

Apple and lenovo's technology stratagy

Technology



TheTechnologyStrategy Comparison of Lenovo and Apple MG 8673

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computer hardware and electronics company.

The company was formed in China and incorporated in HK and would grow to be the largest PC company in China. And in 2005 Lenovo acquired the former Personal Computer Division of IBM. Its products include personal computers, tablet computers, mobile phones, workstations, servers, electronic storage devices, IT management software and smart televisions. Today, Lenovo is a US\$21 billion personal technology company and the world's second-largest PC vendor¹, it has more than 26, 000 employees in more than 60 countries serving customers in more than 160 countries².

Apple is an American multinational corporation, incorporated on 1977. It engaged in designing, manufacturing and marketing mobilecommunicationand media devices, personal computers, and portable digitalmusicplayers. Apple sells a range of iPhone, iPad, Mac and iPod compatible products, including a portfolio of consumer and professional software applications, the iOS and Mac OS X operating systems, iCloud, and a range of accessory, service and support offerings. It also sells and delivers digital content and applications through the iTunes Store, App Store, iBookstore, and Mac App Store.

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Also Apple is the world's third-largest mobile phone maker after Samsung and Nokia³. As of November 2012, Apple has 394 retail stores in fourteen countries⁴. It is the largest publicly traded corporation in the world by market capitalization, with an estimated value of US\$626 billion as of September 2012. It currently has 72, 800 permanent full-time employees and 3, 300 temporary full-time employees worldwide⁵. Lenovo Company's vision and mission 1. Lenovo has a long-term goal of becoming the leading personal technology company in the world.

It aspires to achieve this goal by leading in three key areas: Personal Computers: Lead in PCs and be respected for its product innovation and quality. Convergence: Lead the industry with an ecosystem of devices, services, applications and content for people to seamlessly connect to people and Web content. Culture: Become recognized as one of the best, most trusted and most well-respected companies to work for and do business with. 2 2. Lenovo is building a way of viewing the world and doing business—it introduces the newest products in China and then spread across the globe.

AlsoCase Studywill describe why Apple Inc. is a very successful company.

Lenovo believes that the new way of expansion from East to West is the way of future 3. Lenovo's business is built on product innovation, a highly efficient global supply chain and strong strategic execution. The company develops, manufactures and markets reliable, high quality, secure and easy-to-use technology products and services for customers who want technology that does more. Apple Company's vision and mission 1. Apple believes that

they are on the face of the earth to make great products and that's not changing. They are constantly focusing on innovating.

They believe that we need to own and control the primary technologies behind the products that we make, and participate only in markets where they can make a significant contribution. 6 2. Apple is committed to protecting the environment, health and safety of their employees, customers and the global communities where they operate. They recognize that by integrating sound environmental, health and safety management practices into all aspects of their business, they can offer technologically innovative products and services while conserving and enhancing resources for future generations.

Apple strives for continuous improvement in the environmental, health and safety management systems and in the environmental quality of their products, processes and services. 7 Lenovo Company SWOT Analysis Strengths | Weaknesses| * Mass and strong relationship with domestic mainland Chinese customer * Mass Manufacturing and low production cost. * Excellent marketing and distribution strategy. * Merge with IMB Personal Computer | * Mundane Outlook * Relative weak Global Brand Perception * Relative weak Online Sales * Not qualifies After-sales Services * Limited knowledge of global market| Opportunities | Threats| Chinese Government Association * Fast growing Personal Computer market * The neighbor hood Indian is becoming the fastest growing PC market in the world * Signing of memorandum of understanding with USA * Specialty shops providing one stop platform for distribution| * Appreciation of RMB will increase product price outside of Chinese market * Competition threats from local and

