

Research on Enterprise Supply Chain Management

— Taking Apple as an Example

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Abstract: The term “supply chain management” first appeared in the logistics literature in the mid-1980s. The goal of so-called supply chain management is to plan, implement and control in order to reduce production costs and improve production efficiency. This paper aims to analyze enterprise supply chain management. The supply chain involves most of the products in our lives. The paper starts by presenting an overview of supply chain and the importance of it. This paper chooses Apple as an example to analyze supply chain management. Apple is the world's leading high-tech company, which can offer me some experience. The supply chain was not pioneered by Apple, but they do a good job. In the supply chain, part of the enterprise's business is external, which reduces costs and improves production efficiency. Apple is consumer-oriented. Some businesses are external and so on, which makes it a win-win situation for him and his partners. But there are also some problems in Apple's supply chain management, such as excessive exploitation of downstream suppliers and neglect of employee rights and interests. Then this paper discusses how they make changes in order to improve supply management. Finally, we summarize how to effectively manage supply chains in businesses. Apple needs to pay attention to the low-end market, strengthen the supervision of suppliers, reduce the exploitation of suppliers, and truly protect the rights and interests of those suppliers' employees. In addition, it should shorten and optimize the supply chain to make the company's operations more stable.

Keywords: supply chain management, Apple, enterprise operation, management

1. Introduction

The supply chain is a system with rich information. For enterprises, it is very important to do a good job in supply chain management. In a competitive market, enterprises must constantly improve the level of supply chain management in order to maintain a dominant position. What are the advantages and disadvantages of Apple's supply chain management? In response to these shortcomings, what measures should Apple take to improve? This research will aim at these problems, taking Apple as an example, analyze the enterprise supply chain management, and discuss how to do a good job in supply chain management. This research will provide more experience for enterprise managers who need to construct enterprise supply chains.

2. The Merits of Apple's Supply Chain Management

2.1. Design Products Based on Consumer Needs

In the past, Apple did not consider launching its own products as soon as possible, but continued to learn and develop more advanced and better products. They fully followed their own ideas and designed products from the perspective of supply. The product may not meet the consumer's preference due to its overly advanced product concept. Apple slowly began to adjust its development strategy, which only cares about research and development, and instead uses consumers as a guide, so designers must design according to the requirements of the marketing department. A relatively good company must take consumers as the guide for product design and manufacturing. Apple's fashionable and trendy brand personality captures the characteristics of young audiences and cultivates the audience's brand loyalty [1]. When consumers agree with Apple's brand personality, they will habitually pay attention to the company's product trends and buy their favorite products [1]. Only when the consumer's needs are met will the products be preferred.

2.2. Different Sales Models

In western countries such as America. Apple mainly makes profits through direct cooperation with operators. For example, Japanese operator Lotte Mobile is responsible for selling Apple products in Japan. However, in China, operators are far stronger than in other countries. Apple mainly uses four methods: direct sales, direct supply, distribution and internet direct sales. The direct channel is operated by Apple, and the direct supply channel is directly supplied to dealers by Apple. The distribution channel is sold in the operator's business hall. Apple does not directly supply the products. The main advantage of online direct sales is that the customer base is very large, and it has an advantage that traditional retail stores cannot match.

2.3. External Resources (Non-core Businesses) to Reduce Costs

It is difficult for any company to rely on itself to complete all business affairs and create a high-quality performance [2].

Professional outsourcing service companies have more professional work and more detailed services. Apple is one of the most advanced technology companies in the world, and its R & D investment is huge. They need to devote more energy to their core business to ensure that they are more competitive in the market. They use non-core businesses that outsource low profits to reduce costs. For instance, the processing of AirPods is under the responsibility of Lixun Precision and Goer shares in China. In this way, Apple focused more on R & D and other core businesses such as design and innovation. This enables Apple to maximize the value of design and marketing, which it is best at.

3. The Disadvantage of Apple's Supply Chain Management

3.1. Over-squeezing Downstream Enterprises in the Supply Chain

In the process of communicating with downstream suppliers, they often give the suppliers extremely low profits while obtaining extremely high profits. Because Apple has absolute the initiative in the market, downstream suppliers are almost unable to survive without it, but Apple can choose other suppliers. Because Apple has high requirements for product quality, companies that provide OEM services have to do high-intensity work on their employees. For instance, Foxconn and Apple are interdependent, they seem to be equal, but actually they are one in the sky and one in the world. Apple can choose other foundry companies, and Foxconn can hardly survive without Apple. Just when

Apple repeatedly hit a new high profit margin, Foxconn, Apple's foundry company, has been hovering on the verge of profit as it has repeatedly set new high profit margins. Apple's excessive exploitation of companies further down the supply chain could lead to difficulties for its partners. In particular, with the impact of the "cold winter" of the industry and the epidemic situation in the past two years, many raw material prices have skyrocketed, and Apple will not bother with these reasons. In the end, the fruit chain companies will bear the consequences, so these companies bear huge cost pressure. It is also reasonable for Goer's to suspend production of the AirPods Pro 2 at this time. Under the pressure of extreme costs, quality control cannot be guaranteed, and such a problem is far from being overcome by an enterprise. It is a problem for the entire supply chain. So Apple excessively depresses the prices of suppliers, resulting in an excessive decline in suppliers' profits. This also poses a hidden risk to Apple's supply chain's continued stability.

