

Apple inc: business strategies that drive the brand's

Business



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Which type of strategy to be deployed depends on the size of market share, market leaders and market followers? (Amah & Eunuch 2013). Porter (2004) illustrated three generics strategies that firms can apply to pursue competitive advantages across their chosen market scope. These three different models are the cost theleadership, the differentiation or the focus. A good business strategy directs an organization to achieve its targetedgoalsefficiently (Des & Davis1984). Another factor that plays the important role in the success of the business is an organizationalculture.

Every organization has its own culture that refers to the values, beliefs, ideologies and principles that each and every one in an organization shares (Bandies, 2014). Organizational culture is one of the assisting tools in keeping employees motivated and loyal to the management of the company. It also defines that organization's identity and the brand image respected by its customers (Dimension ; Sprinter 1991). In addition, the culture is a more powerful way of controlling and managing employee performance than rules and regulations of the organization (Bandies, 2014).

At the same time, it is crucial for an organization to have a culture that fits with the demands of its market (Amah ; Eunuch 2013). Last, but not least, the structure is also essential for any growing organization to provoke guidance Ana clarity on special unman resources Issues. Not only large-business operations, small-business owners should also start thinking about a formal structure early in the growth stage (Openly 2015). Without an efficient structure, it is difficult for employees to know whom they officially report to and who has the responsibilities in various situations. You may also be interested in Apple quality management strategies

By providing clarity to all employees, the good structure promotes operational efficiencies in the long run (Cargo ; Handouts 1969). Due to the significant benefits, it is the main purpose of this paper to assess these three strategic dimensions (generic business strategy, organizational culture and formal organizational structure) of Apple Inc. Apple Inc. (Apple) is a global computer manufacturing company which designs, manufactures and sells high technological and innovative products such phone, pad, pod, desktop computer and Mac notebook.

It has an incredible growth after podmusicplayer has been introduced to the global market (The Statistics Portal 2015). Based on Porter's generic strategies model, Apple falls under differentiation strategy. The culture of Apple is based on an idea that self-motivated employees will work hard even if the boss is not around them (Resisting 2010). The organizational structure in Apple is an extremely flat and functional structure in which people form a group based on their common expertise, experiences and resources to perform a specialized set of tasks.

That is how these three dimensions of APPLE INC shapes the way its employees behave their values, attitudes and determine the Apple's success in the market. Page 5 Apple is an American based computer manufacturing company which was established by Steve Jobs, Steve Wozniak and Ronald Wayne in 1976 (Apple 201 AAA). Apple innovates, manufactures and sells personal computers, software and online services. Apple is a well-known multinational company and also an innovative leading company in the technological world (The Statistics Portal 2015).

The popular products, applications and services of Apple are pad, pod, phone, Mac computer, cloud, tunes stores, App Stores, ISO, SO X Operating system and etc. Apple is one of the world's largest information technology companies and also one of the largest mobile phone makers (Apple 2014 AAA). Apple announced quarterly revenue - \$42.1 billion and quarterly net profits of \$8.5 billion as its financial results of fiscal 2014 fourth quarter (Apple 2014 b). Apple had approximately 92,600 full-time and 4,400 temporary employees as at 27 September 2014 (Apple 2014).

Currently, Apple has successfully operated 416 retail stores in fourteen different countries (The Statistics Portal 2015). 3. Generic Business Strategy The percentage of company's profitability related to the industry average is determined by its position within the industry. Having sustainable competitive advantages is the fundamental factor for a firm to maintain its profitability at the high position in the long run (Miles et al. 1978). In 1979, Michael Porter designed generic model, which includes three strategies, Total a Total Total wellness to achieve competitive advantages.

Porter's three generic strategies are cost leadership, differentiation and focus as shown in Figure below. The three options can be considered within the context of two aspects of the competitive environment. These two aspects are competitive advantage and competitive scope. Firstly, the two types of competitive advantage that a company can possess if its products are differentiated from others, or whether it is the lowest cost provider in the industry. Secondly, the competitive scope of the market determines the size of target market if it is wide or narrow and niche (Des & Davis 1984).

