

Dominant design and the smartpone industry article reviews example

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Major Focus of the Article

The smartphone industry affects everyone in the business world. So much business is done on smartphones today that they are taking over the world—Apple's iPhone is arguably one of the most popular phones available in today's market, according to Forbes reporter Spence (2015). Apple's iPhone and Google's Android accounted for 96.3% of the smartphones shipped in 2014, indicating that there was a serious corner on the market for Apple. The Windows operating system for smartphones was able to control only a tiny fraction of the market at 2.7% (Spence, 2015). This indicates that between Apple and Google, nearly all of the market is controlled (Spence, 2015). As a result of this serious loss of competitive edge in the smartphone sphere, Microsoft decided that it would not continue to try to compete with Apple and Google in the smartphone market as they have been (Spence, 2015). They have announced that they will continue to make changes and updates for their existing line of smartphones, but they will not continue to adapt new technologies in the same way they were before—with the intention of controlling 20-30% of the current smartphone industry market (Spence, 2015). Even Android is struggling to stay competitive in the all-Apple-all-the-time market, with Google having to push prices lower and lower in attempts to stay competitive with Apple's products—despite Apple's relatively low 14% market share (Spence, 2015).

How the topic relates to strategic management topics

This article deals with a number of issues related to current topics in the course. First of all, Apple is controlling the industry life cycle through the use

of multiple versions of a single phone (Cecere, Corrocher, & Battaglia, 2015). Multiple versions of the same product force the industry life cycle to grow longer, while Google is having trouble maintaining the same pace of production—Android phones do come out in versions, but they are not as romanticized or as sought after as the Apple products (Spence, 2015). This is how Apple wins on profit margins despite controlling a fraction of the market share that Google controls with its Android devices (Spence, 2015). In addition, despite being the second place controller of the smartphone market, Apple is the dominant design player in the market (Spence, 2015). With a unique aesthetic, it seems as though Google is constantly trying to match the clean lines of Apple products without copying too closely; in many ways, Apple is the demand determinant in the smartphone industry (Spence, 2015).

Reaction to the issue and solutions

Apple's price point is high, but their strict control over both software and hardware suggests that they will continue to control much of the market share and will continue to set aesthetic standards for the industry. Apple and Google have approached the smartphone market very differently, and at the moment, Apple seems to have chosen the strategy that is most effective and lucrative. However, the price and availability of Android devices has allowed Android to remain in control of the majority of the market for now—it remains to be seen if the company can continue growth at its current profit margins and maintain the Open Source Android OS programs that are currently in place (Spence, 2015).

References

Cecere, G., Corrocher, N., & Battaglia, R. (2015). Innovation and competition in the smartphone industry: Is there a dominant design?. *Telecommunications Policy*, 39(3-4), 162-175. doi: 10.1016/j.telpol.2014.07.002

Spence, E. (2015). Apple And Google Destroyed The Smartphone Competition. *Forbes*. Retrieved 3 July 2015, from <http://www.forbes.com/sites/ewanspence/2015/02/25/android-ios-market-share/>