

Good an e-business analysis of apple essay example

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**ASSIGN
BUSTER**

Executive Summary

Apple is an American corporation that designs, develops, and sells computers, electronic devices and various software. Steve Jobs and Steve Wozniak founded it in 1976. For over 20 years Apple mainly were manufacturers of personal computers. However, at the beginning of 2000s, Apple presented a new line of MP3 players, mobile phones and tablets. Apple's CEO claims that the company obtains the following core values: " we live to make great products, we believe in simple, not in complex, we only participate in markets where we can make a significant contribution, we say no to a thousand of projects just to focus on the few." (Corpas, 2009) Obviously, their success is dependent on their presence in the online market well as on the quality of their products. It's not only reputation that matters: it is also about the design and plan behind their support system, sales management, e-commerce strategy and customer service. Apple believe in progress and development and never stop improving their products and services. The company has faced major success as well as failure but yet managed to get back on stage. The company does not have such a vast product line that other electronic manufacturers have. However, this allows Apple to put an emphasis on quality, not quantity. The evolution of iPods, iPads and Macs can be clearly seen over the years.

The Needs Apple Addresses and the Customers It Pursues

Apple has always been pioneers in outstanding customer care. Starting with your first acquaintance with Apple products, the thoughtfully planned system organizes your experience. I would say that Apple starts with identifying their

customer.

Apple knows that since these people are going to be the ones buying the product it is necessary for them to understand a potential client. Thus, they have different things at their disposal that they use to get to know their customer. The first step is defining the age group. Without defining the age group, it will be quite hard to sell a certain product. Secondly, they pay attention to the geographical location. In order to sell some product to a foreign country and to avoid any misunderstanding, they enhance some products' features in regards to needs of customers overseas. Thirdly, another vital thing is that Apple pays close attention to the lifestyle of their customers. These aspects apply not only to clients' everyday life but also culture, preferences, habits. These three aspects that Apple covers in their E-Business strategy allow them to develop a unique way of communication with their clientele.

Based on my observation I came up with another statement: Apple take into consideration is the importance of customer behavior. Apple has a very complex software that allows them to track what, where, when, why and how consumers make their purchases. What is also quite remarkable is that they managed to do this without intrusive amounts of polls and surveys; the software and a little personal touch do it themselves. People don't like to fill in long and complex forms when they are buying something. Therefore, Apple tried their best to make the process of buying as convenient as possible (one click purchase on the iTunes store: 30 seconds and you have the song that you wanted on your phone).

All Apple products have a very thoughtful, responsive design with an

outstanding user-interface. What may look so simple to a regular user is indeed complex and has a vast amount of processes. I think that many companies should follow Apple's example in this field.

The Role of Internet in Strategy and the Knowledge Management Strategies the Company Uses

In 2000, Apple first introduced their Internet strategy to the market. This Internet strategy also led to the launch of new products and services designed by Apple. Back in 2000, Apple's Internet strategy included HomePage (an app designed to create web pages), iDisk (online storage tool), KidSafe (software that allows parents to block content from their children) and mac. com (e-mail service). (Hamilton & Hutchinson, 2000)

Eight years later Apple introduced an even more Internet-related service for its customers. MobileMe bundle included push calendar, push email and push contacts for iPhones, iPods and Macs. (Shah & Evans, 2008)

Apple's business strategy drastically differs from its competitors.' It also relates to the internet-based services that Apple provides. For instance, Apple's success behind the launch of App Store was pre-determined since they were pioneers in the online app market. In order to enhance their products and services, Apple uses information we provide them. It also concerns their business approach.

As it was mentioned earlier, Apple pays close attention to details. It is their business strategy to improve the product or service until it reaches perfection. Even though it never does, each update and each new piece of hardware is much better than its descendant. Allegedly, Apple could concentrate on hardware as it used to in the early years of the company.

