

Research on Apple Inc. Market Winning Case Study

Xiefan Wu^{1,a,*}

¹Brandeis University, 415 South St, Waltham, MA 02453

a. xiefanwu@brandeis.edu

*corresponding author

Abstract: Apple Inc. is currently a cutting-edge company in the field of technology, and its released products occupy most of the market share in the respective fields. Therefore, aiming at the reasons for Apple's success and its future development direction, this article literature review SWOT analysis to analyze and discuss the reasons for Apple's success. Apple's success basically lies its innovation, improvement of consumer service, and reform of supply chain management. However, in the future, Apple should consider maintaining its innovation speed and avoiding expanding its service into a large number of irrelevant markets, thereby increasing service and management risk.

Keywords: Apple, success, case study, SWOT

1. Introduction

In the modern world, technological innovation is a necessary driving force for the vigorous development of enterprises, and it also provides the company with competitiveness for the development and ensures the survival of enterprises in fierce competition. Apple Inc. is known for its innovation, supply chain management, and product designs. yet it also faces fierce competition. For example, in the computer market, Lenovo Group, HP Inc., and Dell are its strong competitors [1]. In the smartphone market, Samsung and several Chinese companies like Xiaomi, Vivo, and OPPO share the market revenue with Apple [1]. Hence, it is worth pondering that Apple can stand out in the highly competitive technology market and maintain a strong market competitiveness. This essay will use SWOT analysis to fully understand the strategic development layout of Apple Inc. and help people better understand the reasons for Apple's success.

2. Apple Inc.

Apple Inc. is currently one of the leading companies in the technology field, and its growth has also required a long development cycle. Apple Inc. was founded on April 1, 1976, by Steve Jobs and Steve Wozniak [2]. Since then, Apple has made its dream a reality step by step and has repeatedly created myths.

Apple's main product categories include mobile phone (iPhone), computer (Mac), and tablet computer (iPad). In addition, the product categories also have wearable, home accessories, including Air Pods, Apple TV, Apple Watch, Beats products, Home Pod mini, and accessories [3].

3. The SWOT analysis of Apple Inc.:

3.1. Strength

3.1.1. Innovation

According to Fast Company, Apple is at the top of the world's top 50 innovators [4]. Apple's current CEO, Tim Cook, said that innovation is deeply rooted in Apple's culture, that Apple solves problems with boldness and ambition, and that its staff also believes that products have no limits. Apple focuses on product innovation, making products attractive and easy to use, and many of its products have also revolutionized the industry after their release. In addition to the development of hardware, Apple creates its own IOS system and collects a lot of compliments and suggestions for this system. Based on the IOS system, Apple has created many practical tools, such as iCloud for uploading and storing data, Airdrop for user sharing, and widgets for stocks and weather.

Each apple product is designed with a certain proportion, color, and unique trait. For the iPhone, camera lenses are unique, even lenses that can be used to movie shooting. For the iPad, it can be turned into a computer by adding a Bluetooth, and it can become a notebook substitute by adding an Apple pencil because of its powerful extension. For Mac, the application of fingerprint unlock and touch-bar makes it look and function differently from other computers. Therefore, Apple's products have always been in an irreplaceable position, and its market share is also maintaining steady growth.

Take iPhone as an example, the market share of the iPhone in 2022 is between 15 percent and 30 percent [5]. Figure 1 is the graph for market share of iPhone from 3rd quarter 2007 to 4th quarter 2022.

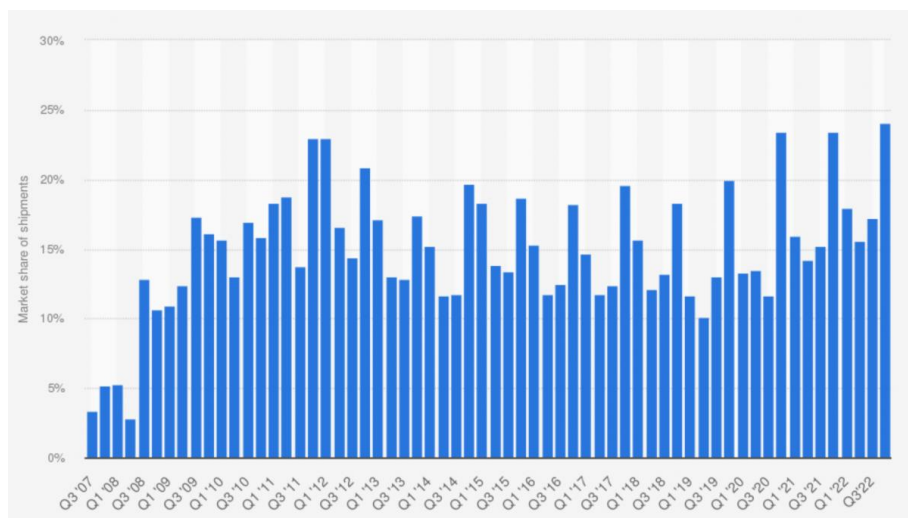


Figure 1: iPhone unit shipments as share of global smartphone shipments from 3rd quarter 2007 to 4th quarter 2022[5].

