

# Apple case study sample

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The Genesis and Initial Success: Apple Inc. 's success story is pretty much centered around its charismatic leader Steve Job's vision and continuing ability to come up with the next wave of products that not only change the rules of the game (Eg: Macintosh, iPod, iPhone) but also are able to form new consumer behavior.

Founded in 1976 by Steve Jobs and Steve Wozniak, Apple's early success was the result of Steve Jobs acute aesthetic sense coupled with Steve Wozniak's technical brilliance which helped them produce Macintosh, which was not only a beautiful computer in terms of its structural design, but was also revolutionary in introducing the concept of Graphical User Interface (GUI) thus enabling its use by less tech savvy consumers leading to an explosion of the PC market. They also introduced the revolutionary 2D pointing device, the mouse, to the common people.

The successful marriage of aesthetics and technology led Apple to create the PC industry and excel in it. Although Wozniak was the engineer behind the Macintosh, it was Jobs uncanny ability to turn technology into products, which marked the success of Apple in its first phase of operations. But just like any other industry, others follow suit and competition emerges. So was the case with PC industry when IBM entered it, giving a stiff competition to Apple (Exhibit 3), who was till now enjoying the early mover advantage.

Sustaining Momentum - Competing with IBM and clones: IBM's entry into PC market with a " Wintel" based PC led to the emergence of cheaper computers and provided price-sensitive consumers with an alternative to the premium Macintosh. Apple (headed by Sculley and later by Amelio) replied

by adopting various strategies: a) Market development: Complete desktop solution - hardware + software + peripherals. Educational customers. b) Product development: Professional Products - desktop publishing, high-end laser printers.

c) Competitive Pricing: Low priced Mac Classic, to compete with cheaper IBM PCs, which were attracting majority of new application developments. Losing Momentum: Jobs had the knack to read consumer trends and even more importantly he had the ability to form consumer preferences and shape their lifestyles. In his absence, Apple was reduced to being a "regular" competitor of IBM, losing its focus and was not able to achieve a much-needed breakthrough, either in the form of a new product or in the form of a better OS.

Also, Apple wasn't able to maintain its differentiating factors of superior product at a right premium, it also couldn't converge and adopt Intel chips, which had by now become the industry standard. Failure on all fronts led to Apple's near bankruptcy in the 90s. Restoring the original value proposition: Apple's success was because of its differentiation, and that was exactly what Jobs restored after his return. He undertook numerous measures to restore the exclusivity that defined Apple.

He launched the revolutionary iMac to make a statement that Apple is back as a cult. The same focus was communicated using extensive ad campaigns and expansion of Apple distribution channels. This move helped Apple stand apart from the growing clutter of low-cost PC manufacturers, in which anyway they wouldn't have been able to compete given their costly

proprietary hardware and software. In essence, Jobs did exactly what needed to be done (restoring exclusivity instead of competing with low-priced competitors).

Shaping the 21st century: Apple returned to supremacy, like the one it enjoyed back in 80s, because of its ability to successfully predict the lifestyle of consumers of the digital age. They were able to predict the media consumption pattern of people and were successful in forming consumer behavior by supplying mobile entertainment devices. Just like Macintosh was revolutionary in introducing the GUI, iPad too was a revolution because of its flash based memory that allowed a huge improvement in terms of storage capacity. This, coupled with an easy, intuitive and elegant interface made iPod the industry standard.

Similarly by introducing touch screen phone without a regular keyboard, iPhone again reinvented the mobile phone. Here it is noteworthy that just like Apple didn't invent GUI, they brought it to the public, similarly they were the ones who clearly communicated the potentials of a touch screen smart phone to the world. Thus, it was the ability of Jobs to make products out of technology and more importantly portray their benefits which the common person would not have valued otherwise, is the single biggest differentiator that makes Apple a force to reckon with.

This was augmented by the popularity of the Internet, which made it all the more easy to share content and applications. Here again, Apple was able to deliver the differentiating factor in the form of iTunes (for iPod) and iAppStore (for iPhone) whose popularity was one of the key factors for pickup

of sales of these devices (Exhibit 9). After targeting the mobile music and phone segment, Apple is moving into the mobile reading industry trying to replace paperbacks with electronic content (e-books, e-newspaper, e-journals).

Here they are in direct competition with paperbacks (which are much more comfortable to most of the people, even to new generation people) and is up against Amazon's Kindle and Sony's eReader. As Amazon already has a similar pay-per-download model like iTunes and AppStore and Sony has its e-Ink technology, Apple will have to provide a unique set of benefit that is best of both the worlds. Also, positioning it as more than merely an e-book reader may be the differentiating factor that Apple must stress upon.

Preparing for the next decade: Apple has been able to successfully transform itself according to the changing needs of the customers and by offering products which not only are a perfect fit in their new lifestyle but which also stand apart because of their elegant design and unique convenience features. As long as they are able to read these trends and market direction and pounce on the opportunities that arise over time, their success can be sustained. But the major concern is that much of the current success is attributed to Steve Jobs, whose absence may leave the company back to path of chaos like in the early 90s.

What is needed is that Jobs should nurture leadership within the organization because that only will ensure continued growth (like GE). Having a charismatic leader has its own disadvantages as it leaves little room for others to experiment and grow. Also, entry of more players (like IBM in PC

industry), unsuccessful launches (like Apple TV) and complacency (like no physical QWERTY keyboard in iPad) may prove to be disastrous. Thus, it's the ability of Apple Inc. to learn, unlearn and relearn without Jobs is what will decide its success in the next decade.