Figure 1: Porter's generic strategies Page 6 1 . Cost Leadership Strategy -

Firms using this strategy produce standardized products and sell them at the lowest possible price to customers. This strategy can be used to attract consumers who are sensitive to the price and it targets at broad arrests. Under this strategy, there are two sub-strategies that companies can use - lowest strategy or best-value strategy (Porter AAA). Low-cost strategy means that enterprises offer consumers products or services with lower price than what their rivals offer in the market.

Best value strategy means that products or services are offered to customers at the best value compared to competitors' price at related- products market (Des & Davis 1984). Firms using the best-value strategy at a low-cost position, more returns will be achieved even though the competition of the industry is strong. According to Porter (1998), organizations that wish to achieve a low-cost position are required to own a high-relative market shares or other advantages by designing, producing and selling a low-cost product in large volumes (Porter AAA).

As the market has more and more oversensitive buyers, this strategy becomes more effective to companies to gain competitive advantages over their rivals. Firms can belong cost leadership position by minimizing waste, accessing to sources of low cost materials, outsourcing, concentrating on associating opportunities, efficient manufacturing and selling a tankard, no frills product. Under-pricing assists companies not only to achieve market shares and high sales but also drives some rivals out of the market (Faulkner & Bowman 1992).

In order to maintain sustainable cost leadership position, firms must have competitive advantages that are difficult for rivals to copy or match, or expensive to imitate. Another way to be last long at this position in the marketplace is keeping its total cost of value chain lower than competitors'. There are two possible ways for firms to do that. First way is that activities in value chain such as technology, Layout and storage capacity are designed more efficiently than competitors (Hall 1992).

With regard to the Second way, activities that can increase waste and cost are minimized or removed from value chain. This cost leadership strategy can be effective under the following circumstances: Price competition among rivals being exceptionally strong Products AT competitors Deluge elemental New entrants using low prices to attract consumers Only few ways to differentiate product Having low switching cost Most buyers using the products for same purposes Customer bargaining power being strong .

Differentiation Strategy - For differentiation strategy, firms will manufacture differentiated products and services. According to Porter, firms using differentiation strategy seeks to be unique in its industry and to provide superior value to the consumers in terms of designs, materials, technologies, qualities, customer services. Business gains high returns from its uniqueness with a premium price. In order to succeed as a differentiation leadership, it is important for a company to carefully conduct the feasibility studies on buyer's needs, wants and preferences.

By using Hess studies, a firm can provide the unique product or service with a higher price and gain customer loyalty. However, there are a few risks

involve with the PEP - PROVERB page 7 differentiation strategy - products may not be good enough for value to consumers who paid higher price; - competitors may quickly copy the features. Firms can develop differentiation opportunities from any activities along the value chain. According to Jennings and Limpkin (1992), the finding of research shows that there are different attributes between managers employing a differentiation.

For instance, managers pursuing differentiation strategy tend to have greater tolerances for ambiguity and tend to be more internal in their locus of control and more risk-taker than those preferring to apply low-cost strategy. Under following conditions, this strategy can work effectively: The diversity between buyer needs and uses Only few competitors offering a similar differentiation approach A rapid growth in Technological trend Products or service being differentiated in many ways Differences having value for many buyers 3.

Focus Strategy - Firms using the focus strategy will tailor their products and arrives to supply intended/ specific group of buyers. There are two types of the focus strategy - Cost Focus and Differentiation Focus. For cost focus, firms produce and sell products or services at the lower price compared to rivals in certain segments. In differentiation focus a firm offers best value products or services to a niche group of consumers to meet their special needs and taste better than competitors in narrow markets.

Focus strategy can be effective at the following conditions: Having good growth potential in industry segments Target market being large and profitable Having advantages for market penetration and market

development Consumers having distinctive preferences Rival Tolls naval no Intention to spectacles In ten same target segment Having serials different niches and segments in the industry However, there are certain risks that company may face by using the focus strategy. One of the risks is that rivals will likely to copy the successful focus strategy and another risk is that the taste of consumers will likely to change.