3.1.2. Supply Chain Management

Apple's supply chain consistently ranks among the top 25 in Gartner's Supply Chain list [6]. Apple has contracts with all of its suppliers regarding the quality of supply and working conditions. According to the Apple Supplier Report 2022, people evaluated 52 countries and around 35289 supplier employees in 2021 [7], which is also Apple's efforts in managing its own supply chain. At the same time, Apple has reduced production costs and risks by screening suppliers, most of which are from China [8].

3.1.3. Service for Consumers

Apple provides consumer service for its consumers, both online and offline. On Apple's official website, there is a section called for Support where consumers can change their Apple ID or password, check for Repair information and 'Billing and subscriptions.' In addition, Apple offers provides phone numbers for exclusive services in each country or even in different regions of a country. Hence, customers can always call Apple for help. In offline stores, when consumers enter the store, there are many staff with good service altitude to guide customers and help customers solve problems. Employees also help customers set up system and introduce new traits when buying new products.

3.2. Weakness

3.2.1. High Price

Compared with other brands, the price of Apple's products is relatively high. Take the iPhone as an example, one of the primary products of Apple. The latest version of the iPhone 14 costs around \$800, while Google's latest version of the phone only costs around \$600. A higher price may cause Apple to lose part of its consumers and market. Only middle or high-income consumers can afford higher consumption of electronic products. Thus, it could cost Apple a certain amount of sales revenue.

3.2.2. Limited Advertisements

Apple relied heavily on its loyal consumers and its flagship retail store [9]. It can be seen from figure 2 that Apple has a very high loyalty and repurchase rate among American consumers, which may cause Apple to reduce its efforts in making more advertisements. Although Apple does not disclose the company's marketing and advertising expenses, the frequency of Apple's advertising on social media and marketing is lower than that of other brands.

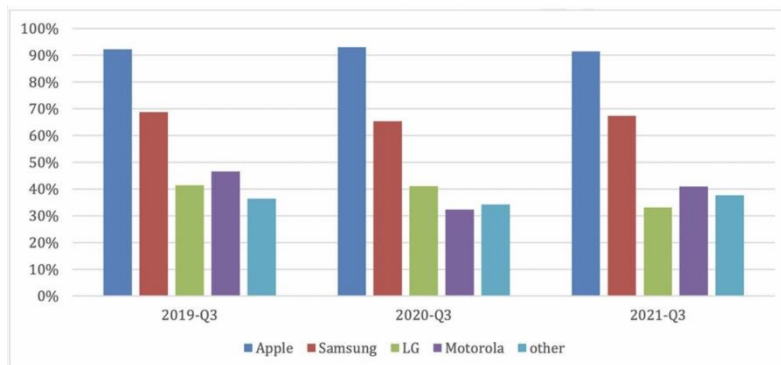


Figure 2: Customers purchasing new brand same as previous brand (12 months ended each indicated quarter) [10].

3.2.3. Entering Market of Non-Competency

Apple is now trying to expand its range of services and products, such as Apple Pay, Apple Video. However, the expansion of new products and services will also increase the competitive pressure faced by the company. For Apple Pay, there are competitors like PayPal. For Apple Video, there are competitors like Netflix. In addition, Apple's development of new services or products will also increase the company's expenditure, thereby increasing the company's costs and risks. The strategic planning of competing on multiple tracks has expanded the coverage of the Apple brand, but it will also cause Apple to lose its original advantages in technology.

3.2.4. Incompatibility with Other Systems

When using Apple products, consumers cannot use other software or systems, which means that Apple's products are incompatible with other devices [9]. This seriously affects the user experience of users who have never used Apple products and could make these users give up buying Apple products. As a result, Apple may lose those consumers and decrease revenues.

