

Background of case study apple inc



There are uncertainties in the modern world. Things change rapidly and differently according to the tastes and preferences of the general public and communities. These changes may be political, social, technological, ecological or even economical. The entities dealing with these communities have to communicate and deal differently and effectively according to the tastes and preferences of the society. This can only be possible by the application of effective leadership within organizations by a Leader. The concept of leadership has become so important in the modern world that every leader will be identified by their unique features and their work. There are leaders like M. K. Gandhi who changed the way of living of society (World's Greatest Leaders, 2012). There are leaders like J. F. Kennedy who changed the political situation of country (Pettinger, 2009). All these leaders had their own particular style of leadership.

As defined by Chemers, leadership is “ a process of social influence in which one person is able to enlist the aid and support of others in the accomplishment of a common task”.(Chemers, 1997, pg: 1). A successful leader will manipulate followers in order to accomplish what is intended. Such leaders will see success in competitive world.

Over decades, leaders are just known for leading the organizations effectively. Very little efforts are made by leaders to enhance marketing strategies. Leaders are to kick off marketing when they effectively deliver their vision and mission. While a customer buying the product, knows that whose invention it is and who is leading the company, the promoting of such product can be said to have made by a leader. There might be some people who know that Microsoft is invented by Bill Gates. Whereas, majority of

people know that Apple Inc. is invented and run by Steve Jobs. That is mainly because of active involvement of Steve Jobs in promoting the product.

This dissertation therefore will focus on a case-study company namely Apple Inc, as a company whose leadership and management techniques are worth investigating particularly based on the innovative leadership and mentorship of the late Steve Jobs. , a style of leadership applied by Steve Jobs will be discussed with reference to change the way of marketing strategy of Apple Inc.

1. 1 Background of Case-study

a) Apple Inc.

Apple Inc., Which was formerly known as “ Apple Computers, Inc.”, established in a partnership by Steven Paul Jobs, Stephen Gary Wozniak and Ronald Wayne on 1st April 1976 in Cupertino, California. The company was primarily intended to produce Macintosh computers. Later, on 3rd January 1977, the company incorporated to its name without the third partner Ronald Wayne. The company initially started trading with selling 50 pieces of Apple 1 computers for \$ 500 each. (Source : Apple Inc. History, 2008 ; The History of Apple Inc., 2012). Ever since company started, it went on inventing and introducing newer and inventive products year after year.

b) Brief History of Products of Apple Inc: On 1st April 1977, Apple II computer was produced and marketed successfully. It was known as first successfully mass produced computer. In 1984, Apple introduced Macintosh which is famously known as Mac and resulted in larger revenue to the company. (Lussier and Achua, 2010) Later on till 1999, the company produces not so

successful products like Apple III, Apple One Scanner and Powerbook 140. On 21st July 1999, Apple introduced iBook which is a version of laptops and targeted the markets like education. While iBook was still on success, Apple released the family of iPod 1, 2, 3, and 4 in the year 2001, 2002, 2003 and 2004 successively. iPod brought the revolution in the music industry and consumer market for electronics. Because, iPod is first to have features mainly for listening of music, it was popular among youngsters. Referring to iPod Cantrell(2005) says that Apple have crushed the competitors through its innovative design, and made customers to adopt digital music. On 2003, Apple unveils iMac which includes the processing unit and monitor as same unit and updated with newer versions. While iMac is still on success peak, in 2007, Apple introduced iPhone which is a combination of iPod and mobile phone with web technologies. Soon after iPhone success, Apple went ahead and invented iPad which is unique in design (looks as if a small book) and having the features of laptop, with internet, playing games and easy portability than any laptops.

Brief History of Leaders in Apple Inc. : After incorporated, Steve Jobs became CEO of Apple Inc. Steve Jobs, who is a inventor of Apple products as well led the company till entry of John Scully. During 1985, Steve Jobs had to resign from his post as joint CEO because of disagreement of Board of Directors. Since then, John Scully led the company where company didn't see much success and about to go into bankruptcy till 1997, when Steve Jobs re-entered the company as interim CEO and brought back the company even more success and fame. On 2004, when Jobs was suffering from Pancreas cancer, Tim Cook served as CEO for two months, later when Jobs had to

resign from his post due to ill-health, Tim Cook became CEO of Apple from August, 2011 to till date.

