

Executive summary

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



Executive summary Business environment has changed every day; the different factors that affect to the business performance are occurred each day for example internal and external factors. The organization needs to have particular business strategy in order to meet the business environment changes. These organization's business strategies require to be fit with the context of the business, objectives in the future and the internal dynamic of the organization. Vietnam is always counted as a potential market because it a fast developing economy. Vietnam attracts many international companies to invest in due to the stable economic growth and other important factors like cheap labour, political factors, demographic... Many global leading companies have come to Vietnam, and Apple is not the exceptional. They see the potential to expand their company in Vietnam, so the business strategy is needed. As a research consultant in one of leading business strategy research agencies, I prepare this report to outline the business environment of Apple Inc to aid in its future strategy and planning. In this report will content of: * The context of Apple Inc business strategy * The significance of conducting a stakeholder analysis of Apple Inc * Conduct an external environment and organizational audit of company i. e Apple * Apply strategic positioning techniques to the analysis of Apple Inc * Demonstrate an ability to think strategically by explaining the possible considerations for strategic analysis of the company in expanding operation

Introduction Apple has become one of the worlds leading technological company since 2007, three decades after its incorporation. They rule the world technology with smartphones, computer software, iPod, and personal computer. They are planning entering into Vietnam market as they have some in other big Asian

countries such as Japan, Singapore, China, Hongkong. Therefore, a specific report is needed to help Apple to come up with a comprehensive business strategy in Vietnam. This report is aimed to plan Apple business strategy in Vietnam based on the real context of Apple around the world and Vietnam market reality in technology products. The analysis information is conducted to ensure the most effective strategy will be given to develop the performance of Apple in Vietnam in the future. To accomplish this report, Internet is a variety source that helped me collecting information. And also with the help of my lecturer — Mr Pham Quoc Khanh, I can clearly understand what is needed in this report. However, the limitation of time might effect on the quality of the report.

1a. Define the context of business strategy As we can see above the description of circumstances surround Apple has been divided into two categories which are Industry environment and competitive environment. Industry environment including Demographic, Economic, and Socio-cultural On the other hand Political, technological and global are under Competitive environment .

* Industry environment: *

Demographic: First of all we are going to illustrate the demographic factor of industry environment . Demographic has been defined as socioeconomic characteristics of a population expressed statistically such as sex, age , educational level , income level, religion .(business dictionary). The population reference bureau(PRB) has shown the increasing of the world population from 2. 5 billion in 1950 to 6. 7 billion in 2008 . Especially the population of China and India (the most two largest population) has been increased to 37% of the total population of the world . However nearly half of the population still living in urban area where lack of knowledge, technology

and low income level . * Socio-cultural: Moving on to the next stage which is socio-cultural . Nowadays we could see the differences between rich and poor people in the developing countries very clearly . Due to UNDP (United Kingdom Development programmed) the gap between rich and poor is widening . By 1993, they controlled 85 percent, and the share of the poorest 20 percent had decreased from 2. 3 to 1. 4 percent. These disparities are likely to increase for the next half century even if real economic growth rates in most developing regions significantly outpace those in the developed regions (UNDP) . For example we could see the economic booming in India and china on the past decades , so many people in these two countries had became millionaires or billionaires with properties over millions dollar, on the other hand around 30 million people in china still living in urban are with low income (about 2-3\$/ day). * Economic: The economic crisis happened in America in 2008 had been a huge economic problem to America business and all over the world . Many FDI from developed countries has been stopped cause of financial problem . They had to solve out their problem in their own countries first before deciding to invest into others . Many countries been suffered from the crisis such as America , Russia, UK , Canada , Until now Euro zone still struggling with debt crisis. Recently Greece government announced they are on bankrupt because they can not be able to pay the loan from the past . Public spending soared and public sector wages practically doubled in the past decade. It has more than 340bn euros of debt - for a country of 11 million people, about 31, 000 Euros per person. However, whilst money has flowed out of the government's coffers, its income has been hit by widespread tax evasion. (BBC) . Because Greece is

