

Apple competitive intelligence

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Apple Competitive Intelligence

Apple Inc. or what we commonly know as Apple is a multinational corporation which specializes in designing and manufacturing consumer electronics, as well as the related software products. It was established around the mid 70's as a computer manufacturer, and has continued to expand towards the consumer electronic market, becoming one of the best on their field in the present. Right now, Apple is one of the leading developers, as well as sellers of personal computers, portable media players, mobile phones, related software and hardware, and other hardware accessories. But what has propelled an old struggling computer manufacturer to be one of the most successful electronic product developers of the present? There are a lot of factors that would account for their success, and one of them is the understanding of their competitive intelligence.

Competitive intelligence in a simple sense is the selection collection, interpretation, and distribution of publicly-held information which poses a strategic importance (Scribd. com, 2008). There are other definitions of competitive intelligence though, like business intelligence, wherein it is essential to monitor the environment outside the firm in relation to the decision making process of the company. Another definition is the competitor intelligence, where knowledge about competitors, position, performance, capabilities, and intentions are essential in strategy and decision making.

These definitions of competitive intelligence were really important in propelling Apple towards the top of the ladder, as they weren't that smooth-

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sailing throughout their more than 30 years of existence. It was through the combination of efforts, from the company, from the heads of the company, and from their partners, that they were able to reach what they have attained in the present. This is because Apple is not the only one in the field that offers the products and services that they offer. Apple has really tight competition in all aspects in the consumer electronics market, which is why Apple's competitive intelligence could lead to their competitive advantage.

One important aspect of Apple's competitive advantage is their product and hardware design. Simply put, Apple's designs are elegant: they have the best designed hardware, looking at the aesthetics perspective, as compared to what other vendors has to offer (Enderle, 2004). Competitors like Sony and Toshiba can sometimes be close to Apple when it comes to this aspect, but Apple would often emerge with the best designs. One good example of Apple's product with a top-of-the-line design is the iPod, a hard drive-based MP3 player with a sleek, attractive design. It has been imitated by some, but a true Apple stands out. Other players may have used the same components of that of iPod, but the end product greatly differs.

Apple designs their products by almost defying the laws of physics, struggling to make their products lighter, sleeker, smaller, without jeopardizing the performance and other capabilities. Apple's products are not only new in their functionality, but also in how they are created or constructed. The company is in constant development of tools, materials as well as systems of production for each project in order to come up with a totally new product, and not just a rehash of an old one. There is a huge

amount of work for Apple because everything is always new, that's why it is necessary to continually check and double check.

Aside from the aesthetics, Apple also thinks of the practical side. When it comes to laptops, Apple's PowerBooks, iBooks, and their latest MacBooks are designed to be sleek and portable, so that it isn't a hassle to be carrying it around with you. The hinges on these laptops are just the right way to attach the screens to these devices. These are robust and hard to break, ensuring the value for their customers' money (Cook, 2006).

It has also been a challenge for Apple to ensure that the people buying and using their products feel comfortable using them, since these products are the first generation of objects whose functions are not really related to their appearance: digital boxes which are full of tricks that could help ease the people's lives. You may have no idea that something that sleek, compact and enigmatic can store and play thousands of songs or is a powerful computing tool, talking about the iPod and the MacBook. It is important that the people feel a sense of connection with the objects that you're trying to sell to them. This is why Apple's designs encourage the people to touch it, and not get intimidated with it, thus attracting more and more people to purchase the product.

Another aspect that Apple gained a competitive advantage is in marketing their products. Apple really stands out in marketing: they know how what could get people excited about the products that they offer, and then execute according to that perspective. They don't just talk about a product's features or the technology involved in it, but they also tell the people how the product could really make your life better. Apple has also launched several

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in-your-face campaigns, which puts them head to head with other products like the PC. This is because they are confident of what their products can do, even with the viewing public as their witnesses.

Another important marketing aspect is the sense of security and respect that one would get when they see the Apple logo. It serves not just an assurance of a good computer experience but also as an advertisement of the product to other people. The logo is found at the center of the laptop lid, and even lights up on most Apple laptop models. The logo is not only for the person who has bought the product, but also for the person who is in the market for one, and Apple clearly understood this. The logo is not just a design element, but is also a good advertising tool. Apple's products also get the best placement in TV shows, showcasing their well-known logo, thus further advertising to the viewers. Just by looking at these TV shows, one may say that more people are using Apple products (notebooks, desktops) than PC or windows machines. This is also one importance of having a very recognizable logo.

