

Example of case study on the ipad as a disruptive technology

[Business](#), [Company](#)



The iPad as a disruptive technology:

Introduction: A review of Apple's Business Model.

According to the case study, Apple's previous business model focused more on device popularity other than the content. Apple's new business model success ascribes to Apple's understanding that high-quality content delivery from the various types of media its devices support is crucial. The company has made deals with players in the media industry to distribute content to users at prices agreed on by the content and platform owners. To enable this kind of shift, even Apple had to change tact and focus more on presentation, content, design and a built-in apps ecosystem to create a barrier in the market for new entrants. Effective product promotion and emphasis on quality and elegance have also made Apple's business model one of a kind and created a sustainable competitive advantage.

The Apple iPad: Main features

There are three models of the iPad currently in the market: iPad mini, iPad 2 and iPad (with Retina Display) which is the latest release. The original iPad (iPad 1) is currently out of production. The iPad with Retina display is the best iPad model yet and boasts of the following key features:

- Retina display: The iPad Retina display features 2048*1536 resolution, rich color saturation and, and an amazing 3.1million pixels. That is four times that of the iPad 2 and a million more than a HDTV making pixels non-discernible at normal viewing distance.
- The Powerful A6 Chip: This is by far the most powerful mobile chip yet according to Apple rendering up to twice the graphics and CPU performance

of its predecessor, the A5X chip. This increases the iPad's performance and responsiveness with apps launching instantly and running smoothly. The graphics performance during gaming is also fluid and sleek.

- Longer Battery life (up to 10 hours): Even with the improved display and performance features in the iPad, this does not have an impact on the power consumption thus users have up to 10 hours of active battery life.
- More storage: The iPad features more storage capacity, up to 128 GB to store photos, videos, apps, documents, magazines and other files.
- Apple iOS 6: The iPad runs the Apple iOS 6 which is the latest operating system for Apple devices with intuitive technologies like multi-touch support and Apple's intelligent virtual assistant, Siri. The software is to ensure better performance and improved features.

The iPad Case Study: Main Features.

The case study aims on portraying disruptive technologies and competitive forces in markets using Apple products as examples, and specifically, the iPad. The study mainly depicts the impact of the iPad as a disruptive technology in the media and content industries. The case study shows the revolution of content industries and how Apple has taken the opportunity to make profits out of previous oppression of publishing companies by known published content distributors like Amazon. The implications of this disruption on the tablet PC and notebook markets have also been well examined. Apple's new business model is also discussed, and so are the implications of disruption to its competitors and their response to Apple's disruptive innovations Conclusively, the study aims at showing the impact of

disruption on the media, content industries and mobile device industries, and how the Apple, with its iPad has disrupted these major markets.

The iPad: Porter's Five Forces Competitive Model.

In this section, the industry factors shaping Apple's strategy are using Porter's Five Forces model. According to the case study, Apple stands at a strong position in the tablet market with its iPad. However, there are still various factors that need to be analyzed before the iPad can be declared a true market leader and hold its position.

- Bargaining Power of Suppliers: Apple has partnered with leading brands thus developing monopolistic price tendencies. Their product is standard but has elaborate functionality making it unique. Apple takes products from other companies in print, television and the music industry and sells through the Apple store and iTunes which benefits both Apple and content creators. Apple is able to earn a percentage commission on sales and content creators are able to charge for content that was originally free giving the suppliers a lot of power over the market.

- Bargaining Power of Consumers: The iPad's main consumers are mostly loyal customers of Apple, but the number is slowly growing. Apple's new focus on content, presentation and delivering functionality is what convinces consumers that they need a new expensive gadget. This places them at Apple's mercy in terms of product pricing. The iPad's appeal to mobile business users is also high due to its business and document apps.

Competitors have also resorted to low quality, low margin and low price products making the iPad a superior but nonetheless expensive product.

