

Apple company ground analysis

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



Consider Apple's strategic management in regard to each of the key attributes outlined in Exhibit 1. 1 on page 9. Each of the 4 attributes should be considered in depth and discussed in a separate paragraph. (For example, paragraph 1 should discuss Apple's goals and objectives. Do you believe the mission, vision, and objectives align? Why or why not?)

Apples goals and objectives:

Apple has built a name for themselves that makes it critical for them uphold. Any plans that the company must follow has to be just what they need to continue to strive forward. An object that Apple has is to continue inventing new products that customers get excited about. Apple has the right team to be able to make it happen. They have created a strong culture over the years that allows them to do so. Apple wants to be able to dictate the future movement of technology. Their mission, vision and objectives align because having a team that all have the same interest makes it possible. Apple creates a team that has diverse backgrounds that allows different ideas to be brought up.

Stakeholders in decision making:

The stakeholders that are the most significant for Apple are the customers, employees, investors and employees of suppliers and distributors. The company considers the opinions of their stakeholders. They hold demands in different part of the business. Customers are considered to be their top stakeholder in social responsibility strategies. Employees directly determine the human resource capabilities to be able to create products that are affordable.

Short-term and long-term perspectives

Apple had decided to use a strategy that focuses on the long-term perspectives instead of the short-term. They are willing to steer away from any profit that may be short-term if they see potential long-term. An example is the iPad mini, they had a priced it to be high but had experienced the margin level to be below average. They were whiling to take that risk because they saw the potential of the tablet market. I do believe that their mission, vision and objects align because they have created technology that is unique to what is available already.

Trade-offs between efficiency and effectiveness

Apple has become very effective at generating loyal customers from who they will profit from. Steve Jobs was known for his effective insight on the wants from people and how they would like to interact with their technology. Apple spends an enormous amount of time with research and development which has helped them to become the company that they are today. Apple also spends a good amount of money on the process of their designs. In the long run, it is more efficient to do that because the companies that don't end up having poorly developed software that causes problems down the road.

What are key forces in the general and industry environments that affect Apple's choice of strategy? Include Porter's 5-Forces Analysis. Some key forces that affect Apple's choices are sociocultural, technological, demographic and political-legal. These factors are important to consider to fully understand what target market wants. The Porter's 5-Forces Analysis is a tool that is used to be able to analyze any competition for a business. It

was created in 1980 by Michael E. Porter in his Competitive Strategy book. It has become a highly used tool for businesses around the world. The 5 parts are threat of new entrants, power of suppliers, power of buyers, availability of substitutes, and competitive rivalry.

Threat of New Entrants:

This industry is always growing trying to create new inventions that have not been thought of to make their company unique from one another. Creating something different motivates customers to leave brands that they are loyal because they want what is offered. This also means customers are willing to spend more money to be able to own that specific item. New companies are always entering this industry trying to get ahead of these top competitions. Apple has become a brand that most people are loyal and familiar with. The brand can be recognized across the world therefore allowing them to stay ahead of most of their competition. An example of a way that Apple has limited the threat of new entrants is by developing their software that makes it difficult to switch an iPhone to a non-iPhone. This results in many customers staying with the Apple brand when purchasing a new phone to make the switch easier.

Power of Suppliers:

The suppliers have the ability to dictate the price for the business. There are many factors that determine what price they want to charge. One of those factors are the number of suppliers that there are available for this certain product, how different the product is, the size and influence the supplier has on the business and if it is expensive to switch to a different supplier. The

supplier can have a large amount of power depending on the impact that it has for the company.

Apple is a great brand for any suppliers to be associated with. Since Apple is a brand that many expect to create new products regularly it allows their suppliers to ensure that there will always be new demands for the goods and services that they offer. A downfall for being a supplier for Apple is that they depend on them for their business that if they failed to please Apple it could potentially ruin the supplier's reputation and business. Apple has a high number of suppliers which allows them to have more options which limits the power of the suppliers.

Power of Buyers:

Power of the buyers is to show how much pressure the customers place on the business. Customers have power for a few reasons some of those reasons could be if the company has a small number of buyers, buyers being price sensitive, switching to another company, or even purchasing large amounts of products. Apple wants to ensure that customers are satisfied to avoid them switching to a different brand. A strong force that affects their choice of strategy in the low switching cost and weak force is the impact that each individual buyer has on the total revenue.