Another key to the marketing success of Apple is the company's co-founder and CEO, Steve Jobs. He serves as an icon not only for the company but for the people who know him, as he is able to lead and inspire at the same time. Some say that Jobs has an aggressive and demanding personality, but this has all been useful in the company's success. He has always strived to put Apple at the forefront of the information technology industry, and he was able to do so in the years of service to the company. Read also about Samsung competitive advantage

Porter's Four Corners: Apple in a Global context. Since Apple, Inc. is a company with markets from all over the world, we put it in a global context where it is affected by the international business environment, which involves actions of competitors, buyers, sellers, and other factors that could affect its market (ValueBasedManagement.net, 2008). Using Porter's Four Corners, we can analyze why some industries like Apple are more competitive than others. We can take into account the determining factors that give the company the national advantage.

The first of the four corners is the Factor Conditions. This is the situation in a country or in Apple's case, a firm regarding production factors which are relevant for competition in particular industries. This can be grouped into the human resources, material resources, knowledge resources, capital resources, and infrastructure. Apple hires competent people that could contribute to the development of new products for the company. When Steve Jobs became the CEO, he immediately terminated several projects which he deemed unprofitable. Because of this, many employees feared that some of them might lose their jobs. Some really did, but it was all done to make the company better. Under Jobs' guidance Apple slowly but surely increased in sales, and significantly increased when the iMac and the other products were introduced.

When it comes to material, knowledge, and capital needs, Apple has adequate resources. When it comes to the creation of new products, they also make sure that the materials that will be used for the creation are also new. They have great minds working and conceptualizing new products, or improving the old ones, making them better aesthetically as well as on its

functionality. The people that work for Apple are not just competent, but are also keen to the needs of the people. They don't just ride the trend; they focus on addressing what the people need, as they always wanted to improve the lives of those who use their products.

Another one of Porter's four corners is the Home Demand Conditions. This is where the home demands for products and services produced in a country are described. This is an important factor because these home demand conditions are the ones that influence the shaping of some factor conditions: they can dictate the pace and direction of the product's development and its innovation.

Home demand is often determined by three dominant characteristics, including the mixture of customer's needs and wants, their scope and growth rate, and whatever mechanisms that can transmit domestic preferences towards the foreign markets. In the case of Apple, they address to the needs of the majority, catering to the needs of mostly young people, depending on the product they're selling. Say for example the iPod, the people using it ranges from young boys and girls to old people who likes to have their music with them without the bulky music player. Meanwhile, the notebooks that they offer also have a wide range of customers. For those who are not heavy users, they have the entry level white MacBook which can be used for browsing, word processing and other applications as well. As for those who make a living out of digital imagery or animations, they opt for the stronger MacBook Pro. As an American brand, Apple products are also sought after in other countries world wide. The demand is not just domestic, but there are also demands from foreign markets. With demands for Apple

gadgets worldwide, they continue to produce more and more to cater for their customers' needs. This also opens up the possibility for new technologies and products in the future.

The next one in Porter's Four Corners is the Related and Supporting Industries. This pertains to the existence or non-existence of internationally competitive supplying industries as well as supporting industries, as it affects the company. These industries are all seemingly related, as the success of one international industry may lead to advantages to the industries which are related to it or are supporting it. Some competitive industries are essential for reinforcing innovation and internationalization in the long run. Suppliers, as well as other related industries are truly important. In the case of Apple, supplying industries play a great role in the success of the company, as they are the ones who design the software as well as produce the hardware, so the parts and components needed for this production would come from their trusted suppliers and supporters. If these suppliers are internationally competitive, not only will Apple be assured of good materials, the people buying Apple products would also be assured of the quality that they are looking for (Olandres, 2007).

In the late 2006, Apple cooperated with Intel, the leading producer of processors for computers and laptops. Apple's Mac integrated Intel processors which aimed to further enhance the performance of Apple's machines. This attracted more customers, as they are assured of the performance of Intel processors, as well as the capabilities of the MacBooks by Apple (Wieczner, 2006).

This is a manifestation of how a supplier or supporting industry like Intel could really affect industries like Apple. Two big names offering one computer experience is a very tempting deal for many people, causing many of them to change from their old PC's to their new Apple Mac's. Some people need not have to look at the specifications being offered, as long as it carries the name of brand that they trust.

