

Cost leadership strategy of apple essay sample

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



Cost leadership strategy has been highly adopted by Apple Inc in its endeavors of ensuring competitiveness and success in the technology industry. The company's management has been able to draw policies and strategies that are aimed at ensuring that the company is the lowest cost producer and distributor. •By lowering the cost of production and management, Apple Inc has been given golden opportunities on determining prices of its products, thus enhancing its competitive edge. •Some of the practices adopted by the company in executing the cost leadership strategy is through minimization of operating costs, lowering distribution costs, tight control on labor costs as well as reduction of input costs.

Differentiation Strategy

The concept of differentiation has also been widely adopted by Apple Inc in enhancing its competitiveness and profitability. •This has been achieved through designing and production of unique products. •The aspects of advertisement have also been adopted in ensuring product differentiation from competitor products. Despite that differentiation has been a cause of higher costs to the company, it has enabled it to distinguish its products and services from those of competitors. It is worth noting that differentiation has enabled the products of Apple Inc to appear unique, thus fetching higher markets.

Focus Strategy

The focus of Apple Inc on digital music environment has been a vital element of success and innovations. This strategy of specializing and putting more focus on digital music has reinforced the company's competitiveness in the digital market. •Specialization in this product line has been aiming at

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capturing the young generation. Unlike other companies, the products of Apple Inc have been widely focused on the young generation as well as the elite. This is much evident through iMovie, iTunes as well as the GarageBand.

- Unlike competitors who are characterized by concentration on broader range of customers and products, the company has been able to enhance differentiation and cost leadership. By so doing, the competitiveness and profitability of the company has been enhanced, thus leading to its present success.

Focus Cost Leadership Strategy

With regards to the dynamics and competition in the technology industry, there is every need for Apple Inc to redefine its strategies so as to reinforce its stability. This is an efficient strategy in countering the forces of its competitors as well as guaranteeing sustainable growth and development. The stability strategies are nothing new but rather a continuation of the existing strategies. Some of the key activities to undertake in executing these strategies include restructuring of the management and organizational model. This is aimed at ensuring sustainable and efficient management and leadership within the organization.

Focus Differentiation Strategy

Turn ordinary to something beautiful.

- For quite some time, PC fans enjoyed the work of buying their own parts and building their own tower systems. At the same time, PC makers were building standard hardware for standard applications. Apple would have none of that. They've been pioneering not only the features of standard

operating systems and computer systems, but simultaneously reinventing the design standards as well. As a result, they have the gorgeous iMac, the beautiful new Macbook Air, the futuristic Ipad and who could forget, the amazing iPhone 4. We're in a time when pricing strategies are all over the place. People don't know what to charge, and in many cases, prefer to race to the bottom instead of pricing strategically to a market that can bear the cost. Once more, Apple ignores the standard by not only pricing their technology more than two times what their competitors charge, but doing so without blinking. How can they get away with it? Well, the answer is twofold:

1. They build beautiful products for an audience that loves them passionately. 2. They justify their price with features and benefits that can't be matched.

- No other computer can match the display of a 27" iMac
- No other software can match what iTunes brings to the table.
- No laptop is as thin as the Macbook Air.
- No software is more intuitive.
- No product more valuable than the Apple product.
- Any other smartphone looks like it was developed by rookies when compared to an iPhone 4. You simply cannot compare the two. Critics will play on the fact that the core features are the same, and they might be, but that's not the point. The point is that Apple is like the Rolls Royce of the technology and design world, and their customers will gladly pay a premium because of it.