

# Business analysis of apple company

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## Business Analysis Part 1: Apple Inc. XXXXXX MGT/521 XXXXXX Business

Analysis Part 1: Apple Inc. If an investor needs to decide whether to put money into a company, a careful analysis of that business is the first step in making a decision. It is important to understand several factors that point to a company's stability: the company's place in the market, its future prospects, and its financial health, just to name a few. This business analysis will look at Apple Inc. to assess whether it would be a company worth investing in.

First a SWOT analysis will be conducted and will identify what aspects of the analysis are most important in making the decision to invest. Secondly, the company's internal and external stakeholders will be identified and examined, in order to see if the stakeholders' needs are being met and how. By analyzing these two important overviews of Apple Inc. it will reveal whether the company is a sound home for investment. SWOT Analysis When deciding to invest in a company or not, a shrewd businessperson will begin with planning.

Planning is a continuous process that is important because ever-changing markets require constant adjustments of goals and the processes to meet them. Key in planning is including a careful analysis of a company's strengths, weaknesses, opportunities, and threats. This type of analysis is known as a SWOT analysis (Nickels, McHugh & McHugh, 2010). A SWOT analysis of Apple Inc. reveals some important facts about its popularity and opportunities in the market. Strengths Apple Inc.'s most important tool in the market is its ability to leverage its strong brand image.

Apple's product designs are well recognized throughout all markets. This allows new products to rapidly gain a share of the market upon release. Released to the US in April of 2010, the iPad enjoyed unit sales of 7.5 million, with a net of \$5 billion in sales of iPads and related products (Datamonitor: Apple Inc. , 2011). This showcases how quickly the tech market reacts to new releases by the company. This strong brand image has been developed by iconic advertisements that have long set Apple apart in the personal computer market.

This began with the company's 1984 Superbowl ad, which positioned " IBM as the Orwellian Big Brother of the computer industry" and Mac users as those breaking free from that oppression (Kenney, 2007). This individual vs. corporation image has continued into their more recent advertisements. Benoit and Delbert (2010) analyzed a series of ads that began airing in May 2006. The " Get a Mac" campaign used actors Justin Long and John Hodgman to portray a Mac and a PC, showcasing Apple computers' strengths over the market-dominating PC (Benoit & Delbert, 2010).

By depicting their computers as easy-to-use, fun-loving and friendly, Apple further solidified its brand image in the market by being different from its competitors, allowing its new products to quickly capture the market. Weaknesses Weaknesses of Apple Inc. are important in the decision to invest in the company because they point to internal issues that need to be shored up. One major weakness is Apple's involvement in several patent infringement lawsuits. Nokia and Motorola Mobility have both filed suits with Apple claiming patent infringement (Datamonitor: Apple Inc. 2011). Cisco has also been involved in an ongoing suit about the trademark name of the

iPhone and which company actually owns the name (Chumney & Cowart, 2010). The lawsuits create a weakness for Apple in a few ways. First there is the negative image associated with being sued. This will only detract from the company's long-held image of being an individual fighting against the oppressive PC regime if the company is seen engaging in its own questionable legal practices. Second, lawsuits of this nature require time and money that could be better spent elsewhere.

An unfavorable verdict in any of these suits would affect the company's financial health and operations (Datamonitor: Apple Inc. , 2010). Opportunities As it is shown that Apple's popular image is its biggest strength, Apple has the opportunity to make this image multi-faceted by focusing on its commitment to safe environmental practices. Schultz and Helleloid (2010) relate a 2007 incident in which Greenpeace released a report criticizing Apple for its environmental practices and ranking it behind some of its major competitors like Hewlett-Packard and Dell Computers.

Rather than respond positively to Greenpeace's challenge to improve its practices, Apple merely released a statement that they were already environmentally aware and were meeting their own company standards. This played out poorly for Apple in the media, resulting in a direct challenge to Apple by Greenpeace at the Macworld expo in San Francisco in January 2007 (Schultz & Helleloid, 2010). Apple has the opportunity to showcase its environmental practices to enforce its brand image as a conscientious individual.

Although the company publishes its environmental practices on its website, it could expand the exposure of this information in one of its savvy <https://assignbuster.com/business-analysis-of-apple-company/>

marketing campaigns ("Apple And TheEnvironment", 2011). Threats Although Apple's brand image has put it at the forefront of smartphone and tablet design, it is facing the threat of losing its market share toGoogleAndroid-based products. With Google acquisition of Android Inc. in 2005, the market for smartphones has seen increasing competition for the iPhone from manufactures like HTC and Samsung (Datamonitor: Apple Inc. 010). This Apple vs. Android competition is also playing out in the tablet market. Castelluccio (2011) writes that in spring 2010, "the iPad owned 90% of the market" but "the Canaccord group estimates Apple's share of the tablet market will be 56% this year" quickly crowded out by its competitors (p. 58). This growing threat to the tablet and smartphone markets that Apple had previously cornered will be a key battle as Apple works to contain this threat.