1. 2 Aims of the Research

The research for this dissertation depends Articles and Books reviewed for Leadership and upon the questionnaire asked through mails for Marketing Strategy. Therefore, the research aims for:

What style of leadership did Steve jobs applied in Apple Inc. : Research will be aimed as to find out the leadership style and techniques applied by Steve Jobs to lead Apple Inc. it is said that Steve Jobs was “ neither a hardware engineer nor a software programmer, nor did he think of himself as a manager” (Markoff, 2011). Even then, Steve Jobs managed to be the leader in the technology competition and led company successfully whenever he was there.

What Marketing strategies did Apple Inc. apply. : Questionnaire in the research formed in such a way to find out that how effective is the marketing strategies of Apple Inc. among people.

Which particular marketing strategy did give success to Apple Inc. : It is to determine that which particular marketing strategy bought the fame Apple is enjoying now

How did Steve Jobs influenced Apple’s marketing strategy as a Leader:
Another important area of discussion will be that the influence of leader for the formation of marketing strategy.

1. 3 Structure of the research

Based on the above discussion, the study will be structured as follows:

Chapter one covers the introduction of the study and gives the aims of this study, a brief background analysis of the case study company, Apple Inc., and a thorough discussion of the key terms and concepts that will be used in this study.

Chapter two discusses the literature review of the research and will cover Leadership styles and Marketing.

Chapter three will involve a discussion of the methodological approach adopted for this study. This would include the research methods that is used in this research such as the use of questionnaires in collecting the primary data.

Chapter four will cover the analysis and discussion of the data that was collected during the fieldwork phase of this study.

And finally chapter five will be a conclusion and recommendations section that will try and effectively address the research questions given during the commencement of this study.

CHAPTER 2 LITERATURE REVIEW

The following chapter will discuss leadership in detail with the styles involved in leadership, Marketing with the detail analysis over Marketing Strategy and Marketing mix.

2. 1 Leadership:

Over the years, the way of leading organizations have transformed enormously. Leaders leading the country think the ways to improve their country economically, leaders in a company think dynamically as to increase the sales and profit. Leaders who work for charity think the innovative ways to generate funds. During this process of improvement, leaders find out the new way of development of leadership. DuBrin says that ‘ Leadership deals with change, inspiration, motivation and influence ... having a vision of what organization can become and mobilizing people to accomplish it’. (DuBrin, 2012. pp. 5-7).

Defining exactly what a leadership is a bit difficult. As Spitzberg, (Bass & Stogdill, 1990) identifies that the ‘ meaning of leadership may depend on the kind of institution in which it is found- 1986’. Even though there is no exact definition, Glanz (2002: Pg. 13) says that Leadership is reserved to those people ‘ who have capacity to lead’. James Kouzes and Barry Posner define leadership as a relationship ‘ between those who aspire to lead and those who choose follow’.(Li, 2010: pg-9) Whereas, Mehrotra identifies leadership as a skill which is involved in the process of two way communication as well as the feedback thereafter. Further the author says that a leader aims for the maximum growth of the organization by the utilization of available workforce. (Mehrotra, 2005. Pg. 3, 4).