Apple offers wide ranges of technology products and services to both basis and advanced buyers. According Porter's generic strategies model, the competitive tragedies of Apple can be analyses as follow: Cost Leadership Strategy: Apple tailored its products design to meet specific needs and taste of consumers based on their market study. For example, Apple designed Imax computer and eBook computer for basis computer buyers. The cost of these computers is comparably low. Differentiation Strategy: Apple differentiated its products by penetrating on only two market segments such as the consumer and the professional market.

Apple's products are designed PEP - PROVERB Page 8 with user-friendly interface and easy to use even for beginners. Moreover, Apple is able to create itself as a niche in the market due to the high quality and reliability of its product ranges. For example, virus attack happens more in Window-based computers than Macintosh-based computer, as a result of that more users prefer Mac: system compared to the Window system. With its differentiation strategy, the brand of Apple becomes distinct and identity and customers are also willing to be loyalty.

So far there is no competitor who is able to copy Apple's niche product design, quality and reliability, allowing apple to charge the consumers with the premium price. Cost Focus Strategy: Apple produces and sells eBook computers at low cost to the basis consumers segment. Differentiation Focus Strategy: Apple has differentiated itself by inventing its products according to the specific needs of professionals. Computers designed for professionals market have more complex functions than those computers intended for consumers segment. Apple expanded its market share by using market penetration strategy (Differentiation Focus).

One of Apple's main strategic resources is strong research and development team. Apple always emphasis more on qualities, elegance designs, superior customer arrives and innovative product lines rather than launching products at lower prices. Sustaining the superiority of products gives Apple significant competitive advantages. There are several factors contributing to extend sustainability of the firm. The main factors which have contributed to it are diversification, innovation and constant improvement, brand image and customer loyalty.

Current Apple's market positioning apparently has proved the benefits of differentiation strategy. 4 organizational culture Culture is the shared values, knowledge, behaviors and schemes to interpret, express, perceive and respond to the society in real. Good organizational culture can promote company performance. However, it is important that organizational culture needs to fit with the demands of the environment (Amah ; Eunuch 2013). Having wrong cultures may cause the difficulties in performance and even may lead to failure while the right culture giving a competitive advantage.

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Moreover, organizational rules and regulations are not as helpful as culture when an organization is trying to improve the quality of its customer services. Organizational culture is an effective control instrument governing employee behaviors (Riley 014). Since the culture play an important role at national level and organizational level, many researchers and scientists study about the culture (Hefted 2014). As a result of that several models of culture come out to analysis and are applied in practices.

One of the popular culture models is organizational cultures by Charles Handy (1999). According to his model, organizational cultures can be classified into four types: the power culture, the role culture, the task culture, and the person or support culture (Bandies, 2014). Power culture means that the key personnel of the whole origination are in the middle and surrounded by ever-widening circles of intimates and influences. Therefore, Handy demonstrates the power culture as a spider web as shown in figure 2. The more you are closed to the spider, the more influence you have (Passkeys 2002).

Organizations with this PEP - PROVERB Page 9 culture centralist all power at the centre and can respond quickly to events. However, it is heavily dependent on the abilities of the people at the centre for the success (Sell 2000). This type of organizational culture tends to attract power- oriented and political minded people and relies strongly on individuals rather than n committees. Getting this culture right can result in a happy and satisfied organization that can sustain and improve their performance to reach corporate goals (Watkins 2013).

In contrast, anticipating wrongly can lead to a high labor turnover as a result of dissatisfaction, lack of efforts and enthusiasms. Therefore, it is important to understand and get the power culture right in any organization (Cotter ; Weakest 1992). Another type of culture is the role culture that can be illustrated as a building supported by beams and columns; each of which has a specific role to keep up the building (refer figure 3). It means that everyone is a role occupant but the position and role still remains even if the individual leaves (Openly 2015).