3.2. Products Price

Apple's products are generally priced higher, and there are almost no low prices. Unlike ordinary products that open and occupy the market through low price or price reduction, the amazing sales miracle of iPod products is based on "high price" and "high-end products"[3]. This makes Apple very competitive in the high-end market, but there has been no way to involve the low-end market. In the electronics market, Apple also has powerful rivals like Samsung and Huawei. They are more comprehensive than Apple in price coverage. Obviously, Apple is at a disadvantage in terms of price competition. In the middle and low consumer markets, Apple has all but given up, and rivals have taken over. They only focus on the high end of the consumer market, but Samsung and Huawei can also compete with Apple in high-margin areas. Huawei has even announced plans to become the world's largest smartphone maker with a market share of more than 25 percent within five years. It's no exaggeration to say that Apple's dominance of the mobile phone industry is under serious threat.

3.3. Insufficient Supply Chain Supervision(Employee Rights of Downstream)

Apple is a company that promises to be responsible for the rights and interests of its employees and their physical and mental health. Although Apple releases a supplier social responsibility progress report every year, the salary of employees has not increased. Apple's excessive pressure on suppliers has indirectly led to inhumane behavior by suppliers towards their employees. The profits of suppliers are squeezed to a very low level, and in order to maintain their own profits, downstream supply chain companies can only increase the exploitation of bottom-level employees, making it difficult for labor to survive. Therefore, for suppliers like Foxconn, the reason for the poor treatment of employees is not the company itself, but Apple's excessive pressure.

3.4. Long Supply Chain

The shortage in the supply chain has a great impact on Apple's production. The root cause is that Apple's supply chain is too long. There are so many suppliers involved, when a supplier fails to supply parts in time, it may lead to the production of Apple products. A long supply chain is more likely to lead to the "Bullwhip effect". The effect is that when each node enterprise in the supply chain makes production and supply decisions only according to the information of its adjacent subordinates, the information distortion will be transmitted upward along the supply chain, and then magnify step by step [4]. The information in Apple's supply chain may be distorted and magnified step by step along the chain, resulting in a backlog of inventory among some downstream suppliers.

4. Suggestion to Apple

4.1. Pay Attention to the Low-end Consumer Market

If Apple wants the iPod to be as popular and have a large market as the Walkman was many years ago, it must overcome the price barrier [5]. Apple can sell different products at different prices to different consumer groups. Entering the middle and low-end markets can expand the competitiveness and influence of enterprises. To expand the consumer group, we can increase profits by increasing sales at the middle and low ends of the market. This is the so-called small profit and quick turnover.

4.2. Protect the Rights and Interests of Suppliers and Employees

It can be argued that the root cause of the poor quality of the products provided by suppliers and the oppression of employees by suppliers is that Apple has squeezed the suppliers too much. Apple can give up more profits, which can not only strengthen its ties with suppliers, but also reduce social conflicts.

4.3. Shorten and Optimize the Supply Chain

The lack of communication between suppliers and Apple as well as between suppliers will not only lead to a backlog of inventory, but also lead to a lot of inventory in one place and out of stock in another place. Apple can shorten the supply chain or build a better information sharing platform on the supply chain to solve information asymmetry.

5. Conclusion

This paper studies Apple's supply chain management. In conclusion, as the world's largest electronic technology company, Apple is excellent at supply chain management, although there are some problems. By studying Apple's supply chain, we can bring some inspiration to the operations of some enterprises. Currently, enterprises are facing severe market competition in society. In a fierce market environment, Apple builds a supply chain to enhance its competitiveness, reduce production costs and improve production efficiency. They externalize part of the non-core business and devote more energy to the research and development of the core business. This inspires other enterprises how to make themselves bigger and stronger. If large enterprises do not build supply chains, their attention will be distracted, which may affect the research and development of their core businesses. The construction of the supply chain can reduce the cost of the enterprise and let the enterprise concentrate on its core business, but how to manage the supply chain well is a great challenge for the enterprise. Enterprises can learn from Apple's successful experience in supply chain management and build their own supply chains to enhance their market competitiveness. Although Apple's management seems almost perfect. Apple also has some problems. Apple has established green factories and parks for employees, created a green environment, and actively protected employees' rights and interests; however, they have ignored the rights and interests of enterprises downstream of the supply chain and severely squeezed them, resulting in damage to employees' rights and interests and the addition of many destabilising factors to society. While enterprises make profits, they should bear more social responsibility, reduce the pressure on suppliers, and strengthen the supervision of the downstream supply chain. They should not only supervise the quality of products, but also protect the rights and interests of the employees of supplier enterprises. Supply chain management is undoubtedly a powerful tool for enterprises to improve efficiency, reduce consumption and enhance competitiveness. This article doesn't study the sustainability of supply chain management, which is also very important. The future research direction is sustainability in supply chain management.

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