

Apple supply chain: low cost manufacturing and shipping

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Apple Inc. is an American multinational corporation headquartered in Cupertino, California that designs, develops, and sells consumer electronics, computer software, and personal computers. Its best-known hardware products are the Mac line of computers, the iPod, the iPhone, and the iPad. Its software includes the OS X and iOS operating systems, the iTunes media browser, the Safari web browser, and the iLife and iWork creativity and production suites. The company was founded on April 1, 1976, and incorporated as Apple Computer, Inc. on January 3, 1977.[6] The word "Computer" was removed from its name on January 9, 2007, reflecting its shifted focus towards consumer electronics after the introduction of the iPhone. Apple, the Cupertino-based tech company, reported record revenue of US\$ 46.33 billion and record net profit of US\$ 13 billion for the quarter ended December 31, 2011. Most people think that this success is the result of Apple having iconic products. Well, it may be true that Apple's products are exceptional, but the company's top-notch distribution is also a major factor behind its success. Here's more information on Apple's distribution strategy. Before we discuss Apple's distribution, it may be in order to define distribution. Distribution is the movement of goods or services from the point of production, through distributional channels, to the end consumer. Some important elements of Apple's distribution strategy are: Low-cost manufacturing and shipping In order to save costs, Apple has contracted the manufacturing of its gadgets to Foxconn, a Taiwan-based company with factories in China, where production costs are much lower than in the U. S. Apple also enters into exclusive deals with high-tech component manufacturers so that it is assured of supply. Foxconn ships the

manufactured items from its Chinese factories to warehouses in the U. S. and elsewhere. Retail Independent Stores: In the late 1990s and early 2000s, Apple, like other consumer electronics companies, was dependent on big-box retailers to sell its products. While this strategy made sure that Apple products were widely available, it gave the company little control over point of sale customer experience as the retailers' staff were usually not trained in selling Apple products. Steve Jobs, Founder of Apple, said, " It was like — ' We have to do something, or we're going to be a victim of the plate tectonics. And we have to think different about this. We have to innovate here.'" And innovate it did. The company disassociated itself from big-box stores and established independent stores. After a process of trial and error, it came up with a prototype store that was designed around customer needs rather than products. Destination stores: Apple launched what it prefers to call as significant stores. These stores, with amazing architecture, are located in prime locations of major cities such as New York, London, Paris, Shanghai, etc. The sales staff that man these stores are trained not to sell; instead they are asked to respond to customer queries and provide solutions to customers' problems. In these stores, you'll find " The Genius Bar, " where specially trained staff offer one-on-one training to customers on how they can maximize their use of a Mac or their iPhone. Branding: Apple's stores are a part of the company's branding strategy. The stores reflect the company's now-popular minimalist design philosophy. The stores are clutter-free zones. The " significant stores, " for example, don't even have a checkout counter; the staff use wireless credit card readers instead. Apple's logistics acumen allows it to ship and sell millions of iPads, iPhones and iPods

when its competitors face supply chain problems. So, the next time you appreciate your iPad's sleek design, spare a thought for the company's logistics excellence as well.