Availability of Substitutes:

This is the likelihood that someone could switch to a different product or company. Many of the products that Apple offers could be substituted by something else. For example, the latest iPhones offer a high-quality camera which attracts a lot of customers to make that purchase. A customer could

substitute using the camera on the phone to a digital camera. However, this is not a strong force because many find it more convenient and trust the iPhone to have the ability to take quality photos.

Competitive Rivalry:

There are strong forces for Apple with their competitive rivalry. There are many firms that are highly aggressive when competing with apple. Many of these companies are whiling to do whatever it takes to make sure that they do no fall far behind their competitors. That means that in order to survive in this industry companies must be able to be aggressive for their advertising, create fast innovations and be able to imitate other models. Since it is easy to switch brands it makes the competition even stronger.

What internal resources and assets does Apple have that may give it a competitive advantage? Include a full value-chain analysis. How does Apple use those assets to craft their strategy?

Inbound Logistics:

Apple has many suppliers across the world in order to maintain their supply chain. The supply chain consists of sourcing, manufacturing, warehousing, distribution and return. When Tim Cook became CEO, he reduced a number of their suppliers and used a strategy to have their current suppliers compete with one another. This resulted in a reduction in their final product which helped the business.

Operations:

Apple had separated their reportable operating segments by dividing them into 5 sections. Those sections are the Americas (North and South America), Europe (European countries, India, Middle East, Africa), Greater China (China, Hong Kong and Taiwan, Japan and the rest of the Asian Pacific which includes Australia. Apple has around 123, 000 full time employees and trying to create over 20, 000 more jobs over the next 5 years. Most of the Mac computers are manufactured in Ireland and the United States.

Outbound Logistics:

Apple stores already ready iPhones, iPads, Mac computers and more in their warehouse ready to be distributed. Apples e-commerce has placed them to be the third largest online retailer in the United States right behind Walmart and Amazon. Apple makes around 12 billion dollars with their online transactions which is only 5 percent of what the company sells all together. Apple having a focus in the market in Asia and China is a valuable source for the company. The reason why it is valuable because it is not expensive to target the market in those areas which can then change the costs of the products making Apple offers that are appealing to customers.

Marketing and Sales:

Apple has 7 places where they sell their merchandise. Those 7 are Apple online store, their retail stores, direct sales force, third-party cellular network carriers, wholesalers, retailers, value-added resellers. Apple has been working hard to increase their enterprise sales. One way that Tim Cook is doing that is by having a strong reliance on Channel Partners.

Service:

Apple is known for their quality in customer service throughout the stages of pre- purchase, the purchase and the post-purchase. Everyone who walks into the notices the excessive number of employees that are working in that one store which makes apple unique from any other store. All the employees that work for the company are highly trained to ensure the best customer service. As all the stores are usually packing with customers, having a large number of employees lowers the waiting time to be able to keep customers satisfied.

How does Apple manage their diversification, their international, and their entrepreneurial strategies? What do you feel they do particularly well and how are they weak in each of these areas? How would you compete differently in each of these areas if you were advising leadership? You should have a separate section/paragraphs for each chapter in this answer.

Diversification is extremely important for companies that are in a highly competitive industry. Apple needs to create or become more diverse from their competition. This company relies on their employee's diverse background to be able to provide different perspectives that could potentially spark new innovations. Apple is more than just a computer or iPhone store. They had expanded their merchandise to be able to provide more products. Apple provides products from what they like to call "wearables" which includes Apple Watch, Beats, AirPods which produces \$9 billion dollars a year. The Apple watch has been a big hit and it had shown in March when they had their best quarter performance. Current Apple seems to be dominating in their wearable department as their competition is not a

threat. The closest competitor they face is Fitbit which has decreased in sales the past year making the company worth \$1.4 billion. Apple is looking for ways to create new merchandise such as augmented reality glasses. Google failed while attempting to create such a merchandise but Apple has the confidence to be able to provide such a product while keeping their customers satisfied with providing “sexy customer products” (Apple). Apple has done well with creating unique ideas to stay ahead of their competition.

