

Apple case 11 essay



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Apple Computers have found themselves in a very different world today from when they first started in the 1980s. The savviness of today's consumers and the emergence of new markets and competitors are just a few differences that Apple has faced.

Using Porter's 5 Force Model, we will look at the major changes. Intensity of Competitive Rivalry The intensity of competitive rivalry has increased because of the number of competitors, the innovations in distribution channels as well as the decrease in switching costs. The number of competitors has increased from just IBM and PC clones to today's Dell, HP and Lenovo. Innovations in distribution channels and inventory systems have cut storage costs and have enabled the consumer to receive their product in less time than in the 1980s.

Furthermore, with consumers becoming more tech-savvy, they are now able to switch between competitors easily. Threat of New Entrant With the Internet, there are now more avenues of distribution available to Apple Computers. As such, they are unable to ensure that only their products are being sold. There is still the threat of the "white box channel", where there is a high degree of customization and if consumers prefer the PCs in that channel, Apple and the rest are unable to stop consumers from buying that PC.

However, today's incumbents have a high degree of branding Threat of Substitute In the 1980s, the substitute of a computer would be manual work or the calculator. However in today's world, the substitutes of the PC would be other user interfaces such as the mobile phone, PDA and Blackberry.

Apple Company realizes this threat and has entered this market with the release of the Apple iPhone. Power of Buyers PCs were big, clunky machines and were quite expensive.

Furthermore, PCs were not as required as they are today. But today, PCs are slimmer and cheaper as well as firmly entrenched in everyday life. As a result, the volume of purchase by buyers such as other businesses and consumers has increased tremendously. In addition, consumers are demanding more and more transparency in companies' cost structures than before. As such the power of buyers today is a lot more than previously.

Power of Suppliers: The power of suppliers is higher now than it used to be. Apple Computers used to use propriety software but they now depend on Intel and other software companies to produce “ suitable for Apple” applications such as Windows for Mac and Adobe for Mac.