- Threat of New Entrants: Apple is a new entrant in the tablet market and its competitors are existing giant rivals such as software company Google with its Android OS, mobile giants like Samsung and book distributors such as Amazon. Apple's disruption of the market by offering better products with unique functionality and design has made them a dominant figure in the market. This enables them to decide product prices, which consumers are ready to pay and place online pre-orders, thus showing the Apple as a new entrant has high bargaining power.
- Threat of substitutes: The iPad as new product has disrupted the netbooks, tablet PC and notebook markets. Though experts believe the iPad will not affect netbook and laptop markets in a major way, it has clearly disrupted the media industry making media companies and publishers change business models and switch from traditional print media to new digital platforms. The iPad is also more flexible in terms of multiple functionalities and soon devices like Kindle Fire and Kindle eReader by Amazon may be ousted out of the market.
- Industry Competitors: According to the case study, the iPad's market disruption has triggered a lot of responses from competitors. Some of these competitors have opted for low quality, low or no margin and low prices products to keep up with the competition. Others have been more dramatic with some like Google launching the Android OS to retaliate and even opting to risk fallouts with hardware partners by developing their own android devices. Microsoft has also attempted to enter the tablet market to stifle Apple's growth and keep their loyal customers. However, Apple continues to

come up with disruptive solutions and does not dwell on past achievements but continuous innovation thus standing out as a worthy competitor.

Is the iPad a disruptive technology? Who are the winners and losers?

The iPad is indeed a disruptive technology that has changed the way content is and delivered. While it has significantly impacted the netbook and notebook industries, it cannot oust them out of the market. The iPad's advanced technology has impacted the sale margins and profits of many publishing and media companies through partnerships and sale of media content in the apple store and iTunes.

Software giants such as Google have been motivated to develop the Android platform and are posing stiff competition to Apple with their Android devices. In the content creation sector, publishers stand to gain from higher e-book sales margins while traditional book distributors like Amazon stand to lose out or change business models to stay relevant in the market.

In the portable gaming industry, the iPad's improved CPU and graphics performance will positively impact the gaming industry, and according to the Apple website the latest version of the iPad has fluid graphics and high resolution thus attracting game developers for the iPad. The winners here are the consumers and developers while losers may be companies like Nintendo and Sony with their PSP since portable gaming is on a whole new level.

The iPad supports Apple's iTunes online music store. If Apple's continues to control iTunes, and maintain premium music pricing, then they stand to gain. Losers here are record labels and players in the music industry who will have

to comply with Apple's policies since Apple will be controlling music distribution. The result is that the consumer will also be at the mercy of Apple due to lack of competition.

Other winners are newspaper and magazine publishers who will cut printing costs and instead publish online. However, these same companies may become dependent on Apple in the long run and thus lose out since they will have to be compliant with Apple's policies in order to be successful.

Impact of the iPad on Apple's business model:

As mentioned earlier, Apple's business model focused more on device popularity other than content. However, they had to change their business model for the iPad and their other disruptive technologies such as the iPhone and iPod.

In terms of infrastructure, Apple products are on creative presentation of content, unique device features such as multi-touch capability and focusing more on design. Apple also has a partner network with companies such as Facebook, YouTube, Twitter, Google and Drop box to deliver a platform for content delivery and sharing.

Apple's new business model also focuses on value proposition by being creative in terms of product design, user friendliness, content presentation, delivering new experience and offering a wide range of features for their products e. g. Wi-Fi etc. Apple products are and targeted for both normal and professional users. Customer relationships are also well maintained through community forums, online customer service, the Apple store and worldwide retail centers.

In terms of costs, Apple's main expenditure is on operational, labor, manufacturing and short program costs with revenues streams originating from product sales, advertising, membership, sponsorships and partnering with media and publishing companies as an agent.

Impact of the iPad on content creators business models:

Other than Apple's business model, the iPad has also impacted considerably on content creators' business models. The iPad provides television on the go, eBook reading and online newspaper and magazine reading. This has forced media companies to make radical changes to their business models. Content creation firms have stopped investing in traditional content delivery methods such as newsprint and are now increasing investments in digital platforms. Book publishers are also switching to eBook sales in the hope of reviving sales and attracting new readers.

References:

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