

Service industry analysis

Business, Company



Apple and HP are both multinational corporations that are widely known for producing consumer electronics and software. Both companies are considered to be one of the largest companies in their market, and would be considered to be competitors of each other. With the products and services that they offer being similar, they would be ideal companies for a critical analysis against each other. Both companies implement different strategies, with both leading to their success. Over the years of the company's existence, Apple has built for itself a strong and powerful reputation within the personal computer and consumer electronics industry.

Certain strengths of the company are what make it different from other companies within the industry, and are what leads to its success. Apple and HP both take different strategies, which give them a certain advantage in different aspects of marketing. One of Apples most obvious strengths would be its reputation due to its large name and its loyal fan base. There's a saying "once you go Mac, you'll never go back", and there is definitely a reason for that sayings existence. Apples quality products and designs have created for them a loyal fan base, which is truly a strength component when it comes to the personal computer industry.

Having many loyal returning customers is also more cost efficient than spending millions on advertisements and promotions to lure new customers. This is something that HP lacks. Apple already has a pool of customers that will always buy their products. The satisfied customers make them always coming back for more. The reliability of their products along with the customer service gives them that advantage. When Apple decides to release

or update their product, there is already a guaranteed customer base. As with HP, they tend to not have that specific and loyal customer base.

Their customer base is larger though; they appeal to those who use Windows based computers. The market for Windows based electronic devices is much larger than that of the Apple based products. In the personal computer market, HP competes with other brands that sell computers with the same operating system. This comes with several advantages as well as disadvantages. Apple being the only licensed distributor of the operating system, the OSX, may give them an advantage over their competitors. The operating system is known for its user-friendly and efficient functionality.

The operating system is one of the main reasons for Windows based users to switch to purchasing and using OXS based Apple computers. The disadvantage is the smaller pool of customers. While Apple appeals to only those interested in the OSX, HP appeals to the larger mass. According to ComputerWorld, a highly popular and trusted technology information website, Windows users make up of about 89. 6% of computer users while Apple users made 8. 9% and Linux made the remaining 1. 5% (Keizer). The Mac operating system also can not run certain Windows programs which are necessary for certain users.

For example, many engineer students require certain programs throughout their career to assist them in their courses. Many of these programs can only be run on the Windows operating system. Although the Windows operating system could be installed on Apple computers, it cost the consumer extra money to purchase and install the operating system on their machines. Although many users praise the operating system for its ease of use and

functionality, it lacks compatibility. Since the Windows operating system is more widely used throughout the world, the Apple OSX should be able to adapt to Windows.

Compatibility is a large issue with Apple and Windows based products. Since the market for Windows based products is much larger, this gives Apple a huge disadvantage. Compatibility becomes an issue with even basic things such as the format of a hard drive. A hard drive must be either formatted for the Windows operating system, or the Mac OSX operating system to be used. Compatibility becomes an issue when trying to transfer files between computers with different operating systems. Compatibility also plays an issue with hardware.

It is not possible to connect Apple computers to projectors without purchasing an adaptor from Apple. This forces users to purchase extra products that are required for students and working people. A major strength that Apple has over its competitors is their reputation for high quality products, which are both functional and well designed. Apple is known to have some the most well designed products on the market during the time frame, and they have yet to fail in that aspect. They are said to have some of the “ best looking” products available in the market.

When it comes to the marketing aspect of their products, they would be the leading company in the personal computer industry. Everybody is familiar with Apple, and what kind of products and services they offer. In 2006, Apple released a series of commercials of “ I’m a Mac, I’m a PC” advertisements. In these commercials, they insinuated that PC users are boring and old while Mac users are trendy and modern. Apple also has a reputation of overpricing

their products, and so this may be a major weakness, but at the same time is just a part of their marketing.

Apple offers a small range of high quality products for a higher price. Apples main competition tends to have very competitive prices, which Apple seems to be ignoring. Having high prices seem to leave Apple to be uncompetitive in such a competitive market. Consumers seek products that are of good quality and affordable. Although the quality of Apple products may exceed that of their competitors, their pricing is not very competitive. This combination of high quality and overprice products have created a certain reputation with Apple. They are known to have high quality products with a hefty price tag.

