

Strategic performance review of goapple

[Business](#), [Marketing](#)



Strategic Performance Review

Strategic overview

GoApple is a large smartphone manufacturing company based in America. GoApple management is now considering to explore Europe and Asia markets to strengthen its presences globally. The current smartphone industry is fairly competitive with seven other competitors. GoApple started with the iOS smartphone leader position in January and shift to Android in April to accommodate the market demand. Overall, GoApple experienced a decline in growth over the five periods.

GoApple adopted Porter's focus differentiation strategy to take advantage of some unique dimensions in product features and market segmentation which would allow the company to impose higher price and margin (Johnson et al., 2015). Since most consumer values App Store the most when making purchases. GoApple adopted the iOS operating system as more applications can be run under this environment. In order to gain market share at the beginning, GoApple set a competitive price in January and invested 100% in App store, which put GoApple in the leading position among the iOS smartphone players, right after Unicorn (Windows) and WatchMeShow (Android). Windows and Android were the monopoly business with the significantly high profit margins. Given the strategy of producing high-quality product globally, GoApple entered Europe and Asia markets in January.

After the successful launch with a \$53. 64 million revenue, GoApple shifted its core strategy to improve brand equity in February. Market uncertainties made it difficult to sustain the growth momentum. There were a few

challenges arising along the way, such as market demand forecasting, brand equity enhancement and Human Resources management. These three key challenges will be discussed in details in the following section.

Performance Challenges and Solutions

Market Demand Forecasting

Demand forecasting was one of the key challenges, which directly leads to the inventory management problem. Due to the oversupply in the iOS smartphone market – half of the manufacturers were producing iOS mobiles, there was a major decline in the number of units sold in February.

Theoretically, reactive production strategy such as make-to-order system could effectively address uncertain demand situation. Under the simulation environment, the option to adopt reactive strategy was unavailable. GoApple used a speculative production strategy that was heavily relied on forecast accuracy. In this business environment, accurate production estimation was critical as the inventory carrying cost was \$40 per unit and it increased when goods were carried forward to the next period.

However, it is impossible to forecast the exact production units, be it under simulation or under real market conditions. Decisions need to be compromised, production units were adjusted based on last period's sales under the assumption of independent and identical demand distribution.

How to distribute products across the three regions was another issue. Based on the consumer psychographics, European consumers value brand the most, Americans value App store the most and Asiaprices and the uncertainty of competitors' acn customers are more sensitive to price. The

distribution percentages were adjusted each period based on the product features focus. Demand was affected by multiple factors such as activities. As a result, GoApple suffered from four consecutive periods of excess inventories.

Brand Equity Enhancement

Brand equity provides value to customers (Aaker, 2009). Given the fact that eight smartphone manufacturing companies entered the market at the same time, the extra amount a customer pays to get GoApple is partially for Brand Equity.

Although carried with competitive features, GoApple phones lost market share in February due to low brand awareness. Management realized the importance of investing in branding. In order to utilize the perfect advertising effectiveness in the three regions, GoApple increased the budget allocation significantly in Product Line & Brand and Sales Promotion in the following periods.

Mass marketing campaigns helped to enhance brand equity. However, it takes time to respond to brand awareness and much longer time to build up brand loyalty. GoApple failed to see a profit growth due to three reasons. Firstly, introduction phase requires strong brand awareness (Palmer, 2009) and competitors hold the first mover advantages in Europe and Asia including brand name recognitions and customer loyalties (Parker et al., 2016). Secondly, marketing investment is a black hole, there is never enough investment. When competitors realize their market shares are taken by others, they would invest more. It is impossible to predict the relative investment value from competitors as the demographics of the consumer

are fairly stable, GoApple can never reassure the absolute size of marketing investment. Thirdly, a great strategy may still fail due to bad timing and luck. The competitor may drastically increase the marketing budget or pursue some other market-changing strategy.

