

PLASTIC & APPLE

I heard the most fascinating story the other day. I think it must be heard by many people. I was invited to an evening talk and discussion where Mr. Bob Balke of Eastman Chemical Company, USA was the speaker. Many of these evening “talks followed by dinner” are social and cosmetic in nature. I went reluctantly. After the usual stuff on why innovation etc., Mr. Bob told us the story of his involvement with Apple computers through plastics (which is one of Eastman’s products).

The normal plastic that one finds in computer casings is a drab beige or an uninspiring black. Not only is this a very small cost component of the computer, it is a low cost commodity type of a material. So Mr. Bob and his team wanted to see how high quality plastics could be sold to the computer manufacturers. So did they have an “offsite” where a new selling strategy could be worked out? No. They went into places where computers were used. They went into offices and homes and studied how each person related to his / her computer. In the offices, the pattern was more or less similar. Computers were bought for a more or less standard set of specifications that defined the computer as a “tool” : RAM memory, speed, hard disk space, windows based etc. However, in the homes, the computer took on a character of its own. If it was in the drawing room, it was not only kept in as inconspicuous a corner as possible, it was covered up. If it was in the bedroom, it was decorated (you can’t have a drab beige box in a bed room!) A slow, “286” type machine bought at throw away prices with no floppy drive, handling any memory was placed in the kitchen to hold recipes and pasted over with “post-it” stickers! Also, the computer in the bedroom was used largely for internet connectivity. Only the computers in the study were used for work!

Armed with this in depth study of the usage of home PC’s, the team at Eastman came up with creative ideas on how the use of decorative plastic and attractive designs could change the home PC market. They talked to many of the big names in the industry. No one was interested, except Apple. Apple was struggling at 2% market share at that time! (and I must add here, that Apple has the ‘identity’ of a maverick). The team at Apple saw what this study meant. The result was the I-Mac. One of the few industrial products to be displayed at the metropolitan museum of modern art!

The marketing Pandits shook their heads and said “\$400 million in advertising for a computer that has no floppy, no real features only a single wire to plug in! This will be a disaster”. Fortunately for Apple & Eastman, the I-Mac opened up a whole new set of buyers a majority of whom were first time users. The home PC market exploded, Apple went from 2% market share to 15% market share in 8 weeks!!