If they were to lower the price, it would also lower the perceived value of the product, and as a result, would change their marketing plan. HP has seemed to take the opposite approach with their products. HP offers a high range of lower quality products for a low and competitive price. They appeal to the floods of students who require computers for school, businessmen who require a cheaper and travel safe computers, and those who prefer to cycle computers often. Due to the lack of quality in their products, they have been known to have technical issues and break down often.

This is a strong weakness for the company. They have built for themselves a bad reputation within the consumer electronics industry. As with Apple, they have a high and strong reputation with products that last and will not break for long periods of time. The quality of their products ties in strongly with the customer service that they provide. Customer service plays a major role in the consumer electronic and personal computer industry. Apple has a very

strong reputation for providing top quality customer service, which is one of Apples biggest strengths over their competitors.

Apples top quality customer service is another reason for other PC users to switch to purchasing Apple products. Apple's warranty policy is the best available in the consumer electronics industry. They offer a free one-year warranty with the option to extend it to three. The warranty's simplicity and ease to utilize give them a good reputation for their customer service. With Apple, if a product were to break, you would just have to bring it to a local Apple store, or ship it using a free pre-paid box.

With HP, if the product were to break, you would have to pay for to have it shipped, and the delivery time is inconvenient for users. This gives HP a bad reputation with customer service. HP is well known in the consumer electronics industry to have horrible customer service. Their reputation is what steers people away from purchasing their product. Apple has the huge advantage in this section dealing with the marketing and customer satisfaction. With Apples financial position and reputation, they have a good opportunity to explore their options and possibly expand and concentrate on markets around the world.

They have a good opportunity with exploring with new products because of their reputation of producing successful products in the past. Consumers predicted the iPad to fail, due to its concept and the marketing that went along with it. People criticized the iPad for its name, functionality, and predicted the product to fail. Because of Apples vast fan base and reputation, the product was extremely successful, setting Apples record for most sales within one day of its launch despite its constant criticism.

Expanding their product line and services provides Apple with a good opportunity to increase their sales and reputation. Apple has features such as MagSafe adaptors for their MacBook line that are specific to Apple based products. MagSafe adapters use a magnet plug to prevent the computer from falling from an elevated table or desk to prevent damage to the computer. When the MagSafe adaptor is tugged on, it will disconnect rather than pulling the computer and possibly causing damage. This MagSafe adaptor has been implemented into all their personal computers, and is a high selling point for their products.

This feature is exclusive to Apple and has a patent, and as a result, HP does not have a feature like this that is specific to their products. In the software aspect of the company, a major strength that Apple has over its competitors would be the software, iTunes. iTunes is a digital media player where users can organize, play, and purchase digital music. iTunes also provides a larger range of functions such as burning CD's, managing Apps, and managing devices such as the iPod, iPhone, and iPad. Over the years, the iTunes Store has become the largest digital media software application for purchasing music over the Internet.

HP has released MusicStation, but according to Rob Lewis, CEO of Omifone, it would not be considered to be competing software against iTunes (Flides). MusicStation is not just a storefront to purchase music, but is rather a subscription based music player allowing unlimited downloads per month (Flides). The difference is that users cannot “access” the music, which discourages music pirating. The music is available for access both online and offline, but the music file is not accessible on their hard drive. Tunes offers

songs available for download with users able to access the music file. MusicStation has not hit the market as hard as iTunes has. iTunes ease of use, simplicity, and compatibility with Windows has lead it to being the markets leading digital media player application. With music pirating over the Internet becoming easier, iTunes may eventually become obsolete. This may be considered a threat to iTunes and Apple. There would be no reason to pay for music, as it is just as available for free through other outlets. Competition may also be a problem for iTunes, as software's are often a hit or a miss.

Although HP's MusicStation seems to pose no threat, if another company produces software that is superior to iTunes, it may be a potential threat to Apple. HP has teamed up with Beats Audio to market their product and appeal to the mass of music artists, producers, and lovers. Beats Audio has a positive reputation for a high quality, but pricey product. The high price of the product adds a higher perceived value for the product, giving it its prestige reputation. HP has implemented Beats Audio into their personal computers, and has also released a Beats version of their popular laptop computer.