Organizations with this type of culture have strong functional or specialized areas controlled by rules and procedures that define the authority, the job description, the communication methods and the settlement of disputes (Passkeys 2002). This type of organization is suitable for a stable environment where the life cycle of product is long, the market is predictable and the technical expertise is crucial. In this culture, position is the main source of authority. Rules and procedures are the main control mechanism. The role culture offers employees the opportunity and security in acquiring specialist expertise.

The downside of the role culture is that the response to the event is slower than the power culture (Openly 2015). The structure of task culture can be illustrated as a net, as shown in figure 4, much of the power and influence is located at the interstices of the net, at the knots (Openly 2015). Task culture tends to attract those people who are job or task-oriented and are often related to organizations that apply matrix or project-based structural designs. In this role culture, organizations emphasize on getting job done by

bringing the appropriate resources and the right people together at the right level (Bandies, 2014).

Task culture depends on teamwork to improve efficiency, to produce results and to help the individual identify with the organization's objectives. Since each group possesses all decision-making powers, the organization can make respond to the event quickly (Openly 2015). Therefore, the task culture is appropriate where the product life cycle is short, the market is competitive and the environment is important in terms of flexibility and sensitivity responding to the events (Cotter & Weakest 1992). However, the senior managers who hold the main control concentrate only on the allocation of projects, resources and people.

They do not much involve on day-to-day control over procedures, without violating the norms of the culture (Handy 1996). Furthermore, it is difficult for some organization to use the task culture due to the requirements of flexible groups and great depth of expertise. When resources are limited or the organization is unsuccessful, this type of task culture tends to change to a role or power culture (Amah & Eunuch 2013). Last, but not least, person culture, an unusual culture can be illustrated by a loose luster or a constellation of stars as shown in figure 5.

Without any doubt, not many organizations can survive with this type of cultures since organizations have a tendency to having some form of corporate objective over the personal objectives of individuals (Dimension, Holland & Golfer 2004). Moreover, it is uncertain for control mechanisms and even management hierarchies in this type of cultures . Consultants,

specialists in organizations, architects' partnership, and university teachers often have this person-orientation. Such people are not easy to be PEP - PROVERB page 10 engaged and may not be influenced by group norms or relationships with colleagues (Watkins 2013).

It cannot be claimed that any of the above four cultures is better than others. They are appropriate to different types of situations, and different types of personalities. Like other models, Handy model also has limitations. Handy models are fixed rather than creating, negotiating and sharing of individuals in the organization. In the real world, there is a tendency to consist a mixture of cultures in organizations. In addition, the cultures in most real-life organizations are not as much as simple like that explain in the theory and are more complex and subtle (Amah ; Eunuch 2013).

In order to look into these complexities, it needs to explore the link between organizational culture and national culture (Hefted 2014). Greet Hoarsest contacted ten research to compare cultural Territories AT notational level and organizational level. From his research, cultural differences between organizations are basically at the level of practices while cultural differences among nations are principally identified at the level of values, the deepest level. Greet Hefted proved that " Practices are more tangible than value".

He also defined the organizational culture as " the collective programming of the mind that distinguishes the members of one organization from others" (Hefted 2014). In the case of Apple, the management of Apple become understand that the more company grow, the more difficult to control their operations and finances. Thus, Apple has been forced to redesign and re-

evaluate its organizational culture and structure in order to avoid insolvency situations. If a company have a culture that boots adaptability and innovativeness, it will support its performance in the high- tech industry (Dimension, Holland ; Golfer 2004).

The basis ideal for the culture of Apple was that individuals who are cultivated will work harder even if they do not have a boss micromanaging on day-to-day process. The corporate culture of Apple is unique (Moreland 2011). Apple is the company that mostly focus on its products' design compare with other organizations in the market (The Statistics Portal 2015). Its organizational culture expands from its employees to its customers. Therefore, Apple expects same things from both its customers and employees. For both stakeholders, one of major expectations is to believe in whatever Steve Jobs was doing (Moreland 2011).