international competitor * Price war * International competitors forming alliance with local competitors. * Industry Reaching Maturity| Apple Company SWOT Analysis Strengths | Weaknesses| Large segment of loyal customer called “ Apple fans” * Strong brand image. * Retail Stores provide the experience and eye –catching Apple product * Huge R&D Innovation | * Patent infringement. * Product recalls. *Failureof Mac Mini and Apple TV * The fast speed of changing product generation | Opportunities | Threats| * Strong growth in smartphone and personal computer industry. * Cooperation with other big company likeGooglecoupled to create new innovation * Apple product lock in customer behavior| * Rising popularity of Google Android. Market competition in PC and smartphone industry. * Dependence on specific suppliers. * Theleadershipafter Steve Jobs| Porter's five forces for the companies industry New entrants, bargaining power of supplier, bargaining power of buyers, Substitute, Rivalry 1. Smartphone market share is basically covered by big cellphone manufacture company e. g. Apple, Lenovo, Samsung, HTC, Nokia, Blackberry. They have huge R; D innovation, large based andloyaltycustomer, excellent marketing and advertising strategy. The new entrants are limited in this market, and they are rarely to survive. . This case is the same in Tablet and PC industry. This entrants are also hard to get into this market, because the market share are occupied by those big company such as Apple, Lenovo, Netflix, Samsung, IBM, Dell, HP, Sony. 3. Lenovo and Apple make the product outsource to the supplier such Foxconn. But basically suppliers have relatively weak bargaining power with Lenovo and Apple, because Apple and Lenovo odder huge numbers of electronical products from the suppliers, they stand in a relative strong side in the bargaining table. 4.

Even though the competition in the smartphone, Tablet and PC industry is toughly intense, those markets are fundamentally regulated. When a product is put onto market, the price is fixed. But customers have some bargaining power eg the old generation always cut down price for customer when new generation go in. to market. 5. Smartphone, Tablet and PC products all have substitute. 6. Lenovo and Apple face strong competition and they have so many rivals in each of their product line eg Microsoft, Sony, HTC, Samsung.

Product market matrix Product| Present| New|
Market| Present| Market Penetration| Product development| | New|
MarketDevelopment| Diversification|

In product market matrix, Lenovo and Apple product are both in a present market and their product are basically present, so the majority of their product are in the market penetration place. Meanwhile, for some product like when Steve Jobs launch the iPad in 2010, it was a breakthrough in the tablet PC industry. So in some cases some Lenovo and Apple products in some specific time are in the product development place. Growth share matrix Star| Question Mark| Cash Cow| Dog| High Share Low Share

High Growth Low Growth Because there is obvious potential growing trend in the smartphone, PC, notebook and tablet industries, meanwhile Lenovo and Apple both have high market share, so in the growth share matrix, they are both STAR companies. Technology Operation Products Comparison| Apple Product| Lenovo Product| Phone|phone VSLephone| | | Notebook|Macbook Pro VSThinkpad| | | Tablet |Ipad VS|IdeaTab| | | Desktop|MacVS|IdeaCenter| | | TV|Apple TVVS|LeTV| | | Notebook|Macbook Air VS|IdeaPad| | | First

Mover/Dominant Design For apple product, the first market dominant design is the iPod.

Since October 2004, the iPod line has dominated digital music player sales in the United States, with over 90% of the market for hard drive-based players and over 70% of the market for all types of players. 8 The second Apple dominant design product is Ipad. When Steve Jobs released the Ipad on April 3, 2010, Apple sold more than 15 million first-generation Ipad prior to the launch of the Ipad 2—selling more than all other tablet PCs combined since the Ipad's release, and reaching 75% of tablet PC sales at the end of 2010. 9 Meanwhile Lenovo is the dominant design in the computers supplier area in Mainland China, with a 28. % share of the Chinese market. It reported annual sales of \$14. 9 billion for the fiscal year ending 2008/2009. 10 In October 2012, Lenovo ousts HP became the world's top supplier of personal computers. In the third quarter of 2013, Lenovo shipped 13. 77million units, giving it a 15. 7% share of the global market, compared with HP, which enjoyed a 15. 5% share with 13. 55 million units. 11 * Government regulation As far as now, there is no government regulation for Lenovo and Apple because the government thinks this market is relative fair of compete and regulate.

Lock In and Switching Cost In lock in customer strategy, Apple is the master, It makes customer realize that once use the apple product, it is extremely hard to find the exit. Apple creates iTunes, App Store, iCloud and OS system to make this strategy into fully used. Simply speaking, you purchase music, movie in iTunes, purchase apps in App Store and restore/backup photos, music, documents, applications in iCloud. When apple launch a new

generation iphone, the customer can simply use the iCloud and iTunes to restore everything from their last generation iphone.

