

Apple

Business



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Apple Case Study Apple's premium pricing strategy whereby it has introduced new and less costly devices such as the Apple air and iPhone 5c has expanded its market coverage. After introducing new devices, Apple moves ahead and reduces the prices after every two years. This tactic of attracting customers has worked according to some customers interviewed. Some customers argue that they are satisfied with features with the new less costly devices such as the Apple air and they plan how they can buy other mobile tablet devices after a short period when their prices are low. This pricing strategy will increase the net income since customers purchase will purchase more devices from Apple Inc.

#2 Apple should not change its promotional strategy of television advertisement since currently use of advertisement has proven to increase the popularity of a company to the customers and maintenance of sales. The television advertising adopted by Apple has increased the customers awareness about products sold by Apple and so far sales made has increased with high margins increasing the net income of the entire company.

Ratios.

#1 Current ratio = Total current assets/ total current liabilities

Therefore; $57653/38542 = 1.5$ or 150%

#2 Long term solvency ratio = total liabilities/shareholders equity

Thus; $57854/118210 = 0.49$ or 49%

#3 Earnings per share = net income/ number of common shares Outstanding

Therefore; $41733/929 = \$44.92$

#4 Apple top five strengths;

Apple has a strength over its competitors since it sells both hardware and

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software products. Customers buying devices like iPads are compelled to get services from Apple such as the iTunes (Mittan 12).

Apple has good brand reputation. Customers are expecting Apple to manufacture high tech devices each an everyday. Many customers are loyal to Apple due to the products it manufactures (Mittan 12).

Currently, Apple has a strong financial performance (gross profit margin is above 40%)

Strong advertising and marketing teams has made Apple to retain its market.

Apple has ventured into large retail stores which have strengthened its distribution of electronics.

#5the five topmost weaknesses of Apple include;

Apple focuses in manufacturing devices for entertainment, media and music production. It somehow do not take part in the growth of information technology especially in school where other companies like Microsoft has dominated such markets (Mittan 12).

High prices of devices repelling low income earners.

The current decreasing market share due to other upcoming electronics companies.

New products introduced today by Apple have defects.

Changes in the management of Apple Inc. operations have registered a downfall.

#6 the topmost opportunities that Apple Inc. has include;

The strong public perception of Apple in media corporations has made it to produce better products like no other company.

The attractive devices made by Apple as the iPod; iPhone and iPad have

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attracted millions of customers creating an opportunity for Apple to sell personal computers also (Mittan 12).

Growth of tablet markets has made Apple to produce more high tech devices.

Strong growth of the advertisement of its products has made it to increase sales.

Due to its popularity, Apple has introduced cloud computing services.

#7 the threats that Apple has include;

Apple mostly benefits when they release a new product. If the customers demand decrease Apple will be weak since the main source of revenue is cut.

Other software developers like Google offer their services at low prices.

Customers opt to go for other companies leaving Apple Inc (Mittan 13).

The rapid technological change is a threat to Apple.

Samsung threatens Apple in the prices of key devices like phones.

Competitors challenge Apple when they move in the online music production and selling.

#8 if I were Tim Cook I would have focused my resources on exploiting the stated opportunities by;

Increasing the creativity of workers to produce much better products.

Increasing the range of products and services such as cloud computing services and internet search engine so as to exploit the popular perception of the company among customers.

Production of devices that promote growth of information technology.

Venturing into more advertisements.

Focusing on maintenance of the company's brand reputation.

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#9 I would also focus my resources on managing the following threats through;

Increased sales of a product at all times rather than on the release of a new product.

Hiring highly qualified software developers to improve its demand in the market.

Investing resources on devices that promote technological change.

Reduction of prices mobile devices.

Investing in online music promotion.

#10 the basic reasons why I chose the above strengths, weaknesses, opportunities and threats include;

Consideration of the status of Apple in the electronics market.

The current performance of Apple Inc.

The nature of competition.

The management of the company.

The future of the company in the market.

Works Cited

Mittan, Shane. APPLE: A Case Study Analysis, Kalamozoo: Western Michigan University, 2010. Print.