the Euro zone member so ECB (European Central Bank) and IMF(International Monetary Fund) approved the new 130 billion euro — rescue package to bail Greece out of this problem . Currently Italy and Portugal also have the same debt problem as Greece . * Competitive environment: Secondly we will mention about competitive environment factors which are including political, technological and global . In 2008 the world politics seems to be complicated. After Barack Obama been appointed as the first black American president , he had make some significant changes in the country politic such as developing the relationship with china —the major rival in economy and military affairs and South Korea, UK —the most two allied powers . On the other hand the relationship between South-North Korea has been improved significantly due to some negotiation between these two neighboring countries. * Technological: Technology is also one of the most important factor when MNCs invest to other countries when they would transfer some high technological and system into developing countries . On 2008 nobody could believe that Apple would bring a huge change to the technology world when creating the macbook and iphone with brilliant features and high technology that no one could expected about it at that time. Mac sales accounted for 43% of Apple’s total revenue . Even the price of Apple’s product could be higher than others but people still go crazy about this every time they launch the new product to the market . It might be a bit too early to say this but at that time Apple had been the leader of technology in the world . They would have some competitors but Apple still find their own way to compete these outsider competitors by apply a different marketing strategy to their product .

Finally , 2008 might be a worst year for the world economy but in other way it also bring some amazing achievement to the world such as iphone 3gs with huge touch screen which attract everyone from different ages group attention.

1b. Explain the significance of stakeholder analysis For a simple definition, stakeholders can be understood as people, groups, organizations, or systems that affect or can be affected by an organization's actions, which can be divided into 3 types: Internal stakeholders, connected stakeholders and external stakeholders. Depending on each type, they will take their own risks and play a part in contributing to building the company's strategies.

Similar to other companies, Apple Inc. has its own stakeholders, whose impacts can be shown in the table below:

No.	Stakeholder	Good/Bad Impacts
1	Internal Stakeholders	Management They are the key players to Apple Inc. (for example: CEO Steve Jobs) who see and control the company's potentials. Indeed, new technology they applied leads to the new age of Apple's products as present.
	Employees	Also key players of Apple Inc. who are responsible for carrying out the strategies as well as transferring customers' responds to the managers for a more proper strategies.
2	Connected Stakeholders	Shareholders These people to Apple Inc. play a role of keeping satisfied. They only invest their money — the capital but don't have any decisions on building strategies.
	Customers	They are the key players of Apple Inc. who are the one giving their opinions about the quality of the company's products, their levels of satisfaction towards the services, etc. At the same time, the company can create a more satisfactory and more qualified products due to the customers' will.
	Competitors	Competitors play a minimum effort role in

building the strategies of Apple Inc. They can only compete due to the number of customers. | | Suppliers | These are key players to Apple Inc. who are responsible for supplying hardware and software to the company to make a whole product. For instance, Toshiba, Samsung are the main hardware suppliers and Intel, Hynix are the main software suppliers. | | Bankers | They play the role of keeping informed towards Apple Inc. They can help the company with capitals in the hard time. | 3 | External Stakeholders | Central Government | The government policies surely affect many sectors of Apple Inc.'s strategies like taxes policies, monetary policies, etc. Not only they affect the company's sales, but they also affect its number of customers. | | Local Authorities | The Apple stores and factories must obey the rule of the local authorities as well as remain the production as much green as possible. | 1. c Conduct an environmental and organizational audit of a given organization * PESTEL There are five factors in external environment been applying into Apple . These are called PESTEL including Political, Economic, Socio-Cultural , Technology and International . We are going to demonstrate the forces that have most influences on Vietnamese's market . Apple had brought a huge change in technology into the world by creating ipod —a portable digital music player. As we all know before the ipod been launching into the market , people use to listen to music through CD player or cassette player .. But Steve Jobs-CEO of Apple Had made a big movement on the technology process by designing or creating amazing products to the markets . While Microsoft-the main rival focusing on maintaining the status quou, Apple is trying to create something new which will attract the customers on the market . * Technological: Apple is always

