ears to send the sound to right output.

Still, this time could take a bit longer, especially if customers fear losing one of the AirPods. One big change in the strategy is that the customers won't be getting these headphones for free with their new phones. They'll get an adaptor to help them make the transition instead. This might make the transition a longer one, but it seems likely to happen in the end.

Apple's transition to wireless music started with its **acquisition of Beats** and its range of Bluetooth headsets, which make travel and running a breeze. The AirPods are a way to mainstream this technology and behaviour, increasing the usability and comfort of using Apple devices, especially when exercising. The company's interest in health and wellness is well-known. The Apple Watch carries a heart-rate monitor as well as step and sleep tracking. It is highly likely that the AirPods plus the Apple Watch will become the only companions a jogger needs, leaving the phone for other functions, especially since the Watch can hold a music library of its own as well as carry out GPS tracking in the new Apple Watch Nike + version.

One could argue that Apple is trying to offset **declining sales of its iPhone** and the AirPods will prop up sales of its "other" category, which includes the Watch and iPod. Either way, the company is leading the way yet again – not with breakthrough technology, but with a solution that is user friendly

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and intuitive. It's thus safe to assume that Apple's customers are likely to get on board with it, especially those increasingly interested in health and wellness.

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