Anyone who Joins Apple as employees are expected to forget everything they ever knew about the technology world because Apple does everything in different way. The motto of Apple clearly says " Think Different" (Apple 201 AAA). Furthermore, Apple has a strong ego unlike any other organization in the market. As the technology keeps changing, Apple is always taking keen to innovate something which can create value to customers and surprise the world (The Statistics Portal 2015). Moreover, Apple has an informally relaxing working environment and employees are highly committed to assigned tasks or projects (Apple 201 AAA).

On the one hand, Apple is always trying to create a pleasant and fun workplace their employees. On the other hand, Apple always sets very strict

deadlines for every projects assigned. According to Handy four types of culture, Apple adopts task oriented organizational culture that is less formal and highly task oriented (Resisting 2010). Thus, strong work ethics and beliefs are made up of Apple Inc. In addition, Apple is totally focused on innovation that helped it gain market reputation and also helps the employee to learn more things that are useful for their career PEP - PROVERB Page 1 1 opportunities in future (Homburg & Flesher 2000).

And also Apple has the unique organizational structure which allows it to grow and react more quickly to changes than its rivals (Resisting 2010). 5. Formal Organizational Structure Most organizations have both formal and informal structures. The formal structure is ten way Tanat ten organization Is organelles Day tense WaltresponsibilityTort managing the organization. The formal structures provide a flexible and ready means for growth, as well, empower the firm to meet its objectives. The formal outline also makes it easier to employ new positions in the organization (Child 1984).

The main concern of formal structure is the relationship between authorities and subordinates. The top of hierarchical organization chat is positioned by the most senior leader and below part is filled up with the subordinate managers and then subordinate employees. Each box on the organization chart has Job titles, clear lines of authority and financial obligations (Ingram 2015). Organizational structure promotes operational efficiency by providing employees clear reporting lines and procedures (Richards 2015). There are two main shapes of organizational structures - Flat structure or Tall structure (Child 1984).

Flat organizational structure has few layers or no layer of middle management between top executives and subordinates. Organization with this type of structure allows front-line employees to make a range of decisions on their own. There are two ways of information flows (from top-down and bottom-up) in a flat structure (Richards 2015). In tall organizational structure, several levels of management exist and most operational decisions are made by managers. The flow of information is generally one-way (from the top down) in this structure (Child 1984).

According to Cargo and Handouts (1969), there is no significant difference between tall and flat organization structures in comparing decision-making time. While organization with tall structure takes more time to process decisions (due to the numerous levels), an organization with flat structure takes longer to coordinate efforts and resolve conflicts. Another type of structure is informal structure which develops around social or project groups. As informal structures are based on companionship, the response from individuals in this structure is relatively quick. Thus, this saves people time, efforts and also makes them easier to work.

The applications of these two structures erode the benefits of the organizations. As the company has a growth or additional responsibilities, evaluation on structures is essentially required. If it does not evaluate company's hierarchy or work groups, the effectiveness of the formal structure will no longer exist. In this situation, people may rely on informal structure to keep communication and information flows effectively and efficiently (Cargo ; Handouts 1969). The organizational structure of

Apple is unique and flat. All functional departments report Chief Executive Officer (CEO) directly and there is almost no middle management.

Apple's structure focuses on placing decision making in the hands of the people on the field. As a result, Apple brand is recognized by its customer as an innovative and quickest responsive company to technology changes. And also it allows Apple to grow quickly. However, making PEP - PROVERB page 12 decisions by different level staffs has become difficult for the corporate office in controlling expenses and purchasing. Overall Apple is a very cutlets global company. I . T NAS a collaborative Dustless structure that is designed to bring parties together in a long-term relationship (Richards 2015).

In this structure, Apple encourages its employees to share their opinions and innovative ideas for the growth and success of the company. Innovation differentiates Apple's products from others and allows Apple to gain competitive advantages in the market shares. 6. Conclusion Apple has repeatedly proven the benefits of differentiation strategy through their market positioning. Apple has also been able to reap the benefits of strong corporate culture which is evidence from the verge of bankruptcy to breath-taking heights in just short periods. The functional operation of Apple is managed geographically.