

# Apple's fortunes

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Apple is an enormous and enviable company whose success leaves an impressive trail of imagination (Linzmayr 1999). Nonetheless, no precaution is sufficient in saving a company from shifting that shake is the core; this independent strategic review bases its arguments on observations and reality that, just like unforeseen and underlying events tear apart a fair weather's calm, so is this mammoth company likely to face chain of events, some historical, others occasional and sudden. Apple's fortunes seem to be changing since the phenomena 2011 peak, then its divine leader whose clients were more of disciples dies depriving the company off his genius, coupled with underlying historical events on public relations, security, product costs, and court cases among others (Kendrick 2011). Steve Job's genius may have been useful in circumventing all these issues since given his qualities and Apple's 'I' products, CSR, ethical and vulnerabilities took a back seat. But will Tim Cook survive the onslaught, the only forgotten but unsolved issues in the Smartphone and tablet industry. Apple may possess cutting edge technology, but will it not topple over due to the SUT throat competition. This strategic audit will focus on the factors shaping competition in the industry, the internal strategic options facing Apple, the PR issues that Tim Cook has to contend with and summery of recommendations to the CEO (Groeger 2012).

In analyzing the landscape of any industry, market size and growth rate are top key issues to consider first. For instance, the Smartphone industry stood at 4.35 million units in 2010 up from 36.5 in 2009. The unit cost was \$13 on average with 2010 market value of \$7.06 billion. In this industry, success factors depend largely on innovation, reliability such as battery life,

expendability in software updates, usability through easy and smart interfaces and financial ability for promotional and acquisition purposes. The driving forces of outstanding players in this industry are increasing internet coverage, connectivity, reducing phone and tablet prices, global competition and higher cellular coverage (Groeger 2012). According to the research by consulting and accounting company KPMG, smartphones and tablet market has witnessed a mammoth growth outing the preference of PCs. Apple's iPad features prominently in this arena as a dominant player. In the December quarter, iPad sales in units went up by 75% reaching a 7.3 million figure (Lai 2010). Apple Inc. then launched iPad2 that so its sales go up to 9.3 million units. These staggering statistics are not an end in them; they provide illumination to factors shaping the Smartphone and Tablet market (Lai 2010).

This is a strategic issue shaping the Smartphone and tablet market's landscape. Apple Inc. is a key player in this market with a reputation of the best company in the world when it comes to branding. The convergence of interest, prevalence of economic turbulence and quick-pace innovations, demand branding astuteness by any company in this industry. Apple's innovative changes in 2011 stood at 84% with Brand Value of 285m USD. The closest rivals in this arena are Google 111, 285m USD brand value, then IBM at 100, 849m USD. However, the two rivals clearly trail behind Apple in a new innovation from their 2010 mark. Aligning the brand to the consumer's expectations seems to be the struggle of every player in this industry. Apple leads its peers in some innovation frontiers as mentioned but what will make the difference is the brand that connects most emotionally (Fisher 2008).

Apple started its branding campaign through the Apple Stores this has given its uniqueness and communicated its culture in a beneficial manner. The stores are scoring highly due to their unique display and allowance of testing the products. From the stores, Apple introduced the iPod, then iPhone and later the iPad. The producer of these products, Steve Job's worry was whether the products would bond with the users. It is, therefore, clear that this is a crucial concept in the mind of Apple's readership. Google, on the other hand, is taking the branding war serious too, through its Android OS, Google is concentrating on rebranding itself as a whole and within the Smartphone's market. Android Market is an online application store that allows users of Android running or compliant device to download applications. The Android introduction is by all means getting hype to almost reach the 'I' hype of Apple.

