

Key success factors of apple inc essay



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1. Abstract Introduction – Introducing Apple Inc. (One of the largest company in computer industry), and the meaning of Key Success Factors as well as the main objective of the Research Paper. Relation to Previous Research – By analyzing different researches, we can have a whole picture of Apple's success and see whether there have any managerial implication.

Proposed Methods and Reflections – By using a questionnaire with different questions to respondents via Internet, we can analyze the data to reflect Apple's recent key success factors. Conclusion – Brief summary of the key success factors of Apple Inc. which make it have a market share of 14% in U.S. and 3% in the world. 2.

Introduction Apple Inc. is an American Multinational corporation with a focus on designing and manufacturing consumer electronic and related software products. Its best-known hardware products include the Macintosh line of personal computers, the iPod (portable media player), and the iPhone. The software products include the Mac OS X operating system, iTunes media browser and the iLife suite of multimedia and creativity software. Wikipedia, the free encyclopedia) The personal computer industry is characterized by the following features: it is highly competitive, computer companies abide aggressive pricing practices that causes downward pressure on gross margins, another feature is frequent introduction of new products, computers, peripherals and accessories have got in a great extant short product life cycles, there are a lot of industry standards and patents, in fact, all makers apply strategies of continual improvement in product price/performance characteristics, if any company has invented any technological advancements, another one rapidly adopts it, besides, prices

are very sensitive on the part of consumers, and it is likely, there is and lots of competitors in the market.

In order to achieve those results Apple Inc. has got today the company has to pay attention to all these above described factors which determine success. According to A. A.

Thompson, Jr. , A. J. Strickland and J. E.

Gamble in *Crafting and Executing Strategy* (2005), key success factors are so important to future competitive success that all firms in the industry must be competent at performing or achieving them or risk becoming an industry also-ran. An industry's key success factors are those competitive factors that most affect competitors' ability to prosper in the marketplace, which include particular strategy elements, product attributes, resources, competencies, competitive capabilities, and market achievements. In my research paper, I will try to review and analyze key factors of the Apple's success, try to compare results of several existed researches on this issue with the one that have been done by me and discuss about both. My research has been made by means of a questionnaire via the Internet (see the Appendices).

One supposes that the success of the company was brought about because of its innovations and internal organizational impacts. 3. Relation to Previous Research There are a lot of researches which refer to the issue of the success of Apple Inc. in mass medias, the Internet and economic literature. All of them point out in some way or other different factors of the success. My research is to get the whole picture of Apple's success by analyze

different researches and facts with applying strategic theories that I have learnt on this program.

Let us consider some of them. According to the article “ Apple Computer, Inc. ” (Apple Computer, Inc. Case Study) The author calls factors of early success of the company.

Among them there were the interface “ window” introduced to customers (though it has been later borrowed by Microsoft), the strong organization structure of the company which consisted of designing professions with high work discipline and morality, next, one of the main factors was, in fact, is the deep market penetration with the educational community in the U. S. A. and some others. As for the today’s success of the company, one can example the results of the research from the article “ Apple Computers, Inc. Comprehensive Business Analysis”.

The author of this work confirms that Apple Inc. is a successful maker because of the following elements of its strategy. First of all, it is due to the company’s constant innovations (virtually, the company is called one of the most innovative one in the country). Second, products of Apple are stylish, are characterized by usability and increased speed and memory.

Besides, Apple is a company with a very strong brand, in other words, is good positioned. About this fact the following research speaks — “ From computer geek to style icon” (Behind Apple’s Strategy: Be Second to Market) The researcher is discussing about the importance of the brand revitalizing as one of the most efficient factors of the success. Having narrowed its followers’ share to a “ Specialist” brand, the company has returned its

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former reputation as the most fashionable computer maker in the market. Due to much attention to its customers, the company has created its own base of loyal ones who, as witness some sources, has great expectation about future company outputs.

In other word they are confident of quality of Apple's devices. This confidence alongside with effectively paying off all debts has led to overvaluing of the company in the financial markets. One of important factors of the success is the one which gives the company the possibility to compete in the market. It is margin expansion.

Due to large reserves of higher prices the company, in fact, has got room to survive during price wars with other rivals. According to the article "Apple and PC's, both given Up for Dead, Are Rising Anew" (Archives The New York Times Friday, May 23, 2008) the core impulse of the development of the company in the early period and after 1998 was the return of Steve Jobs to it. The team headed by Jobs understands that the main preconditions of the company success are "simplicity, branding and style". The new staff created after Apple Inc. has got problems with its finances, is a source of creativity and non-standard thinking that lead to constant innovations due to a great share of research and development costs.