3.3. Opportunity

3.3.1. Deliver Self-Driving Software Technology

With the development of technology, autonomous car have become a product that attracts lots of sights from people today. The drive-less car market was at \$22.22 billion USD in 2021 and is expected to achieve \$79.95 billion by 2027 [11]. Apple own the capability to develop this technology. In fact, since 2014, Apple announced their first electric car, Titan, which is expected to be released in 2026[12]. When Apple successfully develops and enter the autonomous car market, the company will have the opportunities to enhance revenue.

3.3.2. Increasing Demand for Cloud-Based Services

The need for data storage enabled Apple's 'iCloud' concept, to gain popularity quickly and expand the company's market, especially among workers and students who have high storage needs. In the market for data storage, iCloud offers real-time uploads of files and information, gradually displacing the hard disk. People can also simply access iCloud with any Apple product by logging in with their Apple ID and searching for the things they need. The demand for data storage services is increasing in tandem with the quantity of data that people utilize when using electronic devices, allowing Apple to expand their service and find more applications for iCloud.

3.3.3. Increasing Investment in the Indian Market

India is a country that has developed rapidly in recent years. With an annual GDP growth rate of 8.7 percent, India has a broad economic base [13]. Apple should invest more in the Indian market by opening more flagship stores and considering how to make their products more available and useful for Indian consumers. Thus, this could facilitate Apple's ambition to sell its products all over the world and increas sales revenue.

3.3.4. The Growth of Advertisements

According to the IMARC Group, the size of the global advertising market in 2022 is \$615.2 billion and will reach \$ 834.9 billion by 2028, with a growth rate of 5.35% [14]. Hence, since Apple has a lot of platforms that could be used for releasing advertisements, it could consider having more cooperation with advertising companies to increase their revenue.

3.4. Threaten

3.4.1. Effects of Recovery from Coronavirus

In the past year, Apple has received significant revenue from the Chinese market. Sales in Chinese market is account for nearly 20% of total revenue of Apple in 2021-2022 [15]. Hence, since the impact of the coronavirus on the Chinese economy has directly affected sales revenue of Apple. Considering that the impact of the coronavirus may still be there, this may cause a gradual reduction in Apple's

revenue from Chinese consumers in the future. Figure 3 is the revenue of Apple by geographical region from the first quarter of 2012 to the fourth quarter of 2022 [15].