However, it appears that Apple still leads the pack in branding; the suggestion of a word 'tablet' will get a response of iPhone from Apple consumers. This is the sought of brand likely to shape competition beyond 2012. Will Google build such a strong brand with its Android based devices as Apple is doing? Will Apple sustain its position as a branding pace setter? Strategic designing, build on the understanding that consumers are emotional must be the deciding factor. Competitors in this market must also recognize that branding is beyond an image or logo; it is that which produces a feeling in the consumer. Outstanding designs bond, e. g. a BMW is identifiable even without a logo, while soft drinks are almost synonymous to Coca-Cola. This branding war will shape the competition arena and occupy a centre stage as companies approach the level of almost identical products

with minor differentiation. For instance, maybe the easiest way for Apple to remain on the lead is the brand loyalty given Google's intention to introduce a Smartphone running on Intel Android OS; the Smartphone is almost similar to iPhone 4s, therefore, the competitive edge is the brand, not the product per se (Backer 2012).

Intensity of Existing Firm Rivalry: Competition is a norm in this industry since there are five key competitors who are equally strong in financial and strategic capabilities. These organizations are highly profitable and capable of employing vast resources for promotional or acquisitions in a strategic manner that might reverse market share. Google competes vehemently since its acquisition of Android Inc. in 2005, the subsequent ownership of and control over Android OS has given it a weapon for competition. Since then it has gone ballistic with the use of its advantages to topple Apple. The recent announcement of collaboration with Intel for an Android Intel running device illuminates the role that increasing intensity of competition will play as companies warm up for more face off event (Mele & Guillen Parra 2006).

Threat of Substitutes: The treat of substitution in the Smartphone market seems weak; however,, tablets are likely to shape future strategies, and competition frontiers. Smartphones witness a fair distribution of competition with devices running on the Google Android version commanding an enormous share in the 2010 year of release. Apple dominance is clearly unpronounced in this realm; however, there is still a fair share of substitution since consumers accept other devices as acceptable alternatives. What is likely to shape competition and strategies is differentiation that akin to

Apple's ability to create a lock in effect. Companies will strive to create products whose appeal strongly fights substitution effect. Tablets, on the other hand, remain the most substitutable; one company's move could be catastrophic to another. Amazon's Kindle Fire seized the US market by 54% after introduction, Samsung Galaxy tabs, and Motorola Xoom, Toshiba AT100 and ASUS Transformer are also claiming their share (Manjoo 2012).

Bargaining power of suppliers determines the strategies that Tablet and Smartphone companies adopt. There are few manufacturers of Smartphone processors such as Marvell and Qualcomm. Companies as such need to make strategic alliances and partnerships with such companies to gain a competitive edge and market persuasiveness. Suppliers bargaining powers emanate from the criticality of their supplies and their small number which leads to dominance. Aspects, such as Smartphone processor's leader Qualcomm's miss of the tablet wave and Intel's miss will shape strategies in the aim of recapturing shares in Windows 8 and LTE tablets. The partnerships between Smartphone and the shaping of tablet companies competitions will depend on competition between Qualcomm, Texas Instruments, Samsung, Marvell and NVIDIA. Customers bargaining power will affect the shaping of competition and strategies by companies. The Smartphone and tablet consumer is gaining influence by the day. Apple's iPhone 3 announcement was at a lower price than the preceding generation of iPhones, competitors Noble's Book and Amazon's Kindle Fire are selling at a loss. Apple's tablets are continuously going down in price; its competitors are unable to sustain the prices, empowering the customer.

The most salient issue relating to the performance and existence of Apple has been the leadership role of the company's founder CEO the late Steve Jobs. When Apple invited professional blogger John Gruber of DrexelUniversity, he had a task of interrogating all the vulnerabilities of Apple. Key in his 2010 presentation on Apple's vulnerability was its leadership under Steve Jobs. Gruber's fear was that Apple would not advance in the absence of Jobs. His prowess meant strength and weakness to the company too. First forward and Apple announce Jobs' death in 2012, and the reality of replacing Jobs is catching up with every one left at Apple. Without faulting current CEO Tim Cook's competencies and ability, he and his team must realize that Steve spent his lifetime building something unique. It is not iPhone, iPad, Mac or iPod, it is the company Apple Inc., the demise of Jobs also led to uncertainty aspect at Apple regarding the integrity of the new office. The company has to deal with internal matters arising from the legal suits; bonding with the customer is the only option out of the internal-cum-external issue (Fisher 2008).