Besides the mentioned factors, one can call the one referred to high quality of sales (for example, when in Palo Alto, Calif. , in the store they have found out that the company's innovative iMac computer did not work with a newly designed Epson printer, in a matter of days a software patch was created and widely distributed via the Internet that helped to combat customers'

complaints). Also researchers point out many novelty from Apple — iPod, iPhone, iMac and others which have got demand due to the creative approach to their production, due to the fact all these product have got their own names “ iPod”, “ iPhone”, “ iMac” (without the article “ the”). 4.

Proposed methods and reflections In order to gather our own data about what main factors of Apple Inc.

's success, we will work out a questionnaire with different questions to respondents via the Internet. This kind of research was chosen because of its simplicity for understanding and doing conclusions, because of the possibility of the existence of control questions, and because of rapidity of gathering of information. The first question can reflect about the Apple Inc. s recently breaking into a different market niche, for instance, the portable music segment — with iPod and iTunes software. Nowadays in this market the company has achieved 90% of all sales in the U. S.

A. (according to “ Apple Computers, Inc. Comprehensive Business Analysis”). This share of the market, in fact, allows the Apple's management to set its own rules of competitive oppositions. Such monopolistic state creates the possibility to charge new prices that is used by the company in full. Now existed competitors are not able to create something to surpass the Apple's product.

Next, as for the question No2, on the ground of these answers, one can conclude that all these factors have got their weight in the success of the company. But the main two of the three are easiness of use of its computers and sales via the Internet. As for the last factor, there is a need to say that

Apple sells its products via its improved distribution network in the U. S. A. and worldwide.

In particular, the company is using the sites Amazon. com and Buy. com that gives the possibility of home shopping. In this context (of sales), we have to note about the company's retail strategy. According to the article " Apple Retail Stores: the 9-success factors" (Apple Retail Stores: the 9-success factors, December 23, 2007), Apple Inc. attracts about 9000 visitors a week in each of its stores in the U.

S. A. Besides the article numbers other factors of the success, they are: a strong concept, new and exciting products, enough cash on the balance sheet (that during the period of the company's collapse was, in fact, one of the most crucial problems), excellent marketing and brand name (about it we have noted), excellent supply chain management (it gives the possibility not to depend on one of the suppliers, in other words, not to be in the situation of monopoly), relevant information systems, excellent shop locations, a unique solution-focused store design, and outstanding store operation to deliver " Fantastic experience". If to speak more about the last factor, according to the article " Mac sales corral 14% of U. S. computer market" (Keizer G.

, " Mac sales corral 14% of U. S. computer market" [http://www.computerworld.com/action/article.do?command=](http://www.computerworld.com/action/article.do?command=viewArticleBasic&articleId=9069298)

[viewArticleBasic&articleId=9069298](http://www.computerworld.com/action/article.do?command=viewArticleBasic&articleId=9069298)) the company's store personnel offers

customers complete " buying experience" that, to some executives' mind, is the most important factors of the success.

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As for the third question, “ To what extent does the existence of professional designers at the company assist its success? ” In fact, it means what many other researches confirm that, in particular, Steve Jobs’ returning to the company in 1997 became an impulse of revitalizing and give the possibility to create a new team of designers which set a milestone of creativity, an innovation approach and research and development costs. As for the fourth question, it can reflect whether Apple Inc. due to a wide range of above mentioned and other factors has got a base of loyal customers who are confident of the company, of its products and expect novelties from it in spite of relatively higher than in competitors prices. One has to note that the bulk of this base of customers is the educational sector, which the company has relied in the past and rely now on. And finally, as for the fifth question “ What do you think of relatively higher prices of Apple’s products? ” So, we can observe that whether the law “ high price — high quality” works in the case of Apple or not.

The company has got a strong brand name, long history of presence in the market, is famous for its innovations and novelties, and corresponding quality of products. Besides, we have asked some open questions about key factors of the Apple’s success and got the following results: if to group them — thought leadership, network innovations, human factors engineering, continuous improvements. If to generalize these answers, we will get similar conclusions: one of the main factors of the company’s success alongside with the presence of creative approach within the team of designers is constant innovations and R&D costs which rank the company as the one of

the most innovative in the country. 5. Conclusion In spite of particularities of the computer market, Apple Inc.

has managed to outlive during the period of its collapse at the beginning of the 1990s and achieve a remarkable success. There are many key factors which have determined and determine such results (Apple's market share is 14% in the U. S. A.

and 3% in the world — according to the article “ Mac sales corral 14% of U. S. computer market”).