Role of a leader in an Organization:

It is clear from the above discussion, what a leadership is. A leader has to perform certain duties or roles. Therefore, the role of a leader are:

a) Planning : Planning is known as setting goals and objectives in an organization. A leader has to plan the process of obtaining the goal. Lamb et al (2011) define planning as “ the process of anticipating future events and determining the appropriate strategies to achieve organizational objectives”. There are planning like business planning, marketing plan, product plan, managerial planning etc. It is through the planning process, a leader determines future actions of the organization.

b) Controlling: Controlling refers to the rules and regulations a leader implement in an organization in order to achieve planned goal. Leader issues a set of orders in controlling process and sub-ordinates have to follow such orders. Like planning, controlling refers vast area of the organization as well. There is controlling like cost control, management control, expenditure control, rules and regulations etc.

c) Supporting: A good leader supports subordinates in every aspect of the organizational process. Leader has to give training and knowledge about processes performed by an employee. A supportive leader can lead business effectively.

d) Informing: Transfer information regarding business processes from a leader to subordinates is crucial in order to form successful strategies in business. A leader should pass information with integrity. Integrity while informing subordinates will place a positive impact about the leader. Detailed information shift from a leader to followers will make subordinates believe in leader as well as reduces the workload of leader.

e) Evaluating: Evaluation of the business and performance of the organization has become a necessary part in the modern world. As Lussier and Achuva (2010) says that most of the information is analyzed to discover problems and opportunities. A leader has to develop the habit of evaluating sales, marketing process, performance of employees, purchasing capacity and competition. A detailed evaluation of these will help in forming future strategy of business.

Therefore, overall, leadership depends on the place and circumstance where ‘leading the followers’ is needed. And a Leader should have quality and capacity to lead subordinates in order to accomplishment of a particular or common goal.

2. 1 Styles of Leadership:

Based on circumstances there may be several styles of leadership. But, the mainly identified by the authors are:

2. 1. 1 Transactional Leadership : Transactional leadership is identified as a ‘telling style’. Where a Leaders order their subordinates in order to accomplish a goal. Benincasa (2012) refers this particular style as ‘Pacesetting Style’. Where leader is only concerned about the pace of the transactions regardless of any circumstances. There should be existence of self motivation and skills among subordinates for the success of this style of leadership. A transactional leader is not at all concerned about the well being of employees. Because this style focuses on basic organizational controlling, organizing and short-term planning. (Transactional leadership Theory, 2012).

Under this leadership style, it is assumed that the followers are known about the work and reward.

Transactional Leadership can also be referred as profit oriented. Locke(1999: 5) defines ' as leadership that involves an exchange process whereby followers get immediate, tangible rewards for carrying out the leader's orders' Where leader only cares about giving orders in order to maximize profits and do not care about the environment, stakeholders such as the suppliers, health of customers etc. The best example for transactional leadership can be given that of fast food restaurant where the restaurant owners only have profit oriented strategies at the cost of environment and health of consumers.

2. 1. 2 Charismatic Leadership : Weber describes Charisma as ' Supernatural, Super human or at least having exceptional powers '(Aronica, 1987: 5). And Charismatic leaders are normally known as god gifted leaders. Hava and Kwok-bun (2012: 5)says that a ' charismatic leader uses personal power to influence others' These description by authors suggest that a charismatic leader should have some kind of extraordinary power or quality in order to influence followers.

By the meaning of charisma, it can be understood that the leader should have some extraordinary abilities. But, a real charismatic leader in business will have qualities like integrity and ability to influence followers by good deeds. DuBrin(2012: 87, 88) identifies the characteristics of charismatic leadership as:

- Charismatic leaders Remember people's names

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- They Create visions for others and
- Create personal brand. Charismatic leaders will be known as somebody throughout the future.

2. 1. 3 Transformational Leadership: There is some sort of leadership which is in between transactional and charismatic style and called as transformational leadership. As

the name suggests, the leader seeks to transform the organization. Rickards and Clark (2006: 84) defines “ Transformational leadership refers to the leader moving the follower beyond immediate self-interests and elevates the follower’s level of maturity and ideals as well as concerns for achievement, self-actualisation, and the well-being of others”. The definition gives the outline of characteristics of a transformational leader where, the leader self-actualises and influences followers to work beyond their level. Whereas, Hava and Kwok-bun (2012: 5) argues that transformational leader treats subordinates as whole person and not mere individual with a restricted range of reward and motive. According to DuBrin(2012: 93), transformational leaders possess the characteristics of charismatic leaders. Their agreeableness and extraversion quality enhances their interpersonal relationship. They motivate people by conveying vision and there by creating a set of values.