one step ahead of their rivals by using the new component technology . This will allow Apple to have the full capacity of market with huge number of consumers who are waiting for their new products . For example When Iphone 3gs been launching in the market none of the rival products can compete with iphone during that time . Not like the others company when they creates product just for consumer's needs but Apple made a big change by making a product to suit the consumer's wants. People might need a mobile phone to make calls and send message but Apple has done more than that. They created the amazing iphone 3gs — not like an ordinary phone but people can playing games , listening to music or access to many brilliant application throughout the application stores. The most different thing in I-phone compares to other is Apple has used full 3. 5 inch touch screen which allows customers to play with their phone much easier than key pad . On the other hand with 2. 0 software updated customers could easily access to App store to download games or many applications directly to their devices. * Economical: Since the successful of launching new products Apple profit has been increased dramatically . Mid 2008 reports shown Apple has sold more than 150 million ipods equivalent to 70% of us market for music players . Even though some competitors been appeared in the market but ipod still leading the world portable music players . After Iphone 3g been launching the profitability seems grows much faster than before , CUPERTINO, California–January 22, 2008–Apple® today announced financial results for its fiscal 2008 first quarter ended December 29, 2007. The Company posted revenue of \$9. 6 billion and net quarterly profit of \$1. 58 billion, or \$1. 76 per diluted share. These results compare to revenue of

\$7.1 billion and net quarterly profit of \$1 billion, or \$1.14 per diluted share, in the year-ago quarter. Gross margin was 34.7 percent, up from 31.2 percent in the year-ago quarter. International sales accounted for 45 percent of the quarter's revenue. (Apple.com). That would be a huge profit for a product just been launching in a period of time. The world economic crisis had a bad impact on the demand of Apple's product. People starts spending less on everything for saving, so the demand for high technology products like Apple been decreased as well. On the other hand the open door policy of Vietnam government brings some good impact for Apple when they starts their business here. It will encourage more and more FDI to the country due to low labour cost and resources & materials.

* PORTER's 5 FORCES

Porter's five forces of Apple Inc

There are five different factors on porter's 5 forces as we can see in the graph above. First of all the threat of new entrants into the industry. As Apple is being the leader in the technology world, they do not want any potential entrants because it might affect to their marketing strategy, profitability or even production. Example If Nokia developing a new mobile phone with smart design and high technology, it would affect directly to the Apple production and the competition between these two would be increased more than before. When a new product from other firms come out they would use different strategy in order to compete with apple product such as the 3g to gain more market share from Apple. This will lead to substitutes factor which is more harmful to Apple. If other products with higher technology and features consumers might choose to have a try on that new products rather than sticking with Apple. Because people always want to try and use something new just come out rather than products that been

launching long time ago and everyone got it on hand already . Hence the bargaining power of suppliers and customers are also very important factors will impact on Apple's performances . Apple's product are very unique and attractive on design and features so they should take this as the advantage to attract more and more consumers . * Organizational audit: Organizational structure : As we all know Apple have hundreds of stores all over the world so they have to make a different business structure and strategy for each countries . Based on Mintzberg organizational structure diagram we could see there are five important elements . Strategic apex is the brain of the company where makes up all objectives and strategy for the company . Following by The middle line which is represent the corporation between members of company . Techno structure ensures the safe and privacy in information of the company . Support staffs support for every activities in the company . Finally Operating is the main elements of every business . If Apple starts their business in Vietnam soon they should focus on develop the support staff and middle in order to build up the Apple's image . Mintzberg's organizational structure diagram Competences : As we can see the R&D department of Apple is very attractive . They are taking an important role of Apple business for catching up the latest trend in technological world . Then the good relationship with suppliers such as Samsung LG Intel also brings a good impact for Apple . The brand loyalty also helps to bring Apple to become the leader of the technology market when more and more people using Apple products . In order to survive in this long competition with others firms Apple also use smart and flexible strategy such as price skimming or advertising through different ways to attract more customers . Limiting