However, Apple aims not only at developing what they have now, but also at designing and creating innovative pieces of technology. Needless to say, the launch of the first iPod has dictated the way in which most of the electronic manufacturers were moving for at least 10 years. Another aspect of Apple's business strategy that needs to be mentioned is that they always put the customer first. Apple does not invest much in advertising and does not want to compromise with network service providers. Rather than that, Apple aims at reaching the end user. Customer's wants and needs are always on the top of the list of Apple's priorities. (Spence, 2013)

Online User Types for Apple and E-Commerce Considerations

Researchers suggest that there are 5 types of customers. When companies are able to divide their clients into these groups this enables them to enhance their services in regards to needs of each group. The 5 types are the following: a loyal customer, discount customer, impulse customer, need-based customer and wandering customer. (Hunter) The names of these groups speak for themselves. Apple concretize their approach by obtaining loyal and need-bases customers. It is visible in never-declining sales volume of iPhones. Even those who already bought a product from the last year line are still willing to pay for a newer version of the product they already have. Apple has a Privacy Policy in which they release a statement on their website outlining the different ways in which personal information is used and stored. Apple also uses sensitive information for promotional activities such as keeping customers up to date with the latest Apple Product announcements, software updates and upcoming events. Non-Personal Information such as

occupation, language, postcode and area is also collected and used to help Apple understand customer behaviour to improve products and services. Information regarding customer activities on services and products such as iCloud, iTunes store, MobileMe and others are also collected and stored to help provide customers with relevant information. On their website, under the Protection of Personal Information they state: “ Apple takes precautions — including administrative, technical and physical measures — to safeguard your personal information against loss, theft and misuse, as well as against unauthorised access, disclosure, alteration and destruction.” (Apple Security)

Technological Advantage of E-Business to Apple

Needless to say, e-commerce is not new to Apple. Statistics shows that in the first half of 2014 Apple earned 4. 4 billion dollars. This money came from sales made on platforms designed by Apple (App Store, iBooks, iTunes). If e-commerce was a stand-alone business for Apple, they would be making 16 billion dollars a year through e-commerce. Moreover, even the hardware that Apple designed in recent years is somehow related to e-commerce. For instance, a recent innovation in Apple devices – Touch ID, enables users to secure their phone with the use of a fingerprint scanner. People believe that they can use it mainly for security purposes; if the phone gets stolen, no one can unlock it and get access to important data. However, the idea behind this invention is far beyond users’ expectations. Touch ID scanner also allows users to make secure payments online. Experts believe that the invention of Touch ID may completely change the way we use and manage our finances. (Edwards, 2014)

While Apple is reluctant to invest in marketing of their products, statistics speak for themselves. Last year the company announced that it now has 435 accounts for iTunes. This means that Apple are way ahead of major e-commerce giants – Amazon and Ebay. For instance, Google, being the major competitor of Apple after the launch of Google wallet, never commented on how many registered accounts it has. These facts can only mean that in regards to online stores, Apple is way ahead in the race. (Thomas, 2012)

The Impact of Internet Regulation to E-Business Companies

Starting up a business online begins the same way any business does.

However, there are many rules and regulations one must consider when starting an E-Business on the Internet. There are many financial and legal conditions that entrepreneurs have to know including privacy, copyright, taxation and security.

When dealing with transactions and data online, 'sensitive' information is collected and stored by businesses such as bank details, names and addresses, passwords and login details, etc. Therefore it is up to owners to protect this information to use and store correctly and most importantly, legally.

A collection of children's personal data is regulated primarily under the Children Online Privacy Protection Act (COPPA) and its related regulations. For example, website operators must notify parents and obtain their consent before collecting, using, and disclosing any personal data of children under 13. The Federal Trade Commission has assessed several \$1 million fines against companies that collected or processed children personal data in

violation of applicable laws.

6% of Apple Inc's revenue comes from iTunes. iTunes is a fully electronic way for customers to purchase legally and download music, movies, podcasts and other forms of media through the internet. Not only do Apple need to have agreements and send invoices to customers who purchase these e-products, they also need to form agreements with the vendors.

In order for an item to be available on iTunes, there has to be an agreement between Apple and the relevant record label, Film Company or management that is associated with the product.

EC Metrics of an E-Business Company

There are numerous ways to monitor company's success in e-commerce.

