

Cost leadership of apple



Cost leadership Cost leadership strategy has been highly adopted by Apple Inc in its endeavors of ensuring competitiveness and success in the technology industry. The company's management has been able to draw policies and strategies that are aimed at ensuring that the company is the lowest cost producer and distributor (Roth 2001: 24). By strategizing on cost efficiency, the success and sustainability of the company is enhanced. By lowering the cost of production and management, Apple Inc has been given golden opportunities on determining prices of its products, thus enhancing its competitive edge.

Lower cost of production and distribution has enabled the company to put competitive prices on its products as well as enhancing its gross profit margins (Bowerman and Wart 2011: 63). Some of the practices adopted by the company in executing the cost leadership strategy is through minimization of operating costs, lowering distribution costs, tight control on labor costs as well as reduction of input costs. Differentiation The concept of differentiation has also been widely adopted by Apple Inc in enhancing its competitiveness and profitability.

This has been achieved through designing and production of unique products (Furrer 2010: 231). The aspects of advertisement have also been adopted in ensuring product differentiation from competitor products. Despite that differentiation has been a cause of higher costs to the company; it has enabled it to distinguish its products and services from those of competitors. It is worth noting that differentiation has enabled the products of Apple Inc to appear unique, thus fetching higher markets (Ireland et al 2008: 124).

Apple Inc has been much conscious about the increased costs following the adoption of differentiation, thus enabling it to maintain its competitiveness.

Focus on particular market niche The focus of Apple Inc on digital music environment has been a vital element of success and innovations. This strategy of specializing and putting more focus on digital music has reinforced the company's competitiveness in the digital market.

Specialization in this product line has been aiming at capturing the young generation.

Unlike other companies, the products of Apple Inc have been widely focused on the young generation as well as the elite. This is much evident through iMovie, iTunes as well as the GarageBand. Focus on these products has influenced new innovations like the 18th-month-old music editing software.

Unlike competitors who are characterized by concentration on broader range of customers and products, the company has been able to enhance differentiation and cost leadership. By so doing, the competitiveness and profitability of the company has been enhanced, thus leading to its present success (Ireland et al 2008: 124).