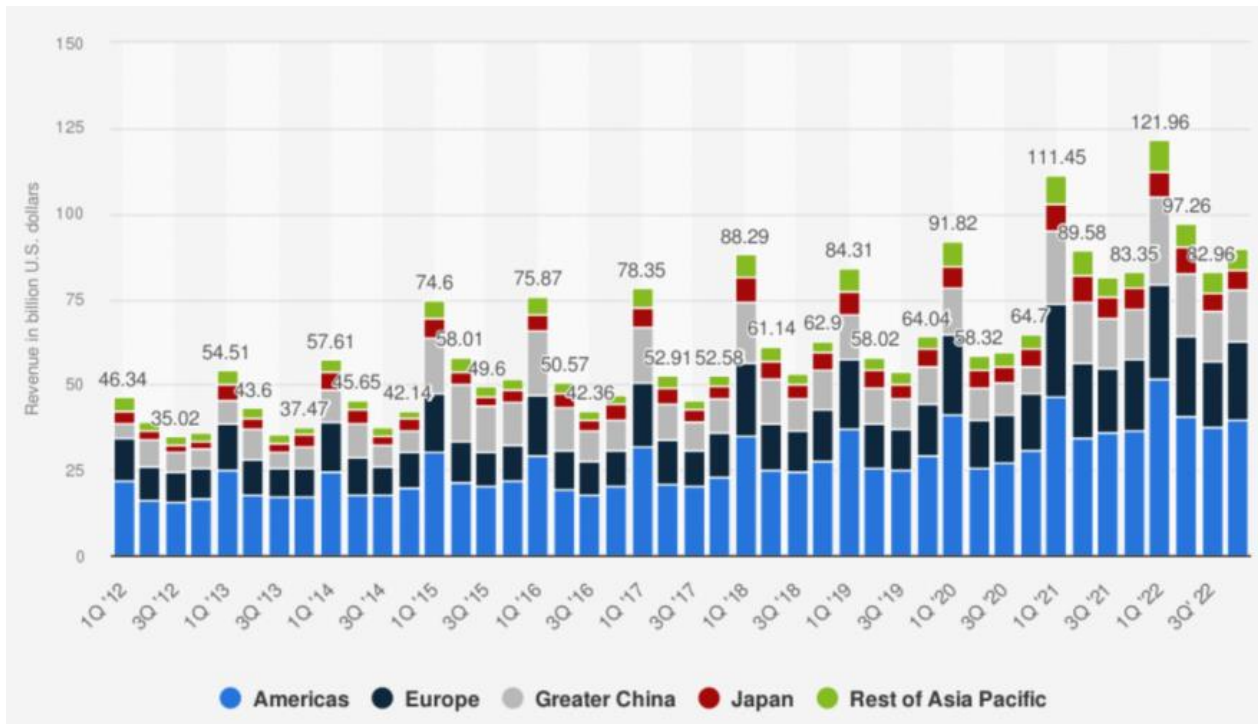


Figure 3: Revenue of Apple by geographical region from the first quarter of 2012 to 4th quarter 2022 (in billion U.S dollars) [15].

3.4.2. Increasing Competition

The competition for Apple is fierce. Take the two main products (Mac and iPhone) of Apple as examples, as the revenue of these two products accounts for a significant share of Apple's total revenue. In terms of global computer market share in the third quarter of 2021, Apple ranks fourth with 8.6%, followed by Lenovo with 23.7%, HP with 20.9%, and Dell with 18.1% [1]. For share of global smartphone market as the third quarter of 2021, Apple owns 14% share and Samsung has 20% share [1]. Hence, Apple is still in a competitively motivated global market.

3.4.3. Rapid Technological Change

This era is the time for the explosion of technology. Although Apple updates its products almost once a year, this period could be long and maybe cannot catch up the rapid change in technology. Hence, it is time for Apple to consider increasing the speed with which their products are innovated in order to keep its high competitiveness ability and avoid losing the advantage of innovation.

3.4.4. Rising Labor Costs

As mentioned in the passage before, Apple has a lot of its manufacturing in China. However, labor costs in China are increasing today, which means the cost of Apple increases. Hence, Apple may transfer its focus on manufacturing in China to somewhere else in order to reduce its cost and avoid future stress on its financial state. Figure 4 is the graph showing the increasing labor cost in China [16].

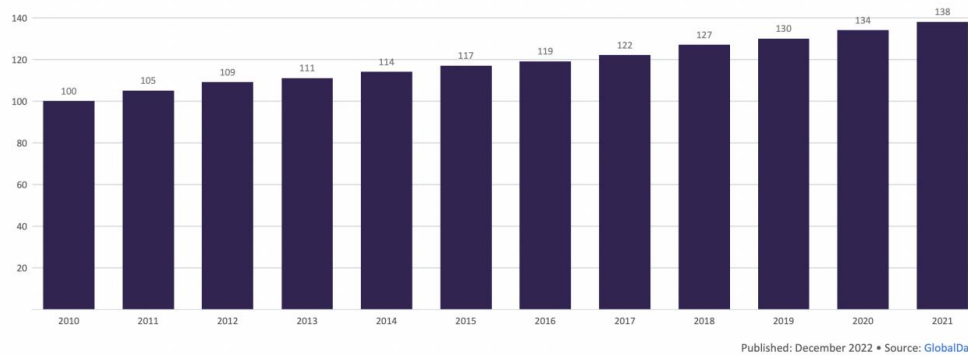


Figure 4: Labor Cost Index of China (2010-2021, Base Year 2010 = 100) [16].

4. Recommendations

According to the research above, Apple has achieved significant advantages in terms of products, supply chain managing, and offering insightful services to consumers. Apple has established a strong position among technology companies due to all of these benefits. Apple's success is not only due to its merits in developing new products but also to its service in creating loyal consumers who are important in the development of Apple Inc. and constitute most of purchases when new products come out. However, there are still things that Apple should be aware of, such as maintaining its rapid pace of innovation, looking for place where it could produce its products at lower labor costs, capturing more market share from other companies, and even keeping its share from being grabbed by other companies. If Apple follows those recommendations, it will undoubtedly help Apple increase its power and sales revenue.

5. Conclusion

Apple can not only capture the attention of consumers through products, but also capture the consumers' hearts through product and service experiences. Nevertheless, if Apple is unable to maintain or even accelerate the pace of innovation, it will be unable to compete with other strong competitors in the global markets, thereby losing its dominant position among technology companies. In addition, Apple should consider putting more efforts into one field to ensure the quality of its original products, rather than dividing its efforts among separate markets. As a result, Apple's continued success in the future depends on whether it can capture more consumers and increase their loyalty.

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