Apple offers a wide mix of products in the mass market. They have spent a lot of time with research and development to have a better international approach because to have success with international business it is important to have cultural understanding. Having 480 retail stores that are in 18 countries while also having their online store be available for 39 countries it is important to understand their target market. They are using an approach that one size fits with providing a standardized design across the globe. The only exception that are made are the pricing, carriers’ specifics, and power sourcing. An interesting fact is that Apple is not on social media, they let the customers advertise their brand themselves (Maposa). I think that this strategy can be risky especially since the newer generations are involved with social media. I think that this has worked extremely well for Apple because of their clean, crafty designs that are well known which desires many to want to own their merchandise to elevates their social status.

Apple had jumped on an opportunity for an industry that they were not a part of, music. They were able ask a few questions to realize what the customers truly wanted. Everyone listens to music and many went to the

store to buy cd to be able to listen to some of their favorite artists. The buyers did not want the physical disk that is consisted of plastic, they wanted the music that came for it. Apple was able to put it's on the actual need of the customer to then be able to find a way to make music faster and easier to get. Apple was successful in creating iTunes and iPods which is more convent for customers to listen to the songs they want to. Apple now makes billions of dollars selling music causing many of the music store to shut down due to the lack of customers. It is important to fully understand your customers and their wants and needs to be able to find the solution to make it easier for them. Apple has done extremely well with knowing the demands of their target market and executing a product that they would love.

Do you think Steve Jobs is solely responsible for Apple's success? Do you think Apple will continue to thrive under new leadership? What changes have occurred since Job's death? Do you think these been positive or negative changes and why? Be sure to frame this answer using concepts from the last 2 chapters in the text.

I don't believe that it would fair to give full responsibility of Apple's success to Steve Jobs. I believe that he put together a great team that worked together to get Apple where it is now. With Jobs passion for Apple he had expressed his visions for this company and put together a team that would make it possible. Like any other business, it cannot be started by one person, even Jobs needed help. Jobs was ahead of his time and had ideas that many would think he was crazy for, but believed that this company could make it

happen, so he would not put just anyone for the job that is why he hired Steve Wozniak, Mike Markkula, and Ronald Wayne.

Steve Wozniak is now 67 years old and is known as an American Inventor. He is famous for being the genius behind all of the innovations of Apple. He had designed things such as circuit board designs, hardware, the operating system and more. Since Jobs did not have the skills to create such complicated technology inventions, he gave Steve Wozniak his vision for him to then make it come alive.

Mike Markkula is 76 years old and was hired to help the business side of Apple. He had studied at the University of Southern California where he had earned his Bachelor of Science and his Masters of Science for electrical engineering. He is known for providing funding and managerial support early on for the Apple Computer. He had convinced Wozniak to work for Apple instead of HP and helped make the company marketing driven.

Ronald Wayne is now 84 years old and is known as the cofounder of Apple Inc. He had drawn the first apple logo and wrote the original partnership agreement. He is lesser known out of all the cofounders. He was hired to be a third man in charge to look over everything making and sharing some of his ideas and knowledge. He was a good asset to the Apple company and worked well with Jobs, Wozniak and Markkula.

Tim Cook worked close with Jobs before taking the role as the new CEO in the year 2011. This was positive for the company because Cook was able to get to know Jobs on a level that allowed him to really understand his visions

for the company. I do believe the Apple will continue to thrive under new leadership if the right person is chosen for the job. Bringing in new leaderships allows the company to refresh because it brings in new ideas and new set of skills to the company. Tim Cook was successful with bringing Jobs ideas alive which allowed the company to become the most valuable in the world. He had taking to heart the last bit of advice that Jobs gave him which was to “ handle each decision by doing what is right.”

Since Jobs death the company had experienced some changes which is normal when a new leader is put in place. One of those changes was to the Apple hierarchy, Cook decided to allow fewer decisions to go through him which allows the company to be able to handle more tasks. For example, Apple had purchased Beats in 2014 which is a company that designs expensive headphone and that also streams music. Cook decided to let the company run as an independent subsidiary instead of being run by Apple. This allowed more focus to be on other tasks such as apple watch, apple music, and new inventions. The market and the demand for technology is constantly changing, this makes it an extremely competitive market for any company. That makes the change in my opinion, positive because it allows Apple to work on new project and expand, to try and stay on top (Fiegerman).