



APPLE IN JAPAN

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PART I - Economic of Japan

- Third largest economy in the world in terms of Nominal GDP
- Fourth largest in terms of purchasing power parity (PPP)
- Second largest developed economy in the world
- Statist market economy model
- Low birth rate and aging - shortage of labour, difficulty to raise the level of consumption, deflation
- FDI inflows are relatively low - investment market narrow



PART I - Economic of Japan

- One of the major sources of **global FDI outflows** - mainly in the financial, communication and information communication sectors - world's **largest creditor country**.
- Japan's **Global Competitiveness Index** ranked 6th in 2019 - well-developed infrastructure, stable macroeconomic development, high technology content - shortcomings: unsaturated labour markets
- Japan's **leading companies** include: Toyota Motor, Mitsubishi UFJ Financial, Nippon Telegraph & Tel, Sony, Nissan Motor, Softbank, etc.



PART I - Politics of Japan(Parliamentary Constitutional Monarchy)



National Diet
(Legislative)



Supreme Court
(Judicial)

Naruhito
Emperor
(Chief of State)

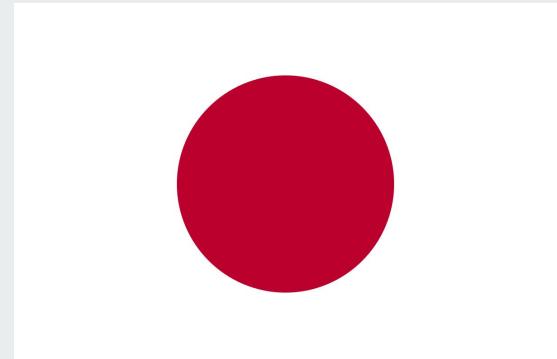


Yoshihide Suga
Prime Minister
(Chief Executive)



PART I - Politics of Japan

- ❑ World peace, prosperity, and freedom as core of Japan's ideology
 - > Japan's very harsh history in World War
- ❑ Close political and economic relations with neighbouring countries
 - > Weak base of natural resources
- ❑ 96/100, top 25 most stable nation in 2019 and 5th most stable in Asia based on Freedom House
- ❑ 23rd most free country based on IEF
- ❑ One of the most stable country politically



PART I - Politics of Japan

❑ STRENGTHS :

- ❑ Judiciary law is **independent** and **fair**
- ❑ **Protection** for real and intellectual property
- ❑ Government business regulations are **efficient**
- ❑ Corruption is **19th** lowest in the world

❑ WEAKNESSES :

- ❑ Tax burden is **high**(up to **40.8%** for individuals income and **23.9%** for corporates)
- ❑ **Huge** government spending racking up **237.4%** of GDP in debt

PART I - Cultural Environment of Japan

- a) Japanese culture is a mixture of eastern culture and western culture.
- b) From the 4th century to the 9th century, Japan has always been associated with east Asian culture. In recent years, While absorbing western culture, Japan maintains its cultural diversity.
- c) From the Hofstede Explaining His Framework, High masculinity, Restraint, Uncertainty Avoidance, long term orientation and Restraint is obvious in Japan.

Specific Features:

- Power distance: Japan is a borderline hierarchical society which it gets an intermediate score of 54. Everyone is born equally in the Japanese education system.
- Individualism: Japanese people indicates characteristic of collectivism. They feel shame when their opinions break the harmony of group (Hofstede Insights 2021).

Specific features in Hofstede framework for Japan

- Masculinity: Japan is one of the most Masculine societies in the world. It is common that see a severe competition between groups.
- Uncertainty Avoidance: As unique location, Japan always faces earthquake, typhoons and other natural disasters. Japanese learned to prepare for any uncertain situation.
- Long-term orientation: Japan scores 88 means Japanese focus on future long-term orientation.
- Indulgence vs. Restraint: Japan have a culture of restraint. They are used to controlling their desires. (Hofstede Insights 2021)



PART II - Strategy

We will briefly analyze the strategy of Apple from five aspects:

- Industry
- Products
- Markets
- Strategic positioning
- Core competencies



→ Industry

Arthur D Little (ADL) Matrix

Apple is committed to improving in the three industries - hardware, software and services.

Industry maturity - Mature

Competitive position - Strong

→ Products

BCG Growth Share Matrix

Star: iPhone, iPad, Apple Watch

Cash cow: iTunes, MacBook, IMAC

Question mark: Apple TV, Airpods

Pet: iPods



→ Markets



Blue Ocean Strategy

Apple has discovered new uncompetitive market spaces ahead of other companies.

