

# Apple inc. -external and internal environments research papers example

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



## **Apple Inc.**

### Organizational Brief Profile

Apple Inc. was founded by Ronald Wayne, Steve Jobs, and Steve Wozniak. The American multinational technology company was founded in 1976 and is headquartered at Cupertino, California (Scott, 2008). The Corporation develops, designs and sells personal computers, online services, consumer electronic, and computer software. The name Apple Inc. came into place in 2007 from its former of Apple Computer Inc.

## **Segments of Apple Inc. General Environment**

### The Socio-Cultural Segment

The Apple Inc. among other companies in the Information and Technology industry find it not easy to adapt to the differences in cultural aspects and a number of companies have tried to build value for their company name. Basically, this is purely undertaken in hopes that branding eventually equate with the aspects of integrity, honesty, good service and quality in order for the storefronts being necessary as they present to have been. Apple computer had begun opening storefronts in the U. S. in order to compete against other PC based companies in a global framework (Lashinsky, 2012). Their principal idea was to have it available for the customers hence making some of the customers to make eventually a switch from the PC -based systems (Lusted, 2012).

Another greater hurdle of the socio-cultural environmental segment for companies such as Apple is that many of the countries still have lower educational standards. Despite that, there is great progress being made by a

number of countries with respect to their education standards but still this number is limited. the category of countries that are progressing are able to take advantage of the outsourcing which is being done by American companies.

## **Technological Segment**

The amount of funding made towards the computer industry's research and development by the government is a clear evidence of the favor this sector has benefited from (Lashinsky, 2012). This trend has continued hugely since the Cold War. It is in the recent past that some significant cutbacks have been undertaken, and the industry has not been able to make up for the difference. A number of the computer companies started to cut back on the amounts of research and development funding in the early and mid-1990s and beginning to focus on the short term. The product life cycles have shortened with the computers becoming an everyday commodity.

A number of the today's technology-driven innovations which are being developed by the various companies in the computer industry affect the semiconductor, speed capabilities, microprocessors, and memory storage of the computer units (O'Grady, 2009). Miniaturization has been in the top of the list of the necessary changes for the future. Everything is getting smaller, and this decrease in size brings about an integration of multiple technologies. Internet modules, phone, and PDA, are being combined into a single piece of equipment. Video player, telephones, televisions sets and answering machines are being intermeshed. The future of technology is seemingly endless for the Apple Inc. and the computer industry players.

Moreover, there has been an overwhelming increase in the number of personal computers in use which grew from 5.5 million to 65 million in the period 1982 to 1992 coupled with a rapidly evolving computing technology.

## **Forces of Competition**

The threat of new entrants

The computer industry experiences a medium rate of the threat of new entrants into the market. The fierce competition is one most powerful deterrence to those particular firms who want to penetrate into the computer industry. The aspect of the commodity status of the personal computer has led to the competitors in this game fighting for not only for surviving but also for the margin in such a mature market. This makes other firms to be even just spectators rather than being a player in such an arena at this time. Furthermore, even the computer giant Apple Inc. has to make adjustment of its strategy to the variable market, thereby making attempts to another fighting in the consumer's electronic market, and seeking the products scaling on diversification.

The capital requirement in the high-tech field has been very high.

Additionally, the existing competitors in this field have controlled the distribution and supply channels across the industry. The new entrants may not find it easy to get the access leeway into those channels. Moreover, the economies of scales, attributing to the outsourcing of assembling and manufacturing work, are great barriers to newcomers.

The last aspect of consideration that new computer industry entrants must

give much focus is the uneasiness of converting the loyalty of consumers from a given product to another brand.

### **The bargaining power of buyers**

The market for computer products experiences a high rating with respect to the bargaining power of buyers. The main target group of consumers for the Apple products are the academic institute, schools and colleges within the field of education and retail buyers. Apple's predominant position in the education market has switched to Dell (Linzmayr, 2014). In its effort to hold on to its 15. 2% of the industry's market share Apple has to struggle in persuading those organizations to accept the ease of its computer products and then print them order forms. But this has never been any easy at all to the computer giants. Additionally, the purchasing of academic institutions, governments, education organizations, corporations are large relative to Apple's sales, making their bargaining power to be very high. The task the company has is to devote itself towards establishing a close relationship with these organizations from top to bottom with explicit intentions to recover the market share in such a competitive industry.

Nowadays the individual buyers of the computer products are fully informed about the products. They often claim better services at lower prices. Even though, the consumers may not have the ability to influence directly the pricing system in entirety to some extent. But it is noted that their bargaining comes in too since they have a lot of substitute brands in the several fields of software, hardware, and consumer electronic fields. Besides,

the consumers can enjoy a low switch cost in deciding to choose another preference (O'Grady, 2009).

## **How the company can improve the forces of competition**

The threat of new entrants

The Apple Inc. should ensure a complete regulation of the technology market making it be positioned in the computer industry vertically integrated. The control of the technology market would make it undesirable for the new entrants to cope with the huge cost that comes with acquiring the technology due to intellectual property rights and huge capital requirement. The unfavorable effects of the new entrants into the market could further be curbed by Apple Inc. exploiting on the strategy of product differentiation and diversification. This would come with offering in-person relationships with the institutional and corporate customers (Lusted, 2012). The company should continue expanding its product ranges from computers to a number of other products like storage devices, printers -this would make the company to be an allocation of every type of customers, not primarily the corporate clients' category. Therefore, Apple Inc. has to give a clear focus on making improvements on its customer service to individual customers and small business customers as well in order to gain its lifetime loyalty. This would blend in entirety with the sustaining a strong brand name and having the right mixes of capabilities and resources.

