

Apple case study critical analysis

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A. The PC industry is much older than the MP3 player industry. As it is an older market, its structure is also more consolidated with only a few builders accounting for the majority of the market. On the other hand, the first MP3 players only surfaced less than ten years ago. While Apple's Ipod may dominate the market, there are much more MP3 player manufacturers compared to PC manufacturers.

Another difference between the two industries is that PCs tend to be commodity products as opposed to MP3 players which are seen as lifestyle or luxury products. This means that PCs for the most part are considered disposable items, especially to bulk buyers like firms or educational institutions. As such, value for money is a premium for PC manufacturers and the trend for the industry is to have better products per new generation at a lower price.

Compare this to MP3 players which are for the most part used for personal entertainment. The popularity of the Ipod has cemented the MP3 player as a fashion accessory in addition to a consumer electronics product. Consumers also tend to be more concerned with the form of their MP3 players as opposed to the form of their PCs.

Both industries are also experiencing the trend of convergence with PCs having more and more features oriented towards entertainment and MP3 players having more features geared for productivity. Additionally, the cellphone is also encroaching on both products. Smartphones are slowly gaining more PDA and laptop like features. These same devices are also starting to gain more and more entertainment features with newer models coming equipped with the ability to snap pictures and play music.

B. Apple products have always been known for its innovation, ease of use and high price. One could say that while PCs in general are a commodity product, Apple computers are marketed like luxury items. Apple computers look better than the competition, are easier to use than the competition, and cost more than the competition. As opposed to its PC competitors who used different strategies to be able to offer the lowest prices possible, Apple's offerings have always been about function and form first, cost second.

Apple's initial foray into the MP3 market touted ease of use as its main strategy. The Ipod featured a thumbwheel that simplified the access of thousands of songs stored in the player. The Ipod's ease of use was essential to its adoption by newcomers who were unfamiliar to MP3. Secondly, iTunes was very innovative in the way that it simplified the process of legally obtaining music over the internet.

Apple made possible a new distribution method for music through iTunes wherein the customer can access exactly the tracks he wants, anywhere in the world and the music is delivered directly to him. Lastly, the success of the Ipod has allowed Apple to leverage its brand strength as a key strategy for the Ipod. Apple successfully marketed the Ipod as a lifestyle accessory and a successful marketing campaign has made an Ipod (not an MP3 player, an Ipod) a must have.

C. One key strength for Apple has been its brand. Successful products in the past have infused the Apple Brand with the values of ease of use, innovation and style. This is best seen through the cult of Apple fanaticism with Apple devotees preaching the values of Apple products to their peers. Like whole

foods, the Apple brand has formed its own following that serves to promote the values of Apple products.

While marketing strength may be a great strength of Apple, their culture of innovation allows them to maintain a lead over their competitors in terms of ease of use and new features. The key to Apple's innovation is their focus on satisfying the needs and uses of the customer as opposed to simply cramming their products full of gadgetry.

This is best seen during the years before Apple switched to Intel processors. While relegated to using the antiquated PowerPC processor from Motorola, Apple was able to maintain interest in their computers by innovating on the software side, coming out with the much acclaimed OS X operating system and its succeeding incarnations.

Apple PCs have also been known to be better in design related applications. Macintosh computers are seen by many to be better suited for creative applications such as image processing, music creation and video editing. Apple itself has invested heavily in these areas with their free, pre-installed versions of these types of programs being far better than the offerings of their competitors.

Lastly, Apple's policy of being tight with its technology has allowed it to keep a high level of control over products associated with Apple products. Unlike other PC manufacturers whose technology is available to all OEMs, Apple technology is shut out to third party manufacturers. For the most part, Apple controls who makes Apple peripherals.

While this limits the expansion of Apple and keeps the cost of its peripherals high, it has allowed Apple to maintain a high level of quality for its peripherals and its own products as their computers are less likely to crash due to shoddy third party products.