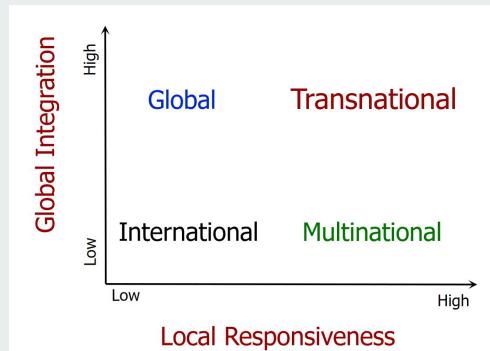
Apple's typical representative in this strategy is iTunes

Apple uses the blue ocean strategy to eliminate competition and create new markets for new products

→ Strategic positioning

Global Strategy

Low local responsiveness and high global integration



Apple's products are universally available to people everywhere, and technology and services are common

Apple has been dominating the global layout at its core.

→ Core Competencies

Michael Porter's “competitive advantage: creating and sustaining superior performance” strategy

→ Differentiation Strategy

This differentiation can be reflected in Apple's product design, pricing strategy, retail approach, and customer loyalty.



→ Porters Diamond Model

Factor conditions: financial resources, infrastructure, and technological innovation; a complete set of physical and technological networks

Demand conditions: predict patterns of consumer behavior in other similar countries based on Japan's consumer characteristics

Related and supporting industries: a strong global network of suppliers; retail stores in different regions

Firm strategy, structure and rivalry: Japan's fierce competition for homegrown electronics helps power Apple's technological innovation



PART II - Organization

→ What made Steve Jobs succeed?

❑ Before Steve Jobs :

- ❑ Relatively **flat** organization
- ❑ **Lots** of models and product lines
- ❑ **Lots** of distributors
- ❑ General managers were **common**

❑ After Steve Jobs:

- ❑ **Hierarchical** and **expertise-based** functional structure
- ❑ **Few** models and product lines
- ❑ **Several** distributors
- ❑ **Lack** of general managers



PART II - Organization

→ Structure :

- ❑ Hierarchical + Matrix
- ❑ International Division
- ❑ Functional Structure : everyone is an **expert** at their roles
- ❑ Senior Vice Presidents and Vice Presidents directly under CEO
- ❑ Lower to middle levels of management has **product divisions** (weak **matrix** structure)
- ❑ CEO is the only one **controlling** an entire process from development to sales (no general managers)

PART II - Organization

→ Why functional?

- To remain **competitive** and **innovative** in the ever-changing market
- Judgement** and **intuition** of experts are **crucial**
- Emphasis on **long-term gains**
- Easier to achieve **balance** between **value added** and **costs**
- Easier to achieve **economies of scale**
- Expert-to-expert **communication**

PART II - Organization

→ Hierarchical and top-down

❑ Hierarchical structure

- ❑ Tight control
- ❑ Clear lines of command
- ❑ Opportunities for promotion

❑ Top-down decision making

- ❑ Centralized in HQ
- ❑ CEO is the sole decision maker
- ❑ Process involves collaborative debate
- ❑ Fast to market

PART II - People

Apple company culture and composition of the top management team

Apple Value

1. Go for perfect and tap the expert
2. Be ruthless and focus on people
3. Never stop studying and simplify
4. Keep secrets and keep team small
5. Use more carrot than stick and prototype to the extreme

Apple Organization

- a. zoning management according to local condition
- b. Only CFO hold the 'Income statement'
- c. Employees could connect management apartment, Management staff could directly talk to CEO
- d. Apple set 'Directly Responsible Individual (DRI)'. Each position has its own responsibilities.

PART II - People

Personnel solutions for international operations

- International mentality:

Geocentric --world orientation(As Apple company has a huge market, it apply to zoning management to adapt measures to local conditions)

- Solutions:

Apple company make different management plans for Japan. Latest News indicates over half staffs from Japan work at Apple. Apple hire local people to manage market and corporate with local carriers actively.

- Role of country managers:

Country manage would use economic policy to keep country alive. As country managers in Japan, they could work under pressure and use innovative approach to lead team get success.

Challenges & Recommendations



1

As Abenomics policy in Japan, Apple company only increase the price of product of Apple(Abenomics adopts expansionary policies and inflation rate increases). It could affect products of Apple sales in Japan.