There are also other advantages for Apple as they produce their own software and hardware. Because of this, they are sure of the quality of the products that they offer to the people. In turn, the people can really be assured that the Apple product they are buying really gives them their money's worth. It could also lessen the flaws that comes with production, something that could possibly affect how people perceive their product, especially with an Apple, as people generally assume that if it's an Apple, it may cost a bit more than its competitor, but the performance of the product they are buying is of leaps and bounds apart as compared to the other products available in the market.

The last of the four corners is the Firm Strategy, Structure, and Rivalry. In this part, it is stated that the conditions that determine how companies are established for a certain country, are managed and properly organized, and this is what determines the characteristics of what we call as domestic competition (Elmer-DeWitt, 2008). In this part, the cultural aspects do play an important role, as there are different factors like management structures, working morale, as well as the interactions between companies. This could rather be advantageous or disadvantageous for certain companies.

The ordinary corporate objectives are given special importance, when put in relation to patterns of commitment between those in the workforce. What influence these are the structures of ownership and control (Chazin, 2008). The presence of domestic rivalry and the search for competitive advantage is really very important for a nation, as it can help in improving the organizations, by providing them the bases for such achievements.

In the case of Apple, the company was established in the United States of America, so it conforms to the cultural aspects of the country. It addresses an audience of the general public and has no specific cultural or racial aspect in it. Its target is the majority, no matter what race or culture you are from. It has however, a lot of domestic rivalry in the country, as it goes against the electronic materials giants like Microsoft. The presence of competitors like Microsoft further inspires Apple to come up with exceptional products, in order to keep up with other producers present domestically, as well as internationally. It is of their best interest to keep on creating new and exciting products to be consistent, if not have a competitive advantage over other companies offering the same products and services such as theirs.

Michael Porter and his Five Forces of Competitive Position model

Porter once again presents a new model, the famous Five Forces of Competitive Position, which provides us with a simple point of view in order to assess and analyze the competitive strength and position of a company like the Apple, Inc. These five forces are the threat of substitute products, the threat of the entry of new competitors, the intensity of competitive

rivalry, the bargaining power of customers, and the bargaining power of suppliers (Chapman, 2004).

In the case of Apple, the threat of substitute products depends on what product specifically, as different products do have different substitute products. For example the iPod, a substitute product can be other MP3 players of other brands, which are generally cheaper and are available to a larger number of people (Weiss, 2007). These include brands like Creative, Samsung, Sony and many more. But the iPod has gained an already large following, despite the price and all. This is because the brand has proven trustworthy of the performance and the style, as expected of an Apple.

The threat of the entry of new competitors may not be that problematic for Apple, as it is hard to establish a name in the field of IT and production of electronic devices. They have to go against big names, not only just Apple, but also the likes of Microsoft, Dell, Sony, Toshiba, and many more. For a starter to go against these giants, it would really take some time to gather the trust of the people you are aiming to sell your products to.

The intensity of competitive rivalry in the industry that Apple belongs to is high, as leader Microsoft already has a big lead in which everybody has to catch. Apple is slowly getting stronger, gaining more and more markets not only in the country but also in other countries.

When it comes to the bargaining power of customers, Apple relies on its customers to maintain its market stability. In order to do this, the company lowered most of its prices, making their products more affordable than before, though it is still costs more than other products. Because of this,

more and more buyers turned to Apple products, switching from the old brands like PCs and going their way to buy MacBooks.

When it comes to the bargaining power of suppliers, Apple doesn't deal much on this as they are the ones producing their own software and hardware. There is no problem whether they are charged less or in excess, as long as they are able to deliver their promise to the people: quality products plus the style unique to Apple.

The main strength of Apple, Inc. is that they provide quality products, which are relatively new to the taste of the people (Rawsthorn, 2006). They also have aesthetically pleasing products without sacrificing the performance and the functionality it wishes to provide.

The weakness evident of Apple products is that they are priced higher as compared to that of other vendors like the Microsoft. They don't sacrifice performance of their products in order to have cheaper ones that would surely sell in the market. So for those who are tight on their budgets, they would choose other brands instead of Apple.

The opportunities for Apple may be brought about by their collaboration with other companies, just like when they used Intel processors. They were able to sell cheaper products and more people were able to buy these products.

However, there are still threats for Apple. One is that their products may not sell in other countries, depending on the use of the product. One good example is the iPhone. In order to fully enjoy the product, it should be used where there is Wi-fi (Haskin, 2007). If not, it is just an ordinary camera

phone/music player, so why bother spending extra money if you could get cheaper gadgets which offer the same services?

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