## **The bargaining power of buyers**

Apple Inc. on sustaining the high effects of the bargaining power of buyer is through having a win win situation between itself and the consumers through

inculcating strong customer loyalty on their products (Linzmayr, 2014).

When customers are loyal to the company's products due to specific attributes of such items, for instance, durability, quality and affordability then the customers will most of the time give preference to the company's computer products and leaving a range of computers to make a choice out of with respect to making their purchase decision.

### **The Corporation's External Threats**

The critical threat within this industry is the commodity status of personal computers making the struggle for the market share to be more intense. In addition, Apple suffers from the loss of the market shares and its predominant position. The consumer electronic market succumbs to threats of the emergence of substitute products like other computer products and accessories produced by other computer companies like Dell and Lenovo (Lashinsky, 2012). It is further noted that in the large worldwide spectrum Apple has fared fairly worse. It is ranked ninth with 2.4 % market shares. The highly alarming fact is that in the period 2005 to 2010 the market share of Apple Inc. for both products had decreased by half.

The corporation can make its threats into potential opportunities it exploits on a number of avenue within this dynamic computer industry. Towards gaining its market share the corporation should "Think Different" -that is, through its capacity, it makes it a rare capability, costly and even difficult to imitate capability due to the fact that only a few firms possess such valuable capability. It should further inculcate a unique organizational culture in every stage of the corporation's development, and having a strategy to promote

continuously differentiation achievement.

Furthermore, there should be a persistent campaign in the concept of “Switchers” by the corporation alongside aggressive advertisement strategy, and customer-focused services which would drive the users away from other computer products to Apple, thus expanding its market shares.

## **Corporation’s strengths and weaknesses**

### Strengths

#### Apple’s Marketing – Brand Name and Image

The corporation holds the strongest competitive advantage when it comes to its marketing strategy. It understand what excites people about its products and then executes it on that vision. The give emphasis on caring about their customers’ lifestyle by advertising their products to offer the better life to customers and ensure that the trend of lifestyle and aesthetics appeal important. Besides the corporation’s products being launched with this attributes and outstanding functionality, Apple is considered a unique electronic manufacturer since they have strategic product launches (Lusted, 2012).

## **Apple’s financial position**

The company has a huge financial position. Its assets total to US\$ 162. 90 billion. It is the corporation which holds the largest cash in hand up to \$116 billion.

The corporation would take full advantage of its strengths through deployment of a risk-taking strategy. A risk-taking culture encompasses the corporation’s management being less conservative, highly innovative, forge



a less defensive position and anticipate changes in the market in order to adopt a proactive approach.

## **Weaknesses**

Product information security

Different with the time of introduction of iPhone 3, 3GS, 4S, when now people can access the new Apple products' information, which includes features and designs even before the products are actually launched. This has decreased the excitement and the curiosity from the customers of Apple for the new products, which have been two successful factors of Apple Inc.'s marketing strategy some time back.

## **Executive changing**

Apple Inc.'s genius executive, who have been behind a successful decade from the corporation, Steve Jobs passed away in October 5th, 2011. Tim Cooks took over the CEO of the company. The change is inevitable one, but Tim Cook is a master in operational field, particularly mastering in supply chain and ensuring a reduction in its costs, though, Apple Inc. is widely known for innovative products.

The corporation can make a full advantage of its weaknesses through an adoption of a growth strategy. The growth strategy would entail expansion of the operations of the company and the addition of new operational areas (Lusted, 2012). This would result in more revenues, more employees, more sales and more of the corporation's market share. Such an expansive tactic would be achieved through the introduction of the existing product into new markets or through differentiation of the service or product and ensuring an

increase of consumer base in the existing market. Moreover, the invention of corporation's new products would be developed to diversify the company's product line (Linzmayr, 2014).

### **Company's resources, capabilities and core competencies.**

The corporation has a range of both tangible and non-tangible resources. These include having the pioneer technology and sophisticate history of the computing industry (O'Grady, 2009). Secondly, direct sale model used through telephone, internet, and company controlled retail stores is a great intangible resource of the corporation. Thirdly, the company has a huge competitive market shares in the American market and the global market. The corporation's capabilities entail having own particularity. The company has explored its own multi-business solutions rather than just exploring more industry-specific strategy which is implemented by other competitors in the computer industry.

The corporation's first core competency is the " Think Different" philosophy, that is, the company's continuous innovation spirit. The competency is implemented across the corporation from all the aspects of the sector of both the support activities and primary activities. It is a valuable capability since it helps Apple in the generation of its brand new strategy, capture latest technology, adjust the current strategy in a flexible manner to the changeable market, and keep the company's profitability.

The Apple's brand power is another core competency. The brand has ensured an immense built up of an aggressive advertisement strategy, customer focused services strategy, goodwill, and image.

## **The Company's value chain.**

Apple's value chain has encompassed a number of important aspects within and beyond the corporation's management and operations. This includes the firm infrastructure built on the "Think Different" philosophy - a hub of continuous innovation spirit, customer-focused services, direct sale business, corporation's leadership and Apple's brand power (O'Grady, 2009). This is heavily coated with a huge network of world-class human resource management.

The company has an inbound logistics in which there is a reduction of inventory and the time for order-to-delivery. On the part of logistics and transportation planning, the company has sourced for an outsourced avenue.

Another are of the corporation's inbound value chain is the after-sales services. They provide service free software for the teachers with the eMac. There is also a third-party software and hardware as well as hardware support services within the Apple retail stores.

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