2

Aging of the population in Japan

shortage of labour

reduction of purchasing power level



Blue Ocean Strategy- Finding new markets -
Development of software and services for the
elderly

For example: add more features to monitor
health in Apple Watch, and cooperate with
senior gyms

3

Alternative products gradually dominate the iPhone market



4

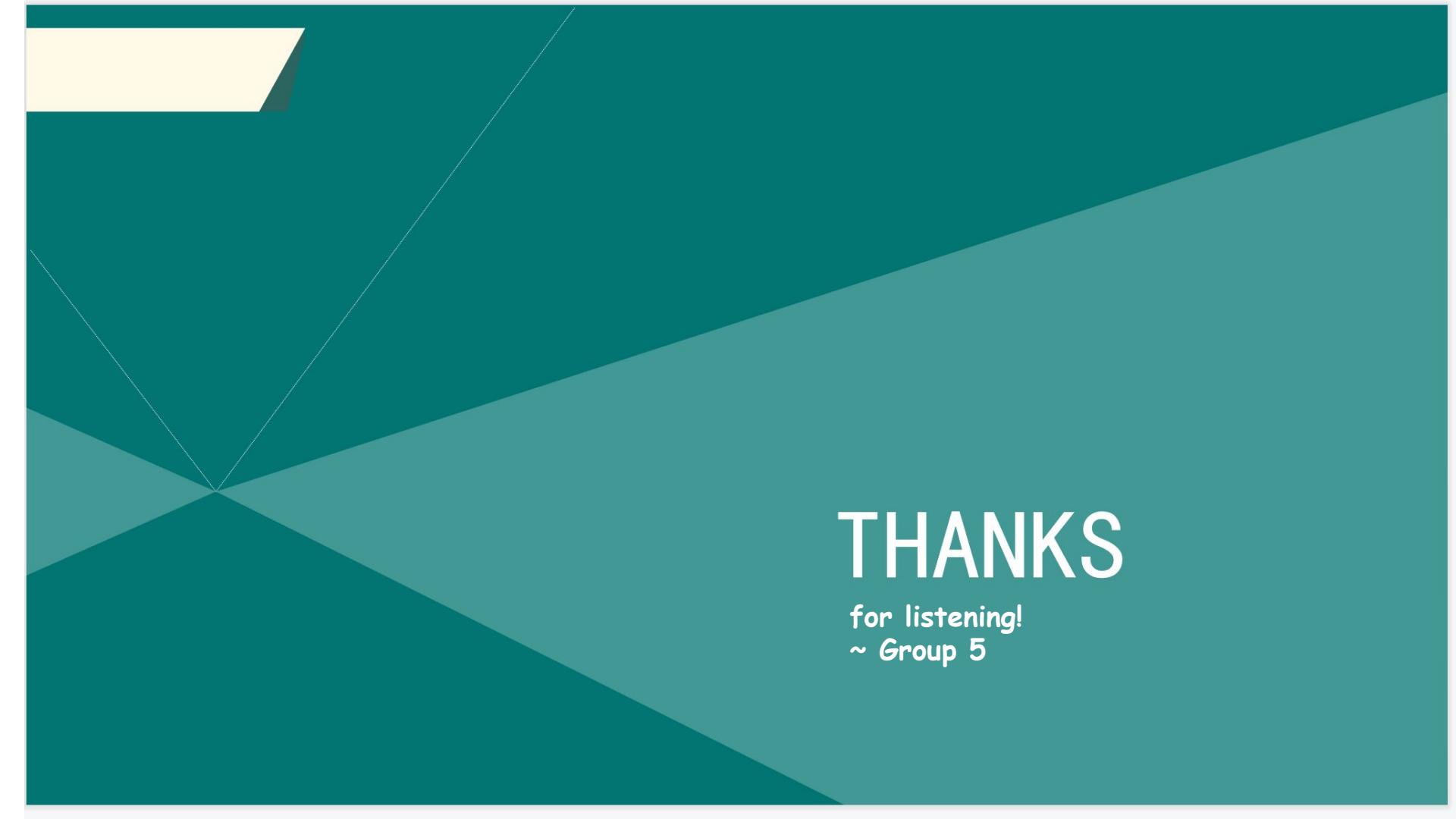
Focus too much on technological innovation rather than ultimately increasing the company's profits

5

Do not pay attention to the
systematic management system

6

Involved in too many
product categories



THANKS

for listening!
~ Group 5