Human Resources Management

The optimal allocation of Human Resources is another critical challenge. Resources should be allocated mostly for the value-added activity (Parker et al., 2016). GoApple employees were paid with industry base salary and minimal benefits in January. Management achieved a low HR score of 18% with low level of productivity and team morale. GoApple revisited its compensation package based on the Human Resources Survey. More benefits were added based on the employee desirability. Employees also received a 3% pay rise in every following period. More investment was made in training programs in order to keep up with the industry average level.

The level of productivity and morale has been improved, and this improvement was more effective in the first two months. In response to the falling demand (iOS market saturation) in the last two periods, Human Resources allocation was reduced by increasing investments in Marketing. GoApple had undergone a shift in the operating system, which had also affected the HR budget allocation. The highest team morale was achieved when more employees were on board. This explains the positive effect when the economy is bullish – higher employment rate and lower turnover rate. Thus, Human Resources allocation strategy would have been more effective if it was aligned with product lifecycle and economic conditions.

Personal Reflection

Talent Differences

It is generally accepted that groups with many members contributing diverse skillsets, knowledge and experience will consistently deliver better results. However, Rogelberg et al. (Buchanan and Huczynski, 2016) challenged this statement by saying that group decision is not superior in comparison to the decisions made by the group's most capable individual member. One of the reasons why groups perform poorly is talent differences and this was observed in our team working process. Some people contribute more to a team than other team members, based on their individual talent and efficiency. But sometimes, these talent differences cause conflicts among team members. We normally had a strong brainstorming stage according to Tuckman's model. But when it comes to the norming stage, there was a frozen period when people could not compromise their ideas. Few of us held sound and reasonable argument, but the intention for unanimity fail to override our judgements. The norming phase took longer to reach, we all wanted the best solution and could not satisfice on an acceptable decision.

One of the key drivers of talent differences is culture mixing. Group members are from China, South Korea and Australia. While China and South Korea score very low on Hofstede individualism dimension, Australia is four times higher. Chinese and Korean are more long-term oriented while Australians are not much so.

For example, during the first simulation workshop, I argued that market penetration to America and Europe were important, simply because we

produced top quality smartphones and consumers from these two markets care more about qualities. However, the other team members with Asian education backgrounds argued that our low price will gain more market share in Asia. I held onto my view because it is simple and objective, though their argument was not incorrect. We could not reach a final number for distribution and finally compromised at 35-35-30 to play fair. They do think from a more complex point and longer horizon, whilst I focus on the current and simple solution. Diverse ideas may bring conflicts and this is inevitable within a team-working environment. Conflicts are not always unwanted and can potentially enhance team performance. Groupthink can also be managed by introducing the role of challenger (devil's advocate), who keeps challenging others and be critical. Multiple layers of diversity will bring a wide range of intellectual interests so that better decision can be made.

Shared Leadership

There was not a specific person being appointed or elected to the leadership role; rather, leadership develops over time as a result of the group's interaction. The leading power was given away to the most qualified individuals to strengthen our capabilities and maximize our talents. Our team was a cross-functional team with different expertise. For example, the team member with accounting background would fall into the leadership role when we discussed the balance sheet and cash flow issues. I would step up for any funds management or finance related topics. In this way, we consider ourselves as resources rather than managers. Each of us felt more motivated and would bring the best of ourselves to group work.

However, establishing an effective shared leadership takes time and require a certain level of leadership ability across all members. Unfortunately, some of the members failed to fulfill the leadership role as they do not feel comfortable taking initiative on assignments. My teammates perspective of me was more on a combination of coordinator and analyst role, according to them. I know my strength well and know what kind of tasks I am interested in and always show initiatives to take on tasks before delegation. My behavior was true to my values and team role since Week 1, I was a team player as well as a team leader. My experience from this group project has challenged my views about working in a multi-national background team, it was interesting to see all different ideas from individuals and shaped into one final decision, which may not be the most rational one, but will be the one that maximized all the resources. At the same time, my view on being flexible at positioning my role in a team working context has been confirmed. I need to step up to lead the team when there are no initiatives shown – supporting and directing others to accomplish the project in an effective manner (situational leadership as Figure 9 shown), whilst I should step down to be a cooperative contributor when there are too many hats in the room, or even be a challenger to take corrective action if necessary.