

Apple competitive strategy



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Apple's practices, procedures and policies reflect the differentiation strategy to target the wide range of customers as the overall competitive strategy of the company. The company serves a wide range of differentiated product to the customers ranging from the classy power user to the new first time users. The differentiation is based on unique design, reliable quality and customer services driven by high customer values.

The innovation strategy allows the improvements in new product development and development in the existing products. The differentiation strategy provides such innovative products to a wider range of customers. Through the integration of these strategies the company aims to meet the demand evolving in the market. The implementation of unique designing and development of operating system and software has been a source of strong competitive advantage.

The company has diversified its market to digital electronics and computer market in addition to personal media player industry as the target market which proves that the strategies of the company are still at evolving stage due to new diversified market. Apple's has also entered to the tablet industry through the products such as iPad and mobile industry through the products such as iPhone (Masi, 2009).

Question 2:

What are the key elements of Apple's strategy in computers, personal media players, and Smartphone? Have its strategies in its core businesses yielded success? Explain.

Answer:

The business strategy of Apple aims to design and develop its own OS, hardware, software applications and services uniquely which facilitates the customers with the innovative and new product solutions having unique features such as easy usage, flawless additions, and innovative designs. The company's strategy of continual improvement and research and development leads to the development of new innovative product which enhances the market position of the company. With the integration of the strategy, the company consistently builds and hosts the dynamic platform for identifying and releasing the third party digital content and its application through various stores of iTunes. This store comprises of the Apps store and iBookstore which helps the users to use and access the third party applications either in MAC or through iPhone, iPad, or iPod touch. The company strategy also includes the expansion of distribution channels so as to enhance its wide customers reach, high quality services and after sales services to the customers. The company has also uniquely positioned itself as a superior and highly incorporated digital lifestyle and productivity solution provider (APPLE INC FORM 10-K (Annual Report), 2011).

Question 3:

What does a competitive strength assessment reveal about Apple's computer business, as compared to the leaders in the personal computer industry? Use the methodology in Table 4. 2 to support your answer. Does it appear that the company's competitive positions in personal media players and Smartphone or stronger or weaker than its position in computers?

Answer:

Competitive strength assessment of the company reveals following factors as the strength of the company:

Highly Differentiated Business Strategy:

The company provides highly differentiated product to its wide range of customer in highly diversified market including personal computer, Tablets, mobile, portable media player industry. It also provides highly innovative and new product integrating with its own hardware, software and designs to solve the problems of the customers and meet their demands (Danesi, 2011).

Diversified Product Offering:

Apple provides its various products in multiple market segments i. e. MP3 players market, PC market, Tablet Market, and other wireless communications market within the digital and consumer electronic industry. Apple is considered as the true innovator in the consumer electronic industry and this has exposed the existing products to gigantic market opportunities (Danesi, 2011).

Other strengths:

Other strengths of the company as per the advisors and critics are as follows:

- Apple Hardware Design.
- Apple Marketing.
- Leadership.

Competitive Advantage (Apple's Competitive Advantage, 2004).

The market analysis suggest that the Apple stands at 3rd position in the PC market with the market share of 10.6 % while in the mobile market, it stands at second position with 24.2 % of market share. The company holds the share of 78 % in the overall media player market. This reveals that the market share of the company in this industry is much stronger than the personal computer industry (Slivka, 2012) (Keene, 2012) (Macale, 2011)

Question 4:

Does it make good strategic sense for Apple to be a competitor in the computer, personal media player, Smartphone, and tablet computer industries? Are the value chain activities that Apple performs in computers, personal media players, tablet computers and Smartphone very similar and “compatible” or are there very important differences from product to product? Which of the four products lines—computers, tablet computers, personal media players, or Smartphone—do you think is most important to Apple’s future growth and profitability? Why?

Answer:

The value chain of the Apple Inc suggest that the company is efficiently handling the chain of activities in innovative and design leading to management of all the activities and operations which provides it a great competitive advantage.

The procedure at Apple Inc is moved in following manner:

As per the market growth and stock report, the iPhone generates 42.1 % of the total revenue for the company while iPad generates 21.8% of the total revenue. Mac Contribution to the total revenue is 18.9 % while iPod contributes for the generation of 7.3% of the revenue and other peripheral services contributes 9.8 % of the revenue. From this data, it is clear that the Smartphone market and revenue share is the highest contributing segment for the company. However equal emphasize should be given to all the other segments also in order to achieve the total competitive advantage (Danesi, 2011).

Question 5:**What is your assessment of Apple Computer's financial performance the past three years?****Answer:**

The above graph depicts that the profitability of the company increases from 25 % to 40 % consecutively from 2006 to 2009. The graph also depicts that the revenue of the company have been increased from 10 billion to 17 billion in due course of time which depicts that the company is continuously growing with the total competitive advantage of the global international market. The ratio analysis suggests that:

The current ratio of the company is continuously increasing showing the increase of current assets and decrease in current liabilities with some downturn in the year of 2009.

Debt equity ratio remains the same with small fluctuations which shows that the company is balancing effectively between the current liabilities and the shareholders wealth.

Efficiency ratio and debtor turnover ratio is continuously increasing with a certain down turn in the year of 2009 which shows that credit sales are going down and cash sales are increasing (Apple Inc).

Question 6:

What recommendations would you make to allow Apple to strengthen its position in its most important markets? What steps should it take to ensure that the iPad becomes a success in the marketplace and a major contributor to the company's overall performance?

Answer:

Following recommendations are being recommended for the company in order to strengthen its position in the market:

- The Ultimate Convergence Device.
- Modern Medical Device Platform.
- Environmental and social efforts in partnership.
- Dual Band GSM/ CDMA iPhone Worldwide.
- Collaborative Recycling benefits.
- Capturing Convergence Device Market.
- iTunes Stores eBook Distribution.
- Implementing First party quality check in OEM Factories.
- Productive use of unused cash.
- Continues implementation of expansion strategy.
- Differentiated Lifestyle Branding.
- Following strategies are recommended for iPad:
 - Flash player should be added as one of its feature.
 - It should also be comprised of USB and camera.
 - It should be compatible with the iPhone applications.
 - Develop a separate marketing strategy for iPad.