

# Sorry, steve: here is why it won't work

[Business](#), [Work](#)



## Case Study: Sorry, Steve: Here Is Why It Won't Work

1. Please discuss Steven Jobs' purpose and planning of opening Apple retail stores.

Steven Paul Jobs, more commonly known as Steve Jobs is the man is behind Apple. He is an American businessman and a co-founder as well as chief executive officer of Apple Inc. Some of the most famous products of Apple Inc. consist of the iPod, iPhone and Mac. In the world today, there are some companies that manufacture products but they sell them to the retailers who sell their products to the customers while there are some companies, a very good example of which is Dell Computers that sell their products directly to their customers. Behind the concept of doing both the manufacturing and the selling by oneself involves a lot of planning and purpose however there are many other factors that are backed up with the implementation of this plan. Despite of the fact that are many advantages of opening up retail stores, there are many disadvantages involved with it as well but this mainly depends on the strengths and the weaknesses of the company itself.

Apple is a well renowned company that is very well known to the people all around the world and it especially targets the young people who are crazy about the brand especially the iPod.

Steven Jobs has been working with the retailers in order to make the shopping of the products made by Apple more attractive and he was doing this by opting for various marketing strategies as well as different ways of advertising and promotion. However, despite the fact that various efforts were being taken, the sales of Apple Computers were falling down and

Steven predicted that people were now more conscious when buying computers than when they buy cars. Therefore, the computer purchasing process became more complex and this is when he realized that something had to be done for which he came up with the idea of opening Apple retail stores. Therefore, the first store of Apple Computers was opened at Tysons Corner Galleria Mall and the goal was to keep excellent salespeople who could convince the buyers to buy Macs. (Leat 2001).

2. Please analyse how will the opening of Apple retail stores help Apple build competitive advantage?

Since it has already been discussed that Apple Computers has been facing a decline in the sales because of which Steven Jobs came up with the idea of opening retail stores. Opening retail stores of its own will have a lot of advantages and is sure to benefit Apple Computers that can be seen from the sales. Firstly, when Apple Computers will open their own retail stores, they will have total control over everything. They will not have to talk to the retailers to keep their products in their stores, to market them and to sell them. Moreover, besides saving themselves from the hassle of dealing with the retailers, they will also save costs in the sense that they will not have to pay anything to the retailers and they will be eligible for hundred percent profits gained from the sales of Mac Books and all this would therefore be beneficial for Apple Computers. Other than this, having their own retail stores, Apple can sell the computers the way in which they want to. To further elaborate this, I would say that Apple can have their own sales team and so they can hire and train them in the way they want to. (Northhouse 2006). For instance, the goal of every company is to make sales, therefore

Apple can train their sales team in a way that would convince the prospective buyers to buy the computers. The sales people can educate the customers about the features of Mac in order to make them interested towards purchasing the product and for this it is necessary to portray the unique features and the advances the customers would have when they will purchase a Mac instead of purchasing its substitute. Moreover, having its own retail store means that Apple can locate the store anywhere it wants to consider an area where it would be easily accessible for the target market for which the product has been made and in this way Apple can also have full control over its marketing activities. (Kevin & Kotler 2008). The store can be decorated and the theme can be kept in accordance to the brand keeping in mind the interests of the target market. For the customers, it would be beneficial in a way that when Apple will sell its products at their own outlets, it can cut down the prices of the products or can opt for promotional schemes that would encourage the buyers to buy the computers. Opening retail stores not just give Apple some fresh outlets to sell the product but it can also keep other electronic gadgets in their stores and this would further help them generate revenue.

Since the main focus of Steven Jobs is to sell the computers to a particular target market, it is predicted that the sales will improve but this will keep Apple from exploring new markets. Steven also thinks that by opening retail stores, he would be able to do a better job than to give the products to the retailers to sell. Competitive edge is something that makes one different from the others for instance, in case of Apple Computers the unique features that Apple computers provide to the customers that no other computer

provides makes Apple gain a competitive edge over its competitors. Therefore, opening up retail stores serve as a competitive edge for Apple Computers because of the benefits I have mentioned above and more specifically since it would be the own store of Apple Computers, all its products can be displayed and the sales person can personally deal with very customer and grab their attention towards the product. (Lado & Wilson 1994).

3. Search the Internet, and find out how well these stores are doing today. Please evaluate the success and failure of Steven Jobs' plan.

Since the inception of their own stores, we can clearly notice some positive changes in the sales of Apple Computers. The idea of Steven Jobs to open up retail stores to sell Apple Computers has been a good one; however there are some things that became unfavorable for Apple. For instance, when Apple Computers opted to open its own retail stores, they had to bear certain costs such as the cost of buying and constructing the stores, hiring the staff for the store and providing training to the staff accordingly that also added towards the cost of Apple Computers. Despite of the fact that Steven Jobs came up with the idea of opening up retail stores, there are some major steps that he has to take in order to boost the sales of Apple Computers. Everything with it brings some success as well as some things that turn out to be unfavorable. Similarly, for Apple Computers, the idea of opening retail stores resulted in success, but the idea failed in some areas as well. Since Apple computers are technology based and are a product of a high-tech industry, there are high costs associated with its production that has resulted in a high price that is charged to the customers and because a high price is

involved, the customers are very conscious before they finally decide upon their decision to purchase the machine. This is one of the factors that are affecting the sales in a negative manner. The success of opening up retail stores has made the loyal customers of Apple walk only to their store rather than opting for other stores. Moreover, in the other stores where the retailers keep the computers made by all the brands are more competitive for Apple because there people get choices and they can easily compare the prices and the features of the product. This can also be taken in a negative sense because at Apple stores, they do not keep computers made by other brands and so the customers might not like it.

Recently, it has been projected that Apple has succeeded in getting a customer base of 25 million people and this is a good sign to upgrade their products and machines and to earn profits with high margins, however it is predicted that only 12 million people might want to opt for the upgrades. The major competitors of Apple Computers are Dell Computer Corp. and Compaq Computer Corp. and these two have been playing a major role in stealing the market share of Apple. (Edwards 2001).

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