Firstly, one of the most important metrics that should be discussed is Cost of Acquiring Customer (CAC). Apple uses various means to acquire customers.

Needless to say, Apple can teach many companies a lesson when it comes to customer acquisition. While many companies worry about the cost of acquiring customer (CAC), Apple keeps it relatively simple. For instance, Apple's marketing budget is quite low in comparison to the competitors.'

Apple adopts their approach to product design in advertising as well. The company does not feel the need to invest in advertising; they just do what they know will differentiate them from competition. Moreover, Apple pays attention not only at interior, but also at exterior. Beautiful design has been one of the most prominent features of Apple products. Company's designers have proven themselves to be one of the best in the world, and Apple's marketers conveniently utilized it in Apple's business strategy – people are

paying for design and features, not specs.

The second vital e-commerce metric is conversion rate. In simple words, conversion rate refers to the amount of money a customer pays for the company's services. The may be counted in the following way, for example if 5 people out of 100 purchase something via web-site or application – the conversion rate is 5%. The major goal for each company is to raise the conversion rate because it is tightly connected with the profit. Apple uses various platforms to increase their sales in the e-business field such as iTunes, iBooks, App Store.

The conversion rate is connected with an issue named shopping cart abandonment. It helps a company to evaluate how many real customers they have and what is the loss rate. The main goal is to reach the lower rate of cart abandonment because in fact it means that the company is losing their potential customers because they left their cart unpaid.

The average order value helps the companies to evaluate the success of selling their products. It is obvious that the higher average value is, the higher is the income. Moreover, it helps to comprehend how many customers are needed to be attracted. For example, if the average rate is smaller than expected, it is time to try to involve more customers in order to reach the target goal.

Every company should also consider calculating the Lifetime Value (LTV) of their business. Shortly, it is the difference between the total money spent on your store and the Cost of Acquiring Customer. This value helps the company understand how much profit it is making. Another metric that is closely related to the Lifetime Value (LTV) of the business is Churn. Churn tells you

how many customers return to your store after making a purchase. This figure helps you figure out why your company's LTV might be decreasing – old customers don't tend to come back. When a company pays attention to these metrics, it can easily give an answer to the question: how well is the company doing.

EC Security of an E-Business Company

Not only do Apple conduct a vast majority of their business online, it also is one of the first companies to provide online invoices, agreements, receipts and guarantees. They keep a record of each product they sell and whether it is still in warranty or how it was purchased, etc. These factors mean that the customer never needs to worry about losing important documents or not being able to receive what they are entitled to.

On the Apple website, they state that after purchasing a product from Apple, ' You should receive an official Apple invoice by e-mail. If you require an additional copy for your records, you will be able to print your invoice on our Self Service website.' . Apple are aware that the majority of customers are content with receiving an electric invoice via e-mail and that there is no longer the demand for a hard copy, even with large purchases. However, they are also aware that some customers may still find it necessary to have a hard copy or would prefer a hard copy (particularly older people who are used to a more traditional ways of trading) and offer a service that allows the customers to gain a hard copy.

Limitations to Global E-Commerce

There are dozens of advantages of e-commerce discussed; however, it also has disadvantages, which affect the services. The first disadvantage, which is worth to mention, is the lack of personal touch. It is obvious that for any business personal touch and communication are crucial for a successful relationship between seller and customer. E-commerce excludes such option a personal approach, which means that the customer can communicate only with a machine.

The second limitation e-commerce has is the delay. Of course, some of the online shops provide a customer with an express delivery but the soonest a customer can get his purchase only the next day. However, the exceptions in this case are different kinds of digital purchases such as movies, music files and electronic books.

The very inconvenient part of e-commerce is the amount of goods the customer purchases. If a customer order too much good and these goods have a big size, a customer has to pay for enormously expensive delivery, which in the end is not beneficial for his wallet.

The other interesting limitation about e-commerce is that a customer cannot try and evaluate the product before ordering it online. As ta result, a customer can be unsatisfied with the order, and he will be obligated to pay for the shipping if he wants to return the product back.

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