Marketing their product as a music machine sponsored by famous musicians and producer Dr. Dre and Alicia Keys have proven successful. According to ComputerWorld, HP has experienced a 13% in increased sales and profits after the implantation of the Beats Audio to HP computers (Mearian). When it comes to innovation, Apple is an expert. Apple is constantly pumping out upgrades for products that they already have on the market, but the upgrades change the products and bring them to a new level each time. As

quick as one of their products becomes outdated, they release an update to keep up with the trends and competition.

The product goes through the entire product life cycle quickly before it's upgraded into an almost completely new product. This is a major strength for Apple because with constant upgrades for their products, they will maintain their competitive advantage over competition. Their release of the iPhone has been a huge hit, and with its semi-annual upgrades, it is constantly grabbing the attention of consumers. The iPhone, iPod Touch, and iPad have been some of Apples most successful products released, but there are a couple flaws with the products.

The main concern to many consumers is Apples refusal to integrate Adobe Flash into the products. Flash is a multimedia platform used to add animation, video, and interactivity to web pages. Flash is mainly used for videos, online advertisements, and games. With the iPhones lack of Flash capabilities, users are not able to access some videos, websites, and programs online. This is a huge concern with many potential and current buyers of these Apple products. In this area, HP has a huge advantage. Flash is a required component in the industry that highly involves personal computers.

HP computers are flash friendly and compatible, giving them the advantage. Apple is highly criticized for not implanting flash into their products because of its wide use and requirement for many people. Although flash is available and compatible on their Macbook line, it is very glitchy and gives users issues regularly. Although Apple is a very strong company, Apples biggest threat would most definitely be by their competition. The market for

consumer electronics and personal computers is very competitive, especially with the amount of large successful corporations in the same field.

Apple faces possibilities of substitution of their products due to their competitors technology advancements. As their competitors such as HP upgrade their products and release new hits, it poses as a threat to Apple. As Windows improves their operating system, it may cause Mac fans to switch to the windows operating system. Even though their products and marketing strategy are different, Apple still faces the threat of product substitution. Issues such as Flash compatibility may be a contributing factor to such threats.

Apple faces the threat of substitution, but not as much as HP does. Apples product differentiation keeps them in a safe zone, where as HP is constantly being threatened. The fact that their computers are Windows based causes them a lot of competition. With products from other companies being very similar, HP needs to keep their game up in order to prevent from being replaced. It's additions to their products such as Beats Audio that keeps their products unique and protects them from substitution. Below are the revenue, income, profit, assets, and equity of both companies.

According to the 2010 10-K forms of both companies, Apple has the higher income and profit. The strategies and tactics adopted by Apple have proven more successful than that of HP according to their profits. Overall, Apple has the higher competitive edge and strategies, which makes them a leading company in the consumer electronics industry. Apple implements strategies, which are specific to their products, which is what gives them the edge in the market.

Their customer service is also what plays a large role in the success of their company, and it is a major hurting factor for HP. Apples innovation and reputation is what makes them appeal in the market, and is apparent in the statistics dealing with their revenue and income above. Both companies are considered to be successful, but Apple is clearly the leading service in the industry. Although both companies are highly successful already with the way they are performing, but both have room for growth and opportunities.

Apple could increase their opportunities by improving their products and services based on the knowledge and feedback that they have acquired since the companies existence. Improving the support and compatibility of their products will open up many opportunities to expand their fan base to appeal to Windows users. Reducing their prices will also provide a good opportunity to expand their potential customer base while still maintaining the perceived value of their products due to their already established reputation.

Their companies years of experience also provides with them an opportunity to increase their sales and profits. As with HP, they can experience the same growth and opportunities. Improving the overall perceived value of their products with increase their reputation greatly. They could also improve in the customer service aspect, which could also increase their reputation. It is Apples customer service that gives them such a good reputation, and it is something that HP lacks.

Taking the feedback from their customer's wants and needs could provide for them high and promising opportunities for growth. Both are successful

companies who implemented different strategies leading to their individual success. In the end, Apple came out with the larger numbers, and it is clear looking from their strategy and tactics how they did so. Both companies have plenty of room for opportunities, and it is certain and both companies will grow and adapt to the competitive and constantly changing market of the consumer electronics industry.