And when customer creates a reminder in the mac, it will automatically show on their Iphone and Ipad. Since the iCloud only works on Apple product, so this strategy will lock in customer on apple product, and deepen the switching cost if someone wants to change to another company product. Since apple's information technology products work in system, so switching any single product is costly. Also Lenovo is currently trying to lock in its customer launch the same storage technology called Lenovo Cloud, the user can back up and sync data from multiple Lenovo devices including LePhone, LePad, and LeTV using a 200 GB online storage.

This strategy is to tie the Lenovo tablets and devices together and make the customers feel that switching away would cause too much hassle. Strategy Operation Lenovo For Lenovo their operation strategy is consolidate its market in China and expand its market out of China. Lenovo has its headquarter both in Beijing and in United States. They are the leader in China with more than 30 percent market share in PCs, and their product sales in China account for 46 percent of global sales.

So with builds on its dominant position in China to grow globally, it plans to have rapid growth in emerging markets and a unique global footprint. In 2012, Lenovo partially moved production of its ThinkPad line of computers to Japan. ¹² In October 2012, Lenovo announced that it would start manufacturing computers in Whitsett, North Carolina. ¹³ In the marketing strategy, based on different levels of consumers, Lenovo developed different

prices, by creating differentiated products to meet different consumer groups. And this strategy is Middle and High End Market Positioning.

Take Lenovo's personal computer as example, the market survey shows that its refrigerators mainly focus on middle and high end, Lenovo owns 70% market share in high end products, while the middle end count for 40—50% market share, the market share of low end product is lower than 10%.¹⁴ As for the supermarket channel, Lenovo has designed relatively low prices of mid-level products, while high-end products on the electrical chain and retail sales channels. For the rural market, Lenovo designs and develops products that have relatively simple functions, relatively low prices to meet the need of the students market.

Apple For Apple, people would doubt their operation strategy after the past of their hero leader Steve Jobs, who is the pioneer of Apple. But the new leader Cook operates the company quite well. In cook's first 16 months on the job, Apple has released next-generation iPhones and iPads and seen its stock price rise 43 percent.¹⁵ As is the same with Lenovo, Apple also put a lot of concentration in the Chinese market. With a population of 1.3 billion, China is the world's largest mobile market and already Apple's second biggest market overall.

Apple currently sells its iPhone exclusively through China Unicom with 196 million subscribers. The Apple current CEO Tim Cook visited Mainland China and its supplier Foxcoon In March 2012. And this is the first Apple CEO to visit China, as Apple is ramping up its investment in the world's most populous market. Also for Apple, their operation strategy is to make the greatest, most innovation and most simple product in the world, but Apple

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not only focus on the technology innovation, they focus on the global environment and human right. Apple reports environmental impact comprehensively.

They care about the total carbon footprint in the manufacturing and transportation process, also in product use, recycling and facilities. Meanwhile Apple is committed to the highest standards of socialresponsibilityacross the worldwide supply chain. They provide safe working conditions, treat workers with dignity andrespect, and use environmentally responsible manufacturing processes to the supplier such as Foxconn in China. 2 Conclusion To sum up, Lenovo and Apple operate in the same environment. They both focus on the smartphome, desktop, notebook, tablet and future TV industry.

Since their backgrounds are different, they operation strategies are different. Lenovo is based on Chinese market and then spread its product around the world. The product has low prices of mid-level products, while high-end products on the electrical chain and retail sales channels. Meanwhile Lenovo plans to further explore its market in Japan and US. In the contrast, Apple has a huge US and global market, their price always lead the market. Right now it plans to further explore its business in China, for it is the world's most popular market.

It is sure that Lenovo and Apple will have fierce competition in the future market. Reference 1[http://www. marketwatch. com/story/lenovo-passes-dell-to-become-worlds-no-2-pc-maker-2011-10-13](http://www.marketwatch.com/story/lenovo-passes-dell-to-become-worlds-no-2-pc-maker-2011-10-13) 2 http://www. lenovo. com/lenovo/us/en/our_company. html 3[http://appleinsider. com/articles/08/10/21/apple_iphone_3g_sales_surpass_rims_blackberry. html](http://appleinsider.com/articles/08/10/21/apple_iphone_3g_sales_surpass_rims_blackberry. html)
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