factors : will have a bad impact on Apple . The product life cycle of Apple products are too small , so they have to create more products as soon as possible to the market to maintain the profit they had spent on R&D . On the other hand Apple is so depended on the hardware and applications from suppliers such as Samsung or Toshiba . This impact will affect directly to the price of Apple's products . Unlike other firms Apple seems to target high income customers who can afford to pay for the high quality product . This will limit the number of people that Apple can serve in the market . Samsung or Nokia always have products which can fit with different segment of people from high to low income . Products portfolio: Apple products always make people around the world go insane. People can queue up before sold-time hours and days. The reason to make their products so unique is because Apple spent a lot of resources (labour and time) as well as the effort on each product before it launched. Each year, a new major product of each kind is launched, for example: the first Quarter of the year, they will launch Ipad — the tablet that is easy to travel with and have the simple function like computer. They are also well-known with other products like Macbook pro, Iphone, many kind of Ipods, Imac and especially for their software. They has improved it days by days in order to make customers feel comfortable with what they use. Apple is also a company that has the best customer service. They always make customers feel satisfied with what the customer service provides. In Vietnam, there was no Apple store in 2008. In Northern, only FPT is their partner and retailer. Because Apple does not have official store therefore it is inconvenient for customers using Apple products in Vietnam, they can not exploit every service that Apple provides. and also because

they don't have official store so they have so many risk like fake products, bad quality product but no warranty as Apple is not registered in Vietnam *

BCG Matix: " The BCG matrix or also called BCG model relates to marketing. The BCG model is a well-known portfolio management tool used in product life cycle theory. BCG matrix is often used to prioritize which products within company product mix get more funding and attention. " (Source : BCG Matrix Model) BCG matrix * SWOT analysis Strengths | Weaknesses | Itunes music stores is an excellent source of revenue where apple could make profit by selling application online to Apple customers through their devices such as ipod iphone or macbook . Hence not like other computer firms still using the same software from Microsoft, Apple designed their very own & unique computer software which is much better compare to others. It give s the consumers an opportunities to discover the changes in technology . Thats why apple computer have a very good brand loyalty from their customers . Apple is one of the most established and healthy IT company in the world at the moment , people always want to know what is going on at Apple currently and waiting for their new product s . On the other hand we could see Apple have a very strong R&D department where they can creates or designs the new product . Apple's revenue been increased so much during the past few years thanks to the widely successful of ipod. So ipod is the main factor who helps Apple to access to a different series of segment | Early in 2005 the business relationship between Apple and IBM drop down and Apple starts switching to use Intel chips instead . Then the relationship with the main rival-Microsoft also being worst day by day . The product life cycle of Apple products are very small so revenue more depends on launching the

new products or services . With a higher R&D cost of course Apple have to creates more product than other in order to gain revenue to pay up for that production costs | Opportunities | Threats | Apple has the opportunity to develop its iTunes and music player technology into a mobile phone format. The Rokr mobile phone device was developed by Motorola. It has a color screen, stereo speakers and a advance camera system. A version of Apple's iTunes music store has been developed for the phone so users can manage the tracks they store on it. Downloads are available via a USB cable, and software on the handset pauses music if a phone call comes in. New technologies and strategic alliances offer opportunities for Apple. Podcasts are downloadable radio shows that can be downloaded from the Internet, and then played back on iPods and other MP3 devices at the convenience of the listener. The listener can subscribe to Podcasts for free, and ultimately revenue could be generated from paid for subscription or through revenue generated from sales of other downloads.(marketingteacher. com) On the other hand Apple should develop new models for their computers because the laptop market growth is higher these days . | The biggest threat to apple is competition with others firms such as dell Hp Samsung . Apple would facing a competition on computer with these company lists above and on mobile phone segment it could be nokia Motorola —the most two highest market share in mobile phone . Then itunes could face a huge problem if people start using other free music download website instead of itunes. So apple could no longer make any products from selling music or videos online . Other than that How could Apple do when their products are normally much more expensive than other ? Are they going to target only on

one segment which is people who can adapt to pay for their high price or?

There is also a huge substitution effect in the it market. Today people might prefer ipod rather than cd players but what is going to happen tomorrow ?

No one could predicted anything in the future . | 1d. Apply strategic positioning techniques to the analysis of a given organization * Gap analysis.