Therefore, it can be said that transformational leader is the one who looks after the well being of both the organization and sub-ordinates.

Transformational leader will certainly aims at higher profits and more

transactions. But at the same time looking after the needs of subordinates and customers.

2. 1. 4 Visionary leadership: There is some sort of leadership beyond Transactional, Charismatic and Transformational leadership. Even the transformational leader known for transforming by change of ideas and motivating people, the transformational leader still lacks in achieving vision completely. McLaughlin(2001) says that visionary leader is effective in manifesting and creating specific and achievable goals and initiates action and participation of subordinates. The author further says that Visionary leader promotes partnership approach where they create team spirit and team learning. Visionary leader's main objective will be completion of vision. Westley and Mintzberg(1989) agrees that by words, a visionary leader bring in change among subordinates.

McLaughlin(2001) draws the following characteristics of visionary leader:

- ' Commitment to core spiritual value'
- ' A clear, inspirational vision'
- ' Respectful, empowering relationship'
- ' Innovative, courageous action'

2. 2 MARKETING IN TECHNOLOGY COMPANIES

Technology oriented companies normally provide services to the customers such as software. Sahaf(2008: 58) defines technological products as “ transforming materials and human efforts into desirable goods and

services”. There is no physical appearance to the product provided by the technology companies with some exceptions like mobile, computers, tablets, televisions etc.

When a company produces something for the sake of sales, it needs some channel to make its potential customer aware about the product. Marketing is such channel which makes potential customer aware of the product. According to McDonald(1989), marketing is confused with sales, product management, advertising and customer service. Whereas, marketing is known as base process for any sales. Without marketing, customer wouldn't know that the product is there for sale. Besides, marketing is an indirect need for a business for survival. When marketing triggers sales by attracting customers; businesses make profit and thereby survives. Moore and Pareek (2010 : 7, 8) agrees that marketing is to attract new customers by highlighting the potential value of goods or services. Authors further signify that another objective of marketing is to retain the existing customers by meeting customer satisfaction with the product delivered. Davies (2012 : 7) says ‘ marketing is the identification and anticipation of customers’ needs and the profitable satisfaction of those needs’.

The meaning provided above still fails to give the full description of marketing. Marketing can't be just anticipating customers' need or retaining customers. There is still process like communicating customer and agreeing them to buy the product produced by the company. Marketing even involved in the processes of building up customer relationship as well as getting feedback from customers. It is the positive or negative feedback from customer makes the product better. According to Lamb et al (2011: 4)

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‘ Marketing is an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders’.

Marketing gives a greater importance to customer relation. Because it is believed that the good relationship with the customer is the backbone of success for any organization. Therefore, any profit oriented organization will stress more on customer relationships. As Richard Branson (2012) says, ‘ you’ll need to know at a granular level whether your customers are satisfied with your product or service. It may be difficult to handle a disappointed or even angry customer, but you shouldn’t avoid such calls and leave them to your front-line staff’. A good customer service highlights the customer first and runs business according to customer preferences. Therefore, a good marketing will consider the do’s and don’ts of customers.

Overall, it can be said that, marketing involves in the process of attracting customers, identifying customers’ needs, communicating with customers, and delivering valued service after sales. A successful marketing also depends upon a successful marketing mix and a successful marketing strategy.

2. 2. 4 Marketing Research:

Research is said to be study of known or unknown subject matter. The subject matter may be live or thing. The aim of research is to find out more about the subject matter. Beri(2008: 4) defines marketing research as “ a systematic and objective study of problems pertaining to the marketing of

goods and services. It may be emphasized that it is not restricted to any particular area of marketing, but is applicable to all its phases and aspects”. Therefore marketing research can said to be involved in study of market as a whole.

Marketing research is said to be an expensive process because of the expenses it incurs. As Davies(2012) says marketing research is said to be an investment for the company as it is reduces the risk of wrongly allocation of resources i. e. sales. Bhasin(2012) describes market research as a systematic collection of data and information from existing and potential markets in order to form future plans.