Because Apple has made its name through its strong band image, and because that image has led them to pioneer new products in the smartphone and tablet markets, Apple's branding is one of the most relevant factors in deciding to invest in the company. Apple's steady popularity as the fun, easy-to-use choice for electronics equipment indicates its long-term strength as an investment. The other important factor is Apple's opportunity to shore up this image by promoting its environmental practices.

Because of the Greenpeace debacle in 2007, Apple has the chance to strengthen its important branding by introducing new marketing that will paint it as the responsible choice for environmentally concerned consumers. This too would add to the company's longevity as an investment. Stakeholder Analysis In order to determine if stakeholder needs are being

met, the stakeholders must first be identified. Internal stakeholders include employees, marketers, internal retail stores, and executives. External stakeholders of Apple are customers, investors, media, third party retailers, local and national communities, and the environment.

Apple is meeting the needs of their internal stakeholders, but has some shortcomings in meeting the needs of external stakeholders. Apple's major internal stakeholders' needs are being met; Apple has high employee satisfaction rates, and their retail branches are well known for successful promotion of the company's ever-important brand. Employees of Apple are satisfied with the company's management style with nearly 97 percent of employees approving of the general management of founder and CEO Steve Jobs just before he announced his resignation.

In fact, during his tenure Jobs was known for being "adept at attracting employees who share his vision and fierce sense of loyalty to Apple and its mission" (Steve Jobs, Beloved By Apple Employees? , para. 9, 2011). By attracting those who shared Jobs' ideals, Jobs was able to create a cohesive employee base who could work together in reaching company goals. The other major internal stakeholders, Apple's internal retail stores, are also doing well. Apple's primary marketing strategy has been to focus on their retail stores and the inclusive community of Mac users represented there.

The strategy of well-placed, beautifully designed retail stores draws in both Mac pros and newbies. Not only does Apple get one-seventh of its revenue from its retail branch, but the first-time buyers that are drawn in account for nearly half of Mac sales in the stores (Snell, 2004). Apple has decided to focus its energies and meet the needs of its retail branches and it has

resulted in increased sales and presence in the electronics market. The strength of the retail stores and the loyalty of the company's employees show that Apple pays close attention to internal stakeholder needs.

External stakeholders, though, are not all faring so well. Apple's major external stakeholders are customers, investors, the community and the environment. Of them, only investors and the community have needs as well-met as the company's internal stakeholders. Apple has been a solid bet for its investors, even during the recent upset of Jobs' stepping down as CEO. Ranked as BusinessWeek's number one best performing company in 2006, Apple has long been a growing company and a safe bet for its investors (The Ranking, 2006). However, with the recent news of Jobs' departure, there has been some question of the company's stability (Morris, 2011). The company did a good job of quelling any speculation by immediately naming a successor, new CEO Tim Cook, and assuring its investors with the news that Cook has been running things for some time now, as Jobs battles personal health concerns (Robertson & Metz, 2011). This quick action assures that investors' confidence in the company is well founded, and confidence is an important need for investors. As with any large company the community has a stake in Apple in the needs for charitable assistance from those who contribute to society.

Apple has met the community's needs by contributing matching donations to employee's charitable giving, up to \$10,000 per employee for qualified organizations (Apple to Match \$10K in Charitable Contributions Per Employee, 2011). Giving matching contributions like this allows Apple's employees to support the community through their chosen organizations,

diversifying Apple's support, and adding to customer satisfaction via Apple's goodwill. Apple's customers and the environment are two facets of Apple's stakeholder needs that both need shoring up.

Friedman (2011) relates the history of customer issues with Apple's design choices, but the company has rarely responded to that input. Poor customer relations have tarnished Apple's stellar brand at times, Lee, Burrows, and Woyke (2007) demonstrate that the company's fast growth contributes to this issue; as Apple expanded from computers into personal music players, laptops, phones and other hardware, it did not match that with growth in its technical services divisions. Because Apple's major strength lies in its brand and image, it is important that the company have customer relations that support that image.

Apple could better meet the needs of its customers by having better trained technical support and sales staff, to meet the growing demand for service. As mentioned earlier, one of Apple's biggest opportunities is in meeting the needs of the environment and being environmentally aware. A recent report released by five environmental groups claims that one of Apple's main suppliers is polluting the environment. The Chinese manufacturer of iPhone and iPad touchscreens is accused of poisoning some workers, too. (Apple to discuss suppliers' alleged pollution with NGO, 2011).

This type of press shows that Apple still needs to make improvements in its environmental efforts, or it will spill over to affect the company's goodwill in other areas, like community and customer relations. Apple could counteract this by seriously auditing each one of its suppliers for environmental standards and use its powerful marketing tools to showcase its new green



initiatives. Conclusion Having examined Apple, it is clear the company has a strong brand image and place in the market. Its biggest opportunity lies in enhancing this image through improved environmental initiatives.

Though there are some issues with the growing Android market and trademark lawsuits, Apple remains a strong prospect for its investors even during times of transition. Apple's growth and clear self-image play large parts in making it a safe decision for its current and future investors.

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