Apple does not have an official agent in Vietnam. So the sale of Apple products in the Vietnam can not control and quality assurance. It will not affect Apple's good reputation and influence customers love Apple in

Vietnam. So Apple should build a branch in Vietnam. * Ansoff Growth vector matrix : Ansoff has identified four strategic management as an firm's orientation to its markets and offerings. In order to compete with local firms

or other competitors Apple should use the product development for

Vietnamese market which will help to expand their market share and more profit but it also bring some drawback such as high cost on new product

development . * Product-market strategy : Until 2008 Vietnamese market still lack of Apple products because Apple hasn't entered the market yet .

Usually Vietnamese people have to buy from other countries such as

Singapore or HongKong but the costs is much more expansive compared to original prices . When Apple officially enter the Vietnamese market they

could use one of four marketing strategy such as Build up new business , Acquire existing business , Merger, or Joint Venture . Each method would

have both advantages and disadvantage so Apple should consider and do some research before enter this new market without taking a risk . 2a.

Demonstrate an ability to think strategically 2a. 1 Current status of Apple in Vietnam The demand of Apple's product is always highly but people still can

not get the product from any official Apple stores in Vietnam . They always have to buy it from merchandising companies or get it through hand-made products which may cost them higher . But this may impact the Apple brand loyalty and customers such as a customer might get the product with not good condition or might be a fake item from CHINA. Customers have no right to be protected by Apple customer service because it is not being bought originally from Apple stores. But the number of people using Apple products in Vietnam is still increasing day by day . On the other hand Vietnam is still a developing country with a population around 87 million people with 49. 1% of male and 50. 9% of female . The PRB has shown that the employment percentage has been increased in the past few years due to FDI(Foreign direct investment) into the country. Because FDI under MNCs would create more jobs for local people when they start their business in Vietnam . Hence in Vietnam this problem is almost the same as other developing countries in the world . In big cities or capitals people could earn 10 times higher than people in other areas . For example a teacher at a primary school in Hanoi could get a monthly salary plus a bonus for special occasions such as teacher's day or women's day but people who work at different schools and cities might get really low income plus they have to encourage students to come to school in order to teach them . In Vietnam the world crisis also affects the country's economy where the number of FDI into the country has been decreased dramatically. In Vietnam the politics seems to do perfectly with the right policies and law system . The government has opened the door for MNCs to invest more into the country so Vietnam would have more benefits like profitability , employment increasing . * Swot for Apple in Vietnam Strengths

| Weaknesses | * Many Vietnamese people love and care about Apple products * The number of customers using apple growing dramatically | * High cost but Vietnamese people's income still low | Opportunities | Threats | * Vietnam has a lot of people use Apple products (ipod, iphone...) so they are easy to use other products of the Apple for example: Macbook, ipad... * Apple could develop their itunes by creating more application features | * High level of product substitution * Anti competition lawsuit against itunes |

2a. 2 Environment in Vietnam and effect on Apple There will be some external factors which would effect the Apple performance in Vietnam . First of all is economic . Considering as one of the most fastest growing country in South East Asia , Vietnam would the perfect destination for FDI with low labour cost , resources and material following by open door policy from the government . However the inflation rate of Vietnam still high plus the average income still low, these factors would effect directly to Apple performances in Vietnam . Secondly Social culture-Aging population been decreased throughout decades means Apple could target on young people segment which will bring them more profitability . Young people seems prefer high technology with smart design and style so Apple should consider this factor as their main market strategy. How to attract this huge segment ? Moreover Vietnamese educational been developed dramatically , more and more people interested in high technology products . Nowadays more Vietnamese people learns and speaks English as their second language so it is not a problem for Vietnamese people to use Apple products which featuring in English . On the other hand technological in Vietnam also developing day by day . Just like other countries Vietnam also want to get in

touch with the latest technology and Apple might be the best choice as being the leader in technology world . 2b. Prepare a strategic plan for a given organization, based on previous analysis

- * Vision : Apple ignited the personal computer revolution in the 1970s with the Apple II and reinvented the personal computer in the 1980s with the Macintosh. Apple is committed to bringing the best personal computing experience to students, educators, creative professionals, and consumers around the world through its innovative hardware, software, and Internet offerings.
- * Mission: " We believe that we are on the face of the earth to make great products and that's not changing. We are constantly focusing on innovating. We believe in the simple not the complex. We believe that we need to own and control the primary technologies behind the products that we make, and participate only in markets where we can make a significant contribution. We believe in saying no to thousands of projects, so that we can really focus on the few that are truly important and meaningful to us. We believe in deep collaboration and cross-pollination of our groups, which allow us to innovate in a way that others cannot. And frankly, we don't settle for anything less than excellence in every group in the company, and we have the self-honesty to admit when we're wrong and the courage to change. And I think regardless of who is in what job those values are so embedded in this company that Apple will do extremely well. Tim Cook "
- * Objectives in 5 years for Vietnam market