The areas to be researched under market research are:

a) Customer : Customer is either a person or business who buy the products or services. Customer chooses or customs the product or service as per customer’s want. Knapp (2010) says that customers will have certain expectations about the product and services provided by the selling company with that product. Fill(2009) says that customers represent a majority of stakeholder and often being the target of organizations while on public relation activities.

While buying product from technology companies, customers often use the service provided and technical support to differentiate between the product and companies.

b) Consumer : Consumer is different from a customer. A consumer may be a customer but, a customer may not be a consumer. A consumer is said to be

one who ultimately consumes or make use of the product. It is necessary under marketing research to find out the exact tastes and preferences of consumers as well as the buying capacity of consumer.

c) Customer Satisfaction: Satisfied customers are known as an asset to the profit oriented business. Marketing research will aim to find out the means of customer satisfaction. Because of the fact that main objective of organization is optimizing customer satisfaction, it gathers its experience in marketing strategy, marketing mix and market plan to drive maximum customer satisfaction. Over the years the importance of satisfying customers has increased continuously. Knapp (2010) points out that in future, customers will demand support 24 hours a day and 7 days a week. Customers are said to be satisfied when they find the price paid for the product or service yields value. Customers seek good quality and standard performance as the value for the products.

A customer is said to be satisfied when wants of customer is fulfilled.

Davies(2012) says that want is a desire for life which is less important.

McDonald(1989) identifies customer want as technology driven and market driven.

Technology driven want: This type of desire is promoted by the companies which produce gadgets as well as technological products. A thorough marketing research will get answer to the growing trend among public for technology. The want for the product is created through the innovation or uniqueness of the product. It is implanted in the prospective customer's

mind that having such product will give luxury life. Example can be given of 3d television which creates a perception of luxury in the minds of viewers.

Market driven want: Market driven want can be said as the desire created by market itself. Market research will aim to get as much data as possible to get the real picture of wants among prospective customers. It can be customer's own need or want or created want.

d) Competition: A research based on competition is necessary by drawing a list of potential competitors in market. According to Sahaf (2008), competition refers to the number of competitors and market share held by each competitors. A market is said to be healthy where there is perfect competition. But, an organization has to determine the competition in order to change their strategy to become market leaders. Research on competitors is necessary in order to get competitive advantage Branson (2012b) says that “ When your prospective business is still in the planning stages, it can be difficult to understand how best to differentiate your product or service from the competition.” Therefore, the company those companies who want to win the race of competition, have to produce different and innovative products. The famous Peter Drucker says “ Those companies who know their customers, understand their needs, and communicate intelligently with them will always have a competitive advantage over those that don't.”(Quoted in Turban and Volonino, 2012: 305)

2. 2. 2 Marketing Mix

“ Marketing mix is a tactical or operational part of a marketing plan” says marketingteacher(2012). McDonald (1989) refers marketing mix as the “

term used to describe the rools and techniques of marketing”. Whereas, marketing mix is the mixture of Product, Price, Place and Promotion varying as needed, according to Belohlavek(2008) the objective of marketing mix is to establish the successive action in order to influence the buying decision of customers. These are popularly known as 4Ps. Besides, marketing mix also includes process, people and physical evidence. Kotler and Armstrong (2010 : 76) says that “ The marketing mix consists everything the firm can do to influence the demand for its product”. Therefore, it can be said that the main focus among the marketing mix is the product. And all remaining factors complements product.

a) Product :

Product can be said as the basis of marketing mix. Product may be tangible or intangible. Davies(2012: 78) defines product as “ anything that is offered to marketplace that can satisfy a customer’s perceived need”. A customer may use the product which have physical existence or feel the product which can be called as service. Physical or visible products have features and characteristics whereas, non-visible products or services doesn’t have any characteristics. It can be only felt or enjoyed by the customers. A product must deliver the minimum level of performances says Dogra and Ghuman(2008: 80). The feature of a tangible product includes a particular colour, design, size, packaging, brand name as well as weight.