No	Performance area	Performance measure	Target	Time frame
1	Product-market goals	-Open Apple stores in Vietnam		
2	Financial performance	-Two stores in Ha Noi, Ho Chi Minh		
3		2008-2012		
4		2		
5		Financial performance		
6		-Increase the market share of Iphone		
7		- Increase 20% in sale		

2008-2013 | 3 | Long-term development | -Improve Open training camp | -
 Open 1st apple school for training staffs | 2013 | * Roadmap * Action plan:
 Period | Objective | Strategies | Measure | Resources | 2008-2010 | Build one
 Apple's retail store in Ha Noi | -Apply Locational Strategy -Start building the
 store | -Good location--Follow the design of Apple stores in the world | -
 Financial resources-Refer to other Apple stores. | | Increase the market share
 of Iphone to 10%, Mac to 7% | -Increase the core competences-Apply 4Ps mix
 on products -Improve the customer services -Creating new products |
 Increase market share Market surveys/questionnaire | Financial
 resourcesHuman resources | | Increase the sale to 10% | -Marketing
 strategies -Considering about the price of products-Launch new products
 lines to the markets | -Demand increase -The sale quantity increase 10% | | |
 Open training camp in HCM city | -Build a new building or rent -Marketing for
 the school -Recruit and training staffs for this school | Open 1st apple school
 for training staffs | Financial resources | 2011-2013 | Build one Apple's retail
 store in HCM city | -Locational strategy Start building the store -Open store |
 Good location .-Follow the design of Apple stores in the world | -Financial
 resources-Refer to other apple stores | | Increase the market share of Iphone
 to 18%, Mac to 12% | -Continue increase the marketing activities-Continue to
 launch new products to the market-Improve and perfective the customers
 services such as: after sales, guaranty, etc | | | Increase the sale to 17% |
 Improving the quality of staff and customer servicesConsidering about
 product life cyclePrice considerationR&D development | -Demand continue to
 increase | | | Open first training camp in HCM city | -Build a new building or
 rent -Marketing for the school -Recruit and training staffs for this school |

Open 1st apple school for training staffs | Financial resources Human resource | Conclusion Vietnam has developed since its economy was hit by the recession and high inflation in 2008, therefore international company can see their chances to invest this market. This report clearly shows the entire internal and external environment, which has impact on Apple business in Vietnam by analyzing SWOT, PESTLE, Ansoff matrix... and the report illustrated the opportunities and the threats that Apple might occur. The future position of Apple was shown during the Ansoff matrix, gap analysis, and BCG matrix analysis. The report also recommended the best strategies to solve the problems when Apple invests in Vietnam market... The future action plan and the objectives are also mentioned in the report. References BPP professional education , 2004, Chapter 4, page 70. Refer on 24th November, 2011 Pham Quoc Khanh Lecturer, 2011, ppt Chapter 3: Internal environment. Refer on 22nd November, 2011. 2011, Available at < http://en.wikipedia.org/wiki/Human_Development_Index > [Refer on 15th November, 2011]. 2011, Available at < <http://investor.apple.com/faq.cfm?FaqSetID=6> > [Refer 18th November, 2011] 2011, Available at < <http://www.apple.com/startpage/> [Refer on 20th November, 2011] 2011, Available at < <http://tutor2u.net/business/strategy/benchmarking.htm> > [Refer on 22nd November, 2011] 2011, Available at < <http://tutor2u.net/business/strategy/benchmarking.htm>.> [Refer on 23rd November, 2011] 2011, Available at [Refer on 25th November, 2011] 2011, Available at < <http://www.maxi-pedia.com/BCG+matrix+model>> [Refer on 24th November, 2011]