The marketing terms associated with product are:

i) Product Branding : Branding, in simple words naming for the product.

Branding for a product exactly works as naming a human being. Ghauri and

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Kateora (2010: 286) say that “ Brands have a profound impact on society, nation/country and customer emotions, thus awarding the brand owner a great responsibility.” Another reason to create brand is to get brand loyal customers where customers stick to a certain brand and get used to it which is also known as ‘ Brand Loyalty’. People are tend to buy a branded item even though a very good item lies beside it. A very well known example is that of Coca-Cola which is well known throughout the world and known brand for coke contained drinks. A buyer wouldn’t normally buy any other coke item placed near Coca-cola.

ii) Positioning : Positioning is said to be the thought of a customer regarding the product. Sometimes, the positioning works so effectively, that people don’t even know the original name of the product instead they refer brand name. For example, in India majority of people call ‘ Godrej’ for a cupboard. Whereas, ‘ Godrej’ is mainly cupboards producing company. Ghauri and Cateora (2010) says that the organization can position their product effectively by knowing their customer segment and creating an image that matches their wants. And positioning is considered as systematic way to find a place in customer’s mind.

iii) Product life cycle: There is a life span for almost all the product. There are products with shorter life span and products with longer. According to Davies(2012), characteristics of products is similar to that of living organisms. Product life cycle refers to Where a product will see boom and collision. The following diagram illustrated by Sahaf (2008) will give a clear idea of a Product life cycle.

A description...Sahaf (2008)

The Stages in product life cycle are as follows:

Introduction stage: Introduction is the stage where a company introduces a product to the market. At this stage, product is unknown to the market or to potential customers. So company has to differentiate its product from other products. It has to tell the unique features of their product from other available products. Company has to promote their product to potential customers through the channel of advertisement, free offers or personal selling. Therefore, company cannot make much profit out of product.

Growth stage: Under growth stage, the product will gain the market share. In other words, product will gain popularity. But sales will be average and increasing. By the end of this stage, product sales start growing rapidly. The company will involve in more and more advertising in form of offers in order to increase sales.

Maturity stage: At this stage, product can be said as matured which means, more and more customers buy the product. No advertisement is needed to promote the product. Sometimes, competitors might copy the product. In some cases demand will be more than supply. At the end of this stage, product will reach most of the customers and demand declines. Therefore, it heads towards decline stage.

Decline stage : During decline stage, the overall popularity of product starts to diminish either because of a superior product produced by same company or alternative quality product produced by competitor. At this stage, the

company will use marketing techniques to keep demand alive for the product. The techniques may be decreasing the price of product, targeting other segment of market or updating the characteristics and features of product. Example can be given of Microsoft where company will issue updated version of products in form of service packs when they realised that product is in decline stage.

b) Price : In accounting terms, price means cumulative of total cost and profit. But in general, price means the value for the goods or services offered. Dogra and Ghuman(2008: 80) defines price as the amount to be paid by the customer in order to acquire the product. There are several factors which determines price. Among them, the main are cost of production, circumstances, additional costs such as shipping, administrative cost, handling, age of product etc. Price for the product can sometimes depends on the economy of the country. Examples can be given for those products which are exported to underdeveloped countries with a subsidised price. Kotler and Armstrong (2010 : 76) identifies the determinants of price are list price, discounts, allowances, payment period and credit terms. The process of pricing will involve the calculations of total cost incurred and profit to be earned after deduction of discounts and other promotional deductions. Sometimes, pricing also needs to consider the price for the same product fixed by competitor.

c) Place: during earlier days and till a decade ago, market meant to be a place where goods were sold physically. But, since the emergence of computer as well as internet, the concept of market place has changed enormously. Now market place is not at all a particular place in common. It

can be a work bench of some product manufacturer, or even it can be somebody's house. Dogra and Ghuman(2008 : 83) refers place as a ' point of sale'. Bhasin (2011) refers place as ' distribution channel'. Turban